



**WELLINGTON INTERNATIONAL AIRPORT LIMITED**

**SPECIFIED AIRPORT SERVICES**

**ANNUAL INFORMATION DISCLOSURE**

**FOR THE YEAR ENDED 31 MARCH 2016**

## Executive Summary

### 1. Introduction

Wellington International Airport Limited (**WIAL**) provides its annual information disclosure and reporting of financial and service quality outcomes (**Annual Disclosure**) for the year ended 31 March 2016. This is WIAL's sixth Annual Disclosure under the Commerce Act information disclosure regime (**ID Regime**) which commenced following the publication of the Commerce Commission's Information Disclosure Determination in December 2010 (**Determination**).

WIAL recognises that the purpose of information disclosure, as provided in the Commerce Act (**Act**), is for WIAL to provide sufficient information to enable interested persons to assess WIAL's performance over time and in comparison to Auckland International Airport Limited (**AIAL**) and Christchurch International Airport Limited (**CIAL**).

The Annual Disclosure reports the historic or past results for WIAL. This disclosure should be read in conjunction with WIAL's Price Setting Event Disclosures for its current pricing period 1 June 2014 to 31 March 2019 (**PSE3**). These disclosures set out the forecasts and assumptions applied to determine pricing for PSE3. WIAL considers that any assessment of airport performance should consider both past and forecast returns. Furthermore, WIAL's view is that airports are long-term cyclical assets and as a result analysis should be based on a time series of data rather than any one period in isolation.

WIAL has also taken the step this year to prepare a separate regulatory performance summary, which accompanies, but does not form part of, the Annual Disclosure. This summary assesses WIAL's performance since the start of the ID Regime and considers all four limbs set out under section 52A of Part 4 of the Act. WIAL considers that any assessment of airport performance, in particular promoting the long-term benefit of consumers, is best achieved by a contextual review which considers service quality, efficiency, pricing, innovation and investment, rather than a narrow focus on profitability.

WIAL considers that the ability of the Commerce Commission (**Commission**) and interested persons to assess WIAL's performance will improve over time as further information disclosures are published.

### 2. Commission's Input Methodologies Review

The Commission is currently undertaking its statutory review of the input methodologies (**IMs**), an integral part of the ID Regime. As part of this review, WIAL is submitting to the Commission on improvements to the regime. These include:

- ➔ A move toward a more contextual assessment of airport performance as opposed to a narrow de facto price control focus and assessment of profitability
- ➔ The ability for airports to explain their performance and provide justification for their targets
- ➔ Increased flexibility to reflect pricing decisions within the ID Regime

- ➔ Explaining to interested persons the uncertainty and flaws of the capital asset pricing model (**CAPM**) weighted average cost of capital estimate used by the Commission in its assessments

The Commission's review is due to be completed by the end of 2016.

### **3. WIAL's Role in Promoting Economic Growth**

WIAL is seeking to deliver world class service and quality to its airline partners, customers, and the many businesses and agencies that work at the airport. WIAL's success is intertwined with the Wellington region's growth and economy.

To further this growth WIAL is investing in promoting airline services, and in the appropriate infrastructure that provides quality facilities at prices that represent value for money.

The 2016 year experienced exceptional passenger growth with domestic passengers increasing 4.7% and international passengers increasing 15.8%. This growth in passenger traffic in 2016 has been beneficial, not just to the airport, but to the wider Wellington region.

WIAL has invested significantly in route development with airlines and four new international services from Jetstar, Fiji Airways, and Qantas were successfully launched and a new Singapore Airlines service was also announced. The strong and sustained demand for Wellington's international services and the addition of 160,000 annual seats from the new services has delivered unprecedented international growth of almost 16% for the year. The growth is expected to continue with the much anticipated arrival of wide body services with Singapore Airlines flying between Wellington, Canberra and Singapore from September 2016. The Boeing 777 service will add 110,000 seats and is estimated to deliver a \$95m increase in visitor spend to New Zealand.

Domestic passenger growth is traditionally steady at around 3%, but was up 4.7% for the year with the up-gauging of Air New Zealand aircraft and regional competition from Jetstar, including new routes from Dunedin and Nelson to Wellington. Sounds Air has grown into a material regional player with five routes and 100,000 seats annually.

WIAL considers that airports have a significant role in developing a region's connectivity and growth, and in fostering airline competition, and is continuing to invest in infrastructure and airline growth with this in mind.

#### 4. Return on Investment

WIAL's actual return on investment is set out in Schedule 1 of the Annual Disclosure. The return over the last six years has been as follows:

Year	WIAL's Post Tax Return on Investment	WIAL's Return on Investment excluding Revaluations	Commission's 75 <sup>th</sup> percentile Cost of Capital Published for WIAL	Impact on Revenue per annum	Cumulative Impact on Revenue <sup>(1)</sup>
2011	6.16%	5.14%	9.18%	\$17.2 million shortfall	\$24.9 million shortfall
2012	6.91%	5.44%	8.73%	\$10.4 million shortfall	\$38.9 million shortfall
2013	6.23%	5.43%	8.04%	\$10.5 million shortfall	\$51.9 million shortfall
2014	4.18%	6.63%	7.67%	\$19.8 million shortfall	\$74.9 million shortfall
2015	6.13%	6.05%	8.40%	\$12.4 million shortfall	\$88.3 million shortfall
2016	9.67%	6.86%	7.69%	\$10.6 million surplus	\$77.6 million shortfall

(1) Shown in 2016 present value terms

The regulatory profit for the year has increased to \$38.4m (2015: \$25.2m profit). This provides a Return on Investment (**ROI**) of 9.67%, or 6.86% excluding revaluations.

The ROI is calculated in accordance with the Determination by dividing the regulatory return, including CPI indexed asset revaluations and revaluations from updated land revaluations, by the regulatory investment value (comprising the commencing asset base plus an allowance for additions and disposals during the year).

As shown in the table above, actual returns for all years prior to 2016 since the commencement of the ID Regime are below the cost of capital determinations released by the Commission for WIAL. The actual return for 2016 is above the cost of capital determination released by the Commission for WIAL for that year, largely due to the revaluation of land assets in 2016. Excluding the impact of revaluations, WIAL's 2016 return is below the Commission's cost of capital determination.

WIAL's accounting policy for property, plant and equipment (**PPE**) for financial reporting purposes is to revalue these assets at least once every five years. In accordance with this policy WIAL revalued

its PPE in 2016. As a consequence, WIAL has also updated its regulatory land values recorded under information disclosure (ID). Non land values, however, have not been updated for the new valuations, since these assets are not permitted to be revalued under the ID Regime and instead are indexed each year by CPI.

The revenue shortfalls in the table demonstrate that WIAL is not earning excessive profits and has, overall, been earning revenues well below the levels that would be derived from applying the Commission's IMs since the start of ID. The variability in returns over the six year period reflects the wide range of risks inherent in an airport business. Also, the variance between actual and forecast returns demonstrates that the Commission should be cautious in drawing conclusions from targeted returns, and should also consider actual returns.

## **5. Service Quality and Investment**

WIAL is committed to providing an appropriate quality of service to all users of its airport services, undertaking planned investment and initiatives to facilitate and promote passenger growth in future years and improve any areas of service or quality as required.

WIAL continually reviews the quality of service it provides to its passengers and customers including commissioning of passenger surveys and through a collaborative decision making approach in meetings with its stakeholders including airlines and government agencies. Service quality improvements are assessed on a continuous basis.

In Schedule 15, WIAL comments on a number of initiatives that have been completed or are currently in progress to deliver further improvements in service quality. These initiatives demonstrate WIAL's achievements and ongoing commitment in the areas of service quality, efficiency and innovation, and are summarised below in the following sections.

### ***Infrastructure Investment***

WIAL is part-way through a \$125 million aeronautical capital expenditure programme, with a number of construction projects underway or in the advanced stages of planning at the time of publication. The live operational environment of an airport requires careful design and management of 'brownfields' construction projects to minimise any interruptions to day-to-day operations and prioritise passenger and staff safety at all times. WIAL is no exception with its constrained footprint requiring innovative approaches to design and construction.

The following major infrastructure projects were under construction during 2016:

- ➔ The Terminal South Extension (TSE) development incorporating a 35 metre (6,000m<sup>2</sup>) extension of the main terminal to the south, and redesign and expansion of the south and south-west piers is nearing completion. The \$65 million development has widened the width

of both southern piers, added centralised security screening, provided extra gate lounge space, started to increase the retail mix and doubled the number of toilets. The southern apron will also be extended and reconfigured to use the area more efficiently. The TSE works will facilitate passenger growth, providing capacity for up to 1,500 passengers per hour during the peak periods, and enhance their experience.

- ➔ The International Arrival Enhancement (IAE) project commenced in March 2016 to address congestion, improve levels of service and cater for growth in international passenger numbers. The IAE project incorporates an increase in space for primary processing, allowing for the addition of two conventional processing counters and five SmartGate+ lanes. The secondary processing area will also be reconfigured to allow for improved queue management and increased passenger throughput. In order to facilitate this additional space the existing toilets, Customs Control Room and VIP room will be relocated. These works will assist in managing the strong growth in international passenger numbers and is complimentary to the longer term plan to develop the international terminal. This project is expected to be completed by the end of 2016.
- ➔ The Multi Level Transport Hub project commenced in February 2016 and is scheduled for completion in December 2017. The \$70 million project will create an extra 1,000 covered car parks with electric vehicle charging and way-finding technology. It will also provide improved facilities for passenger drop-off/pick-up and ground transport operations including taxis, buses and bicycles.

### ***Passenger Experience***

WIAL continues to rate highly in its Airport Service Quality (ASQ) survey scores, with an average domestic score of 4.1 (2015: 4.1) and an average international score of 4.2 (2015: 4.1). These compare extremely well against other airports around the world and WIAL is ranked the 4th highest airport in Australasia<sup>1</sup> and sits mid-range in its worldwide peer group of airports with 5 to 15 million passengers per annum.

Investments to enhance the quality of the passenger experience include the following:

- ➔ Extra capacity has been added to the public Wi-Fi system so it is now available in the baggage reclaim, international arrivals and the south west pier. Fibre optic cabling is also being rolled out across the airport campus and new beacon technology is being assessed.

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<sup>1</sup> Source: ACI ASQ yearly ranking Q2 2015 – Q1 2016

- ➔ Improvements have been made to the international arrivals area on the lower level of the main terminal. This has improved passenger flow into the meet and greet area and created more floor space and seating capacity.
- ➔ A passenger walkway has been improved outside the northern end of the car park precinct to give staff and passengers safe walking access to and from the eastern suburbs and the airport.
- ➔ The terminal is being progressively fitted out with new modern seating.

### ***Investment in Technology***

New airport technologies and innovations continue to influence airport operations and the passenger experience. Wellington Airport is investing in technology in a number of areas to generate efficiencies and improve quality of service.

In addition to the examples noted earlier, two further examples of innovation driven by technology are outlined below:

- ➔ The Airport Collaborative Decision Making (**ACDM**) module within the Gentrack Airport 20/20 system has now been successfully implemented at WIAL. ACDM is a nationwide project with Airways Corporation (**Airways**), airlines and ground handlers. ACDM is an operational concept that is being advanced by the International Civil Aviation Organisation (**ICAO**), and is also supported by Airports Council International (**ACI**) and International Air Transport Association (**IATA**). ACDM enables aviation partners to work together more efficiently and transparently resulting in operational efficiencies and enhanced traffic capacity. The concept is based upon the key stakeholders sharing operational information (often automatically from existing systems), into a common software platform. It provides all stakeholders with a portal of real time information to enable common situational awareness of aircraft movement across a network. WIAL is the first in Australasia to have both jet and turbo prop services on an ACDM platform. ACDM provides the following benefits:
  - Reduction in aircraft holding patterns, resulting in lower fuel burn (reduced costs and improved environmental footprint)
  - Reduced apron congestion and increased predictability of aircraft movements
  - Improved on-time performance
  - Better slot allocation (more efficient for air traffic control)
  - Provides proactive alerts for staff to better manage daily operations
  - Contributes to an improved passenger experience and improved service levels
  - Cost savings through improved asset utilisation

- A Common Use Terminal Equipment (**CUTE**) platform has been implemented resulting in 18 check-in desks, 8 departure desks and 3 arrivals desks being converted to a platform that can be used by all airlines operating at WIAL (with the exception of Air New Zealand who use their own in-house system). The CUTE platform provides increased flexibility at check-in desks and departure gates and is an efficient use of check-in space. The northern check-in area has also been upgraded to provide better signage through the provision of large LCD screens, two-sided counter sliders for information purposes, better lighting and seating for staff and an improved TENSA barrier system for passenger queuing.

### ***Operational Excellence***

WIAL continues to consult with its airline customers and other stakeholders on operational matters, with a view to maintaining high levels of service and lowering the cost of operating at WIAL. The TEAM WLG (an acronym for Together Everyone Achieves More) forum continues to operate well and focuses on service reliability, service performance and a review of ASQ results, as well as ACDM as a model for improving passenger and aircraft operations.

Below are examples of innovation and investment that are improving operational efficiency and effectiveness and ultimately lowering the costs for airlines operating at WIAL:

- Wellington Airport operates 27 aircraft stands. All aircraft need to be allocated to a free stand as soon as they land. Previously this task was conducted manually and was reliant on the operational experience of the staff member responsible. In 2016 the Resource Management System (**RMS**) module within the Gentrack Airport 20/20 application was deployed. Gate allocation is now fully automated with automatic updates and alerts if a manual intervention is required. Aside from moving away from a manual process, the RMS tool enables the airport community to view real-time scheduling of gates and stands (including the solving of allocation conflicts), providing the optimum allocation based on a set of business rules and a graphical Gantt chart display for ease of use. The RMS has provided the following performance and efficiency benefits:
- Stand allocation fully automated. Only deviations and conflicts require an operator to make a decision, meaning the process is less resource intensive
  - Automatic alerts if there is a conflict in the stand allocation (for example one flight gets delayed and the next flight is waiting on that stand)
  - Gantt chart to visualise the stand allocation for ease of use
- WIAL has installed a lightning warning and alerting system in and around the airside apron areas during the year. This system will provide stakeholders with visual and audible alerts to provide notification of any lightning activity in the vicinity of the airfield. The alerts enable each



organisation to commence any pre-lightning mitigation activity to protect their staff and equipment. The system will be activated from data received from the Met Service who have developed a cloud based lightning warning system.

- ➔ A new type of Nose in Guidance System (**NIGS**) has been introduced on most jet stands. The NIGS gives information to a pilot parking an aircraft at a precise location on the stand. The unit provides both centre line and stopping guidance. This allows the pilot to remain clear of obstructions and ensures that aerobridges can reach the aircraft. The NIGS units are integrated with WIAL's Airport Operating Data Base (**AODB**) to provide real-time on/off block times. This information is shared to the benefit of ACDM users.
- ➔ The provision of a high quality closed circuit television (**CCTV**) service is considered an essential piece of airport infrastructure for enhancing airport operations, security and safety. WIAL is in year four of a five year plan to migrate all CCTV systems and cameras to the Cisco VSM platform. Coverage of CCTV within the airport campus was also recently expanded and enhanced with more critical back-end storage/redundancy.
- ➔ The software components of the baggage handling system have been upgraded to increase its reliability and to add the ability to send alerts to the airport control room as well as providing an improved set of operational reports.

### ***Community***

Few cities in the world benefit from an airport as conveniently located to the CBD as Wellington. This accessibility also requires that the effects of airport noise on the local community are carefully monitored and managed. The air noise mitigation or 'Quieter Homes' package to protect residents against future aircraft noise is progressing well, with the live trial on selected properties having been successfully completed. The package is being progressively rolled out to approximately 700 home owners within the air noise boundary, beginning with the properties that experience the highest exposure to aircraft noise.

## **6. Contact Person**

In the case of any queries, the contact person for this disclosure is:

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Chief Financial Officer  
P O Box 14175  
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Tidy cursor position and sheet scaling

Set sheet protection

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**Specified Airport Services Information Disclosure Requirements  
Information Templates  
for  
Schedules 1–17, 23**

Company Name	Wellington International Airport Limited
Disclosure Date	31 August 2016
Disclosure Year (year ended)	31 March 2016
Pricing period starting year (year ended) <sup>1</sup>	31 March 2015

<sup>1</sup> Pricing period starting year of the pricing period in place at the end of the disclosure year. Is used in clause b schedule 6.

**Templates for schedules 1–17 & 23 (Annual Disclosure)**  
**Version 2.0. Prepared 25 January 2012**

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## Disclosure Template Guidelines for Information Entry

Internal consistency check

OK

*Templates*

The templates contained in this workbook are intended to reflect the specified airport disclosure requirements set out in Schedules 1–17 inclusive and Schedule 23 of Commerce Commission decision 715 (Commerce Act (Specified Airport Services Information Disclosure) Determination 2010).

*Data entry cells and calculated cells*

Data entered into this workbook may be entered only into the data entry cells. Data entry cells are the bordered, unshaded areas in each template. Under no circumstances should data be entered into the workbook outside a data entry cell. In some cases, where the information for disclosure is able to be ascertained from disclosures elsewhere in the workbook, such information is disclosed in a calculated cell. Under no circumstances should the formulas in a calculated cell be overwritten. All cells that are not data entry cells may be locked using worksheet protection to ensure they are not overwritten.

*Validation settings on data entry cells*

To maintain a consistency of format and to guard against errors in data entry, some data entry cells test entries for validity and accept only a limited range of values. For example, entries may be limited to a list of category names or to values between 0% and 100%.

*Data entry cells for text entries*

Data input cells that display the data validation input message "Short text entry cell" have a maximum text length of 253 characters. Because of page layout constraints, this text length is unlikely to be approached. The amount of text that may be entered in the comment boxes is restricted only by the capacity of the spreadsheet program and page layout constraints. Should a comment box within a template be inadequate to fully present the disclosed comments, comments may be continued outside the template. The comment box must then contain a reference to identify where in the disclosure the comment is continued. Row widths can be adjusted to increase the viewable size of text entries.

A paragraph feed may be inserted in an entry cell by holding down both the {alt} and the {shift} keys.

*Data entry cells that contain conditional formatting*

A limited number of data entry cells may change colour or disappear from view in response to data entries (including date entries) made in the workbook. This feature has been implemented to highlight data being entered that is not internally consistent with other data currently entered, and to hide data entry cells for conditionally disclosed information when the determination does not require the data be disclosed.

*a) Internal consistency checks*

To assist with data entry, the shading of the following data entry cells will change if the cell content becomes inconsistent with data elsewhere in the template:

Schedule 4, cells N110:N118, J30;

Schedule 7, cells K8:K14, K16:K18, K20, K22, K24, K26, K28, K30, K32.

Should such inconsistency be identified, the shading of the internal consistency check cell C4 at the top of the Guidelines worksheet will also change and the check cell will show "Error" instead of "OK".

*b) Conditionally disclosed information*

The determination allows in some circumstances that data do not need to be disclosed. Accordingly, the following cells are conditionally formatted to disappear from view (the borders are removed and the interior of the cells takes on the colour of the template background) in some circumstances:

Schedule 1, cells F9:F12, F14:F15, F17:F18, G9:G12, G14:G15, G17:G18;

In schedule 1, the column F cells listed above disappear if the determination does not require Part 4 disclosure in respect of year CY – 2 (CY is the current disclosure year). Similarly, the column G cells disappear if disclosure is not required in respect of year CY – 1.

*Schedule 6 comparison of actual and forecast expenditures*

Clause 6a of schedule 6 compares actual expenditures with expenditures forecast in respect of the most recent price setting event.

The calculated cells G10:G11, G14:G16, G19:G28 determine, from clause 6b, the forecast expenditure for the current disclosure year.

The calculated cells M10:M11, M14:M16, M19:M28 determine, from clause 6b, the forecast expenditure to date.

The formulas in the calculated cells assume that the current disclosure falls within the five year pricing period. Cell C65 notes which of the pricing period years disclosed in clause 6b coincides with the current disclosure year.

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2016**

# **SCHEDULE 1: REPORT ON RETURN ON INVESTMENT**

ref Version 2.0

(\$000 unless otherwise specified)

## **1a: Return on Investment**

		CY-2 *	CY-1 *	Current Year CY
	for year ended	31 Mar 14	31 Mar 15	31 Mar 16
<b>Return on Investment (ROI)</b>				
Regulatory profit / (loss)		18,040	25,184	38,351
less Notional interest tax shield		975	1,084	857
Adjusted regulatory profit		17,065	24,100	37,493
Regulatory investment value		408,443	393,091	387,905
ROI—comparable to a post tax WACC (%)		4.18%	6.13%	9.67%
Post tax WACC (%)		6.69%	7.42%	6.71%
ROI—comparable to a vanilla WACC (%)		4.42%	6.41%	9.89%
Vanilla WACC (%)		6.93%	7.70%	6.93%

## **Commentary on Return on Investment**

WIAL has provided commentary on its return on investment in the Executive Summary accompanying these Annual Disclosures. The current year ROI is 9.67% or 6.86% excluding revaluations.

\* Return on Investment disclosure is not required for years ended prior to 2011.

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2016**

**SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)**

ref Version 2.0

(\$000 unless otherwise specified)

**1b: Notes to the Report**

**1b(i): Deductible Interest and Interest Tax Shield**

RAB value - previous year	383,149
Debt leverage assumption (%)	17%
Cost of debt assumption (%)	4.70%
Notional deductible interest	3,061
Tax rate (%)	28.0%
Notional interest tax shield	857

**1b(ii): Regulatory Investment Value**

Regulatory asset base value - previous year	383,149
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		Assets Commissioned— RAB Value (\$000)	Proportion of Year Available (%)	Proportionate Regulatory Value
Commissioned Projects				
	Gates	23	100%	23
	Apron	335	100%	335
	Other Airfield (including Clearway)	52	100%	52
	Movement Areas	1,727	83%	1,439
	North Terminal Development - domestic pax facilitation	74	100%	74
	Operational Compliance Works	—	0%	—
	Sea Protection Works	1,434	75%	1,075
				—
				—
plus	Other assets commissioned	3,691	50%	1,846
plus	Adjustment for merger, acquisition or sale activity			—
less	Asset disposals	178	50%	89
	RAB investment	7,158		
	RAB proportionate investment			4,756

Regulatory investment value	387,905
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Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2016

## SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 2.0

## 2a: Regulatory Profit

Income		(\$000)	
Landing and parking charges	38,067		
Terminal charges	24,891		
Counter charges	629		
Noise mitigation charges	2,352		
Lease, rental and concession income	4,031		
Other operating revenue	—		
Net operating revenue		69,970	
Gains / (losses) on sale of assets	8		
Other income	—		
Total regulatory income		69,978	
Expenses			
Operational expenditure:			
Corporate overheads	3,673		
Asset management and airport operations	11,620		
Asset maintenance	2,291		
Total operational expenditure		17,584	
Operating surplus / (deficit)		52,394	
Regulatory depreciation		13,612	
plus Indexed revaluation	1,609		
plus Non-indexed revaluation	10,075		
Total revaluations		11,684	
Regulatory Profit / (Loss) before tax & allowance for long term credit spread		50,466	
less Allowance for long term credit spread		133	
Regulatory Profit / (Loss) before tax		50,333	
less Regulatory tax allowance		11,983	
Regulatory Profit / (Loss)		38,351	

## Commentary on Regulatory Profit

The regulatory profit has increased from the previous year to \$38.4m (2015: \$25.2m), providing a Return on Investment (ROI) of 9.67% or 6.86% excluding revaluations (2015: 6.13%). WIAL has provided further commentary on its regulatory profit in the Executive Summary accompanying these Annual Disclosures.

Bloomberg discontinued servicing the NZ debt index therefore information for the Long Term Credit Spread calculation has been sourced from a relevant proxy (the Thomson Reuters bond credit curve which is updated on a daily basis).

Regulated Airport  
For Year Ended**Wellington International Airport Limited**  
**31 March 2016****SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)**

ref Version 2.0

(\$000 unless otherwise specified)

**2b: Notes to the Report****2b(i): Allowance for Long Term Credit Spread**

Schedule 2b(i) is only to be completed if at the end of the disclosure year the weighted average original tenor of the airport's qualifying debt and non-qualifying debt is greater than five years.

Qualifying debt	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value	Term Credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment
WIAL wholesale bonds	1/08/2007	1/08/2007	10.0	8.81%	150,000	225	28	(263)
WIAL wholesale bonds	11/06/2013	11/06/2013	7.0	5.27%	25,000	61	5	(15)
WIAL wholesale bonds	17/06/2013	17/06/2013	6.0	3.92%	25,000	150	5	(25)
WIAL retail bonds	15/11/2013	15/11/2013	7.5	6.25%	75,000	450	28	(88)

562

Attribution Rate (%) 23.69%

Allowance for long term credit spread 133

**2b(ii): Financial Incentives**

(\$000)

Pricing incentives	4,202
Other incentives	577
Total financial incentives	4,779

**2b(iii): Rates and Levy Costs**

(\$000)

Rates and levy costs	1,179
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**2b(iv): Merger and Acquisition Expenses**

(\$000)

Merger and acquisition expenses	-
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**Justification for Merger and Acquisition Expenses**

N/A



Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2016**SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE**

ref Version 2.0

**3a: Regulatory Tax Allowance**

(\$000)

Regulatory profit / (loss) before tax

50,333

plus Regulatory depreciation

Other permanent differences—not deductible

Other temporary adjustments—current period

13,612

34

809

14,455

less Total revaluations

Tax depreciation

Notional deductible interest

Other permanent differences—not taxable

Other temporary adjustments—prior period

11,684

7,949

3,061

—

(702)

21,993

Regulatory taxable income (loss)

42,795

less Tax losses used

Net taxable income

—

42,795

Statutory tax rate (%)

Regulatory tax allowance

28.0%

11,983

\* Workings to be provided

**3b: Notes to the Report****3b(i): Disclosure of Permanent Differences and Temporary Adjustments**

The Airport Business is to provide descriptions and workings of items recorded in the four "other" categories above (explanatory notes can be provided in a separate note if necessary).

The tax adjustments/differences detailed in Schedule 3 were determined as follows:

- Other permanent differences - not deductible - 50% of entertainment expenditure is non-deductible expenditure for tax purposes and this adjustment represents the allocated share of the total non-deductible expenditure in WIAL's 2016 tax return. Entertainment expenditure was allocated to the regulated cost base following application of the cost allocation processes detailed in Schedule 10. The aeronautical share of entertainment expenses was applied to the tax adjustment in WIAL's tax calculation schedule for the 2016 financial year - comprising a company cost of \$49,893 multiplied by a 67.59% aeronautical share of this expense.
- Other temporary adjustments current period - these comprise year end accruals for human resource costs (annual leave, bonus provision and ACC levies) that are not deductible in the year they are accrued. These amounts represent the amounts allocated to the aeronautical business - comprising a company accrual of \$1,079,145 multiplied by a 74.92% aeronautical share of this expense.
- Other temporary adjustments prior period - these comprise the human resource year end accruals as described above for the previous year.

WIAL notes that the Determination currently defines "other temporary adjustments – prior period" to include depreciation. The Commission has separately confirmed that depreciation should be excluded from this adjustment and on 22 March 2012 provided WIAL with an exemption from the requirement in the Determination.

**3b(ii): Tax Depreciation Roll-Forward**

(\$000)

Opening RAB (Tax Value)

179,047

plus Regulatory tax asset value of additions

less Regulatory tax asset value of disposals

5,741

7

plus Regulatory tax asset value of assets transferred from/(to) unregulated asset base

less Tax depreciation

plus Other adjustments to the RAB tax value

1,007

7,949

1,221

Closing RAB (tax value)

179,060

**3b(iii): Reconciliation of Tax Losses (Airport Business)**

(\$000)

Tax losses (regulated business)—prior period

—

plus Current year tax losses

less Tax losses used

—

—

Tax losses (regulated business)

—

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Regulated Airport  
For Year Ended**Wellington International Airport Limited**  
**31 March 2016****SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD**

ref Version 2.0

		Unallocated RAB *		RAB
		(\$000)	(\$000)	(\$000)
6				
7				
8	<b>RAB value—previous disclosure year</b>		396,502	383,149
9	less			
10	<b>Regulatory depreciation</b>		14,377	13,612
11	plus			
12	Indexed revaluations	1,677		1,609
13	Non-indexed revaluations	10,239		10,075
14	<b>Total revaluations</b>		11,916	11,684
15	plus			
16	Assets commissioned (other than below)	6,310		5,781
17	Assets acquired from a regulated supplier	—		—
18	Assets acquired from a related party	1,641		1,555
19	<b>Assets commissioned</b>		7,951	7,336
20	less			
21	Asset disposals (other)	19		16
22	Asset disposals to a regulated supplier	—		—
23	Asset disposals to a related party	192		162
24	<b>Asset disposals</b>		211	178
25				
26	plus <b>Lost and found assets adjustment</b>		—	—
27				
28	<b>Adjustment resulting from cost allocation</b>			1,171
29				
30	<b>RAB value †</b>		401,781	389,550

**Commentary**Revaluations

WIAL undertook an MVAU land revaluation at 31 March 2016. The carrying value of land assets in the RAB has increased by \$10.075m in the year ended 31 March 2016 (Non-indexed revaluations). All non-land assets have been indexed by the increase in CPI of 0.59%, an increase of \$1.609m for the year ended 31 March 2016 (Indexed revaluations).

Asset Transfers

Assets acquired from a related party and asset disposals to a related party relate to a change in the use of certain assets. A change in asset use requires adjustments to the asset base to add or subtract the value of those assets from the RAB based on their current usage (either aeronautical or non-aeronautical).

Asset Disposals

Asset disposals in the current year relate to certain information technology and other assets no longer in service.

Cost Allocation Adjustment

WIAL's allocation methodology for the allocation of common assets to regulated and non-regulated assets has not changed from the previous year. The allocation methodology is detailed in Schedule 9. While the methodology is unchanged the allocation factors, such as floor area and asset value, were amended as a result of changes to the asset base during the year.

\* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide specified services without any allowance being made for the allocation of costs to non-specified services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes land held for future use or works under construction.

† RAB to correspond with the total assets value disclosed in schedule 9 Asset Allocations.

**4b: Notes to the Report****4b(i): Regulatory Depreciation**

	Unallocated RAB	RAB
	(\$000)	(\$000)
Standard depreciation	14,377	13,612
Non-standard depreciation	—	—
<b>Regulatory depreciation</b>	<b>14,377</b>	<b>13,612</b>

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Regulated Airport  
For Year Ended**Wellington International Airport Limited**  
**31 March 2016****SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)**

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(\$000 unless otherwise specified)

**4b(ii): Non-Standard Depreciation Disclosure**

Non-standard Depreciation Methodology	Depreciation charge for the period (RAB)	Year change made (year ended)	RAB value under 'non-standard' depreciation	RAB value under 'standard' depreciation
N/A				

**4b(iii): Non-Standard Depreciation Disclosure for Year of Change**

Summary of Change	Justification for change in depreciation methodology	Extent of customer disagreement and supplier response
N/A		

**4b(iv): Calculation of Revaluation Rate and Indexed Revaluation of Fixed Assets**

CPI at CPI reference date—previous year (index value)	1,193
CPI at CPI reference date—current year (index value)	1,200
Revaluation rate (%)	0.59%

	Unallocated RAB	RAB
RAB value—previous disclosure year	396,502	383,149
less Revalued land	110,352	108,633
less Assets with nil physical asset life	181	179
less Asset disposals	211	178
less Lost asset adjustment	—	—
Indexed revaluation	1,677	1,609

**4b(v): Works Under Construction**

	Unallocated works under construction	Allocated works under construction
Works under construction—previous disclosure year	16,420	13,136
plus Capital expenditure	50,306	34,704
less Asset commissioned	7,951	7,336
less Offsetting revenue	—	—
plus Adjustment resulting from cost allocation	—	—
Works under construction	58,775	40,504

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Regulated Airport  
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**Wellington International Airport Limited**  
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**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)**

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**4b(vi): Capital Expenditure by Primary Purpose**

Capacity growth	27,039	
plus Asset replacement and renewal	7,665	
Total capital expenditure		34,704

**4b(vii): Asset Classes**

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
RAB value—previous disclosure year	108,633	122,523	136,215	15,778	383,149
less Regulatory depreciation	—	4,659	6,325	2,628	13,612
plus Indexed revaluations	—	718	799	92	1,609
plus Non-indexed revaluations	10,075				10,075
plus Assets commissioned	—	3,691	2,020	1,625	7,336
less Asset disposals	46	8	120	4	178
plus Lost and found assets adjustment	—	—	—	—	—
plus Adjustment resulting from cost allocation	120	(132)	1,274	(91)	1,171
RAB value	118,782	122,133	133,863	14,772	389,550

\* Corresponds to values in RAB roll forward calculation.

**4b(viii): Assets Held for Future Use**

	Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
Assets held for future use—previous disclosure year	7,724	3,630	173	261	11,442
plus Assets held for future use—additions <sup>1</sup>	17	915	134	(192)	606
less Transfer to works under construction	—	—	—	—	—
less Assets held for future use—disposals	407	86	—	—	492
Assets held for future use <sup>2</sup>	7,334	4,460	307	69	11,556

<sup>1</sup> Holding Costs, Net Revenues, and Tracking Revaluations entries in the 'Assets held for future use—additions' line relate to the value incurred during the disclosure year.

<sup>2</sup> Each category value shown in the 'Assets held for future use' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year'.

Highest rate of finance applied (%) 6.34%

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Regulated Airport  
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**Wellington International Airport Limited**  
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## SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref Version 2.0

### 5(i): Related Party Transactions

(\$000)

Net operating revenue	3
Operational expenditure	3,627
Related party capital expenditure	1,555
Market value of asset disposals	162
Other related party transactions	—

### 5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
NZ Airports Limited	Shareholder (66%)
Wellington City Council	Shareholder (34%)
Infratil Limited	Owner of NZ Airports Limited
HRL Morrison & Co	Management company of Infratil that employs certain WIAL directors
Z Energy Limited	Associate of Infratil Limited (until 30 September 2015)
Wellington International Airport Limited	Unregulated activities of the Airport
Other	Key Management Personnel

### 5(iii): Related Party Transactions

Entity Name	Description of Transaction	Average Unit Price (\$)	Value (\$000)
HRL Morrison & Co	Consultancy fees	—	13
Wellington City Council	Property rates	—	1,095
Z Energy Limited	Lease of land (revenue)	—	3
Z Energy Limited	Petrol purchases	—	6
Wellington International Airport Limited	Asset transfers from unregulated activities to regulated activities	—	1,555
Wellington International Airport Limited	Asset transfers from regulated activities to unregulated activities	—	162
Wellington International Airport Limited - Key Management Personnel	Short term employee benefits for the allocation of Key Management Personnel - includes Directors and Executive Management	179	2,513

### Commentary on Related Party Transactions

Other than Key Management Personnel expenses, averages have not been reported for all of the other transaction categories because there is no base for calculating an average unit price for these items.  
WIAL's directors are listed in its Annual Report which is available on its website ([www.wellingtonairport.co.nz](http://www.wellingtonairport.co.nz)).

Regulated Airport  
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## SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref Version 2.0

## 6a: Actual to Forecast Expenditure

(\$000)

Expenditure by Category	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Capacity growth	27,039	28,664	(5.7%)	35,915	44,001	(18.4%)
Asset replacement and renewal	7,665	11,321	(32.3%)	12,089	34,400	(64.9%)
Total capital expenditure	34,704	39,985	(13.2%)	48,003	78,401	(38.8%)
Corporate overheads	3,673	3,770	(2.6%)	6,940	7,376	(5.9%)
Asset management and airport operations	11,620	13,532	(14.1%)	23,282	26,349	(11.6%)
Asset maintenance	2,291	2,842	(19.4%)	4,514	5,233	(13.7%)
Total operational expenditure	17,584	20,143	(12.7%)	34,736	38,959	(10.8%)

## Key Capital Expenditure Projects

Marine Protection	319	518	(38.3%)	599	1,360	(56.0%)
Gates	28	201	(85.9%)	346	998	(65.3%)
Aprons	289	949	(69.6%)	408	1,875	(78.2%)
Movement Areas	1,875	1,041	80.1%	3,202	5,660	(43.4%)
Operational Compliance Works	441	—	Not defined	1,010	2,909	(65.3%)
Other Airside Works	—	99	(100.0%)	—	208	(100.0%)
Other Airfield (including Clearway)	37	—	Not defined	37	1,751	(97.9%)
MAGS / Guard Lights	—	2,081	(100.0%)	—	2,081	(100.0%)
Terminal South Extension - Terminal	26,322	20,138	30.7%	33,628	31,925	5.3%
Terminal South Extension - Southern Apron	—	7,132	(100.0%)	—	11,702	(100.0%)
North Terminal Development - Domestic Passenger Facilitation	65	—	Not defined	1,635	2,040	(19.8%)
Main Terminal Building - Central Hall	54	1,394	(96.1%)	54	1,394	(96.1%)
Multi Level Transport Hub - Roading and Infrastructure	597	—	Not defined	597	—	Not defined
Noise Mitigation Works	—	2,491	(100.0%)	395	4,874	(91.9%)
Other capital expenditure	4,676	3,942	18.6%	6,091	9,625	(36.7%)
Total capital expenditure	34,704	39,985	(13.2%)	48,003	78,401	(38.8%)

## Explanation of Variances

## Capital Expenditure

Actual capital expenditure was below forecast in the year ended 31 March 2016 (2016) (\$34.7m actual compared to a forecast of \$40.0m). The main reason for the underspend in 2016 is the lower than expected residential acquisitions (Noise Mitigation Works), deferral of the MAGs project, lower than forecast spend on the Terminal South Extension ("TSE") project and delayed start to the Main Terminal Building - Central Hall project that is dependent on the completion of the TSE project.

Actual capital expenditure for the PSE3 pricing period is also below forecast (\$48.0m compared to a forecast of \$78.4m). The primary driver of the underspend in PSE3 to date is the delay in commencement of the TSE project. In addition, several projects are dependent on this project and consequently have also been delayed. WIAL remains committed to progressing each of the specified projects within PSE3 but was unable to do so during the year for the reasons noted below:

Marine Protection

## 2016

Capital expenditure was \$0.2m below forecast in 2016. The 2016 forecast included the manufacture and deployment of Akmons. This work has commenced in early 2017 with the manufacture of 150 Akmon units to meet demand.

## PSE3 to date

Capital expenditure is \$0.8m below forecast for PSE3 to date. The PSE3 forecast included the manufacture and deployment of Akmons as noted above. This work is now scheduled to occur in 2017.

Gates, Aprons and Movement Areas

## 2016

Capital expenditure for the airfield relating to Movement Areas, Aprons and Gate categories is managed in aggregate. The overall actual capital expenditure of \$2.2m for 2016 was in line with the forecast.

## PSE3 to date

Capital expenditure on Movement Areas, Aprons and Gates in PSE3 to date is \$4.6m below forecast. The forecast provided for expenditure on the Eastern Apron (including Bravo 8 and Bravo 9) which has been largely addressed as part of the Southern Apron development design (within the TSE project) to enable the most efficient method of delivery. Some works have also been deferred until completion of the TSE project.

Operational Compliance Works

## 2016

Capital expenditure in 2016 was \$0.4m above forecast. Work to install Nose-in Guidance units ("NIGS") on additional gates has commenced during 2016. This was originally included in the forecast for 2017.

## PSE3 to date

Capital Expenditure on Operational Compliance Works is \$1.9m below forecast for PSE3 to date. The forecast for this category included provision for jet blast deflectors, NIGS units and upgrading the pedestrian subway. The pedestrian subway project was completed in 2015 at a lower than expected cost. The jet blast deflectors project has been deferred. The NIGS rollout has commenced and will continue in 2017.

Airport Companies must provide a brief explanation for any line item variance of more than 10%

\* Disclosure year coincides with Pricing Period Starting Year + 1.

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**SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE (cont)**

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**Explanation of Variances (continued)**

Other Airfield (including Clearway)

Capital expenditure in 2016 was \$37k against a PSE3 forecast of nil. The Clearway project was completed earlier than expected in 2014, enabling increased payload for certain aircraft operating out of Wellington. The amount included in 2016 (and therefore PSE3 to date) reflects retentions relating to the Clearway project that were finalised in 2016.

MAGS/Guard Lights

Capital expenditure for MAGS was deferred to 2017. Planning works are underway and the project is expected to commence in the 2017 financial year.

Terminal South Extension

2016

The forecast for the Terminal South Extension project ("TSE") was broken down into separate terminal and apron elements but the actual expenditure has subsequently been combined due to the interdependencies between the two elements of the project. Capital expenditure for TSE was \$26.3m compared to a forecast of \$27.3m for 2016.

PSE3 to date

Capital expenditure for TSE was \$33.6m actual compared to a forecast of \$43.6m across the two TSE key capital expenditure projects in the PSE3 forecast. The project had been expected to enter the construction phase in August 2014 but construction did not commence until December 2014. The total cost estimate for the project is still expected to be in line with the PSE3 forecast and the project is now expected to be completed during 2017.

North Terminal Development – Domestic Passenger Facilitation

2016 and PSE3 to date

The North Pier reconfiguration work was completed in January 2015 for \$1.6m actual compared to the \$2.0m forecast for the 2015 year. Minor additional costs were incurred in 2016 prior to the financial close of the project.

Main Terminal Building - Central Hall

2016 and PSE3 to date

Capital expenditure for MTB – Central Hall was \$54k compared to a forecast of \$1.4m for 2016 (and PSE3 to date). Early design work for the Main Terminal Central Hall work commenced during the year. Construction is expected to begin in the 2017 financial year following completion of the TSE project.

Multi Level Transport Hub - Roading and Infrastructure

2016 and PSE3 to date

Capital expenditure for Multi Level Transport Hub - Roading and Infrastructure was \$0.6m compared to a forecast of nil. The project includes provision for certain shared roading elements which provide access for pick-up and drop-off as well as facilitating other ground transport movements. The \$0.6m spend to date relates to the aeronautical component of that project based on a projection of the overall shared element of the total project.

Noise Mitigation Works

2016 and PSE3 to date

Capital expenditure for Noise Mitigation Works for 2016 and PSE3 to date is below forecast by \$2.5m and \$4.5m respectively. The forecast for both 2015 and 2016 provided for the acquisition of six houses (a total of 12 houses for PSE3 to date), however acquisitions are dependent on home owners offering their properties for sale. Two properties were purchased by WIAL's noise mitigation subsidiary Wellington Airport Noise Treatment Limited for \$0.9m in 2015, however as the buildings were removed and written off within the same year the building value is not included in the capital expenditure of \$0.4m for PSE3 to date.

Other capital expenditure

2016

Other capital expenditure was \$4.7m compared to a forecast of \$3.9m in 2016, \$0.8m above forecast. The variance to forecast is primarily due to higher than forecast capital expenditure relating to IT projects such as Common User Terminal Equipment, CCTV, Public Address system and Airport 20/20 System Enhancements (ACDM and RMS modules). Refer to Schedule 15 for further commentary.

PSE3 to date

Other capital expenditure was \$6.1m compared to a forecast of \$9.6m for PSE3 to date. In addition to the projects noted for 2016 above, PSE3 actual spend includes expenditure on upgrades for the core IT network upgrades and WIAL's corporate intranet. The variance to forecast is primarily due to timing differences where projects have commenced later than expected and also due to cost savings.

**Operational Expenditure**

Total Operational Expenditure

Total Operational Expenditure was \$17.6m compared to a forecast of \$20.1m. Variances between actual and forecast CPI inflation have impacted all operational expenditure categories. The actual increase in CPI for 2016 was 0.59% compared to a forecast increase of 2.43%. The actual increase in CPI for PSE3 to date was 0.67% compared to a forecast CPI increase assumption of 4.74%. The variance in the inflation assumption is the driver of a \$1.1m variance across total operational expenditure.

Other drivers of the main variances to forecast in Operational Expenditure are outlined below:

Asset Management and Airport Operations

2016

Asset Management and Airport Operations expenditure for 2016 was \$11.6m compared to a forecast of \$13.5m. The 2016 forecast assumed that a total of six properties would be acquired by WANT Ltd under the LUMINS programme in 2016, with an associated write-down of \$1.5m due to the disposal of the residential dwellings. No properties were acquired by WANT Ltd during 2016.

PSE3 to date

Asset Management and Airport Operations expenditure for PSE3 to date is \$23.3m compared to a forecast of \$26.3m. The PSE3 forecast assumed that a total of 12 properties would be acquired by WANT Ltd under the LUMINS programme, with an associated write-down of \$2.9m due to the disposal of the residential dwellings. As only two properties have been purchased in PSE3 to date, actual write-down and disposal costs were \$0.7m, a net variance to forecast of \$2.2m. In addition, a further \$0.7m variance to forecast relates to the lower than forecast CPI (as noted above).

Asset Maintenance

2016

Asset Maintenance expenditure for 2016 was \$2.3m compared to a forecast of \$2.8m. The variance of \$0.5m relates to an amount included in the forecast for the removal of Bridge St bund which did not occur during 2016.

PSE3 to date

Asset Maintenance expenditure for PSE3 to date is \$4.5m compared to a forecast of \$5.2m. The variance of \$0.7m to forecast primarily relates to the amount in the forecast for the removal of Bridge St bund as noted for 2016 above, plus \$0.2m relating to the lower than forecast CPI (as noted above).

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**SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE (cont)**

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**6b: Forecast Expenditure**

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended)

31 March 2015

**Expenditure by Category**

Capacity growth

Asset replacement and renewal

Total forecast capital expenditure

Corporate overheads

Asset management and airport operations

Asset maintenance

Total forecast operational expenditure

	Pricing Period Starting Year 31 Mar 15	Pricing Period + 1 31 Mar 16	Pricing Period + 2 31 Mar 17	Pricing Period + 3 31 Mar 18	Pricing Period + 4 31 Mar 19
for year ended					
15,337	28,664	—	3,562	8,943	
23,079	11,321	14,273	15,464	4,221	
38,416	39,985	14,273	19,026	13,164	
3,606	3,770	3,998	4,081	3,895	
12,818	13,532	13,147	13,556	13,044	
2,392	2,842	2,917	2,487	2,549	
18,816	20,143	20,062	20,124	19,488	

**Key Capital Expenditure Projects**

Marine Protection

Gates

Aprons

Movement Areas

Operational Compliance Works

Other Airside Works

Other Airfield (including Clearway)

Relocation AFS/ Airside Operations

MAGS / Guard Lights

Runway Capacity Utilisation Improvements

Southern Apron Development (Stage 2)

Terminal South Extension - Terminal

Terminal South Extension - Southern Apron

Main Terminal Building - Central Hall

Main Terminal Building - Building Flow

North Terminal Development - Domestic Passenger Facilitation

Noise Mitigation Works

Other capital expenditure

Total forecast capital expenditure

	Pricing Period Starting Year 31 Mar 15	Pricing Period + 1 31 Mar 16	Pricing Period + 2 31 Mar 17	Pricing Period + 3 31 Mar 18	Pricing Period + 4 31 Mar 19
for year ended					
842	518	1,053	900	550	
797	201	412	55	61	
926	949	1,234	336	37	
4,619	1,041	824	10,559	183	
2,909	—	1,423	—	367	
109	99	101	79	61	
1,751	—	—	—	—	
—	—	4,769	—	—	
—	2,081	—	—	—	
—	—	—	2,198	—	
—	—	—	1,364	6,944	
11,787	20,138	—	—	—	
4,570	7,132	—	—	—	
—	1,394	—	—	—	
—	—	—	—	3,333	
2,040	—	—	—	—	
2,383	2,491	1,569	1,633	—	
5,683	3,942	2,888	1,902	1,629	
38,416	39,985	14,273	19,026	13,164	

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Regulated Airport  
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**31 March 2016****SCHEDULE 7: REPORT ON SEGMENTED INFORMATION**

ref Version 2.0

		(\$000)			
		Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
6					
7					
8	Landing and parking charges	–	38,067	–	38,067
9	Terminal charges	24,891	–	–	24,891
10	Counter charges	629	–	–	629
11	Noise mitigation charges	–	2,352	–	2,352
12	Lease, rental and concession income	1,879	195	1,957	4,031
13	Other operating revenue	–	–	–	–
14	Net operating revenue	27,399	40,614	1,957	69,970
15					
16	Gains / (losses) on asset sales	–	8	–	8
17	Other income	–	–	–	–
18	Total regulatory income	27,399	40,622	1,957	69,978
19					
20	Total operational expenditure	8,330	8,672	581	17,584
21					
22	Regulatory depreciation	7,600	5,640	371	13,612
23					
24	Total revaluations	941	10,047	696	11,684
25					
26	Allowance for long term credit spread	37	93	3	133
27					
28	Regulatory tax allowance	4,275	7,420	288	11,983
29					
30	Regulatory profit/ loss	8,097	28,844	1,410	38,351
31					
32	Regulatory investment value	136,312	233,921	17,672	387,905

\* Corresponds to values reported in the Report on Regulatory Profit and the Report on Return on Investment.

**Commentary on Segmented Information**Specified Passenger Terminal and Airfield Activities

The segmented outcomes above produce ROI's of 5.9% or 5.3% excluding revaluations (2015: 5.0%) for the specified passenger terminal activity and 12.3% or 8.4% excluding revaluations (2015: 7.4%) for the airfield activity. In WIAL's view, these returns are consistent with the forecast outcome from the price setting approach taken for PSE3 after allowing for actual revaluations being higher than forecast.

Aircraft & Freight Activities

This segment produces an ROI of 8.0% or 4.2% excluding revaluations (2015: 4.7%). WIAL confirms that rental levels for individual tenants are established via commercially negotiated agreements, following receipt of advice from valuers and negotiations with tenants or prospective tenants. Valuers, in forming their advice establish commercial valuations of the properties which reflect their expectation of market rental levels.

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## SCHEDULE 8: CONSOLIDATION STATEMENT

ref Version 2.0

## 8a: CONSOLIDATION STATEMENT

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business- GAAP	Unregulated Activities- GAAP	(\$000) Airport Company- GAAP
Net income	69,978	(9)	69,969	43,541	113,510
Total operational expenditure	17,584	–	17,584	9,785	27,369
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	52,394	(9)	52,386	33,755	86,141
Depreciation	13,612	(155)	13,457	3,012	16,469
Revaluations	11,684	22,646	34,330	58,958	93,288
Tax expense	11,983	6,669	18,652	3,791	22,438
Net operating surplus / (deficit) before interest	38,484	16,123	54,607	85,911	140,522
Property plant and equipment	389,550	243,278	632,828	237,248	870,076

## 8b: NOTES TO CONSOLIDATION STATEMENT

## 8b(i): REGULATORY / GAAP ADJUSTMENTS

		Regulatory / GAAP Adjustments *
Description of Regulatory / GAAP Adjustment	Affected Line Item	
Adjustment of regulatory depreciation to align with GAAP	Depreciation	(155)
Revaluation of assets indexed for Information Disclosure to valuations compliant with GAAP	Revaluations	22,646
The regulatory tax calculation excludes consideration of deferred tax however this must be included in the GAAP financial statements	Tax expense	6,669
Revaluation of assets indexed for Information Disclosure to valuations compliant with GAAP	Property plant & equipment	243,278

\* To correspond with the clause 8a column Regulatory/GAAP adjustments

## Commentary on the Consolidation Statement

WIAL notes that the regulatory depreciation for property, plant and equipment will vary from that used in GAAP financial reporting over time. This is due to:

Depreciation

• The Input Methodologies (IMs) prescribe calculation rules for regulatory depreciation which differ from financial reporting requirements. For example, depreciation on acquisitions is not recognised in the year of acquisition for regulatory purposes while for financial reporting depreciation commences from the month of acquisition. Similarly, in respect of transfers to/from the regulated asset base the IMs preclude recognition of regulatory depreciation in that year while these assets are depreciated for financial reporting purposes.

• WIAL recognises salvage values for a number of assets in its depreciation calculations meaning these proportions of assets will not be depreciated to nil in WIAL's financial statements. The IMs depreciation formula does not recognise salvage values.

Revaluations

The regulatory asset base (excluding land) is rolled forward by CPI indexing in accordance with the Determination. Land is valued at MVAU - see comment under Property, Plant and Equipment below.

Tax Expense

The annual tax expense calculated for financial reporting purposes includes recognition of deferred tax adjustments in respect of non-land and building structure assets and the actual financing arrangements undertaken by WIAL. The calculation of the tax expense per the IMs does not recognise deferred tax adjustments and includes a notional tax deduction for financing costs calculated in the manner prescribed by the IMs.

Property, Plant and Equipment

Differences in the Property, Plant and Equipment values between the regulatory and GAAP approaches arise from:

• Land valuation – land valuation is recognised at MVAU per the IMs in the RAB while land is required to be valued at fair value, Market Value Existing Use (MVEU) for financial reporting.

• Buildings, civil and plant and equipment assets – different revaluation and depreciation treatments are required for regulatory reporting compared to the requirements for financial reporting. The differences in the processes to calculate depreciation are explained above. In addition, per the IMs for regulatory reporting the value of these assets is required to be increased by CPI annually. Valuations for financial reporting are undertaken periodically with assets, excluding plant and equipment, valued at optimised depreciated replacement cost. Plant and equipment assets are not revalued for financial reporting.

• Future use assets – per the IMs these are excluded from the RAB but are included in the Airport Business GAAP assets for financial reporting purposes.

## (\$000)

## Asset Allocators

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Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
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**SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)**

ref Version 2.0

**Asset Allocators (cont)**

	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
63			[Select one]		
64			[Select one]		
65			[Select one]		
66			[Select one]		
67			[Select one]		
68			[Select one]		
69			[Select one]		
70			[Select one]		
71			[Select one]		
72			[Select one]		
73			[Select one]		
74			[Select one]		
75			[Select one]		
76			[Select one]		
77			[Select one]		
78			[Select one]		
79			[Select one]		
80			[Select one]		
81			[Select one]		
82			[Select one]		
83			[Select one]		
84			[Select one]		
85			[Select one]		
86			[Select one]		
87			[Select one]		
88			[Select one]		
89			[Select one]		
90			[Select one]		
91			[Select one]		
92			[Select one]		
93			[Select one]		
94			[Select one]		
95			[Select one]		
96			[Select one]		
97			[Select one]		
98			[Select one]		
99			[Select one]		
100			[Select one]		
101			[Select one]		
102			[Select one]		
103			[Select one]		
104			[Select one]		
105			[Select one]		
106			[Select one]		
107			[Select one]		
108			[Select one]		
109			[Select one]		
110			[Select one]		
111			[Select one]		
112			[Select one]		
113			[Select one]		
114			[Select one]		
115			[Select one]		
116			[Select one]		
117			[Select one]		
118			[Select one]		
119			[Select one]		
120			[Select one]		
121			[Select one]		
122			[Select one]		
123			[Select one]		
124			[Select one]		
125			[Select one]		
126			[Select one]		
127			[Select one]		
128			[Select one]		

\* A description of the metric used for allocation, e.g. floor space.

Regulated Airport  
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**Wellington International Airport Limited**  
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# SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref Version 2.0

## 9b: Notes to the Report

### 9b(i): Changes in Asset Allocators

(\$000)

Effect of Change

CY-1  
31 Mar 15

Current Year  
(CY)  
31 Mar 16

CY+1  
31 Mar 17

Asset category				
Original allocator or components		Original		
New allocator or components		New		
Rationale		Difference		
Asset category				
Original allocator or components		Original		
New allocator or components		New		
Rationale		Difference		
Asset category				
Original allocator or components		Original		
New allocator or components		New		
Rationale		Difference		
Asset category				
Original allocator or components		Original		
New allocator or components		New		
Rationale		Difference		
Asset category				
Original allocator or components		Original		
New allocator or components		New		
Rationale		Difference		
Asset category				
Original allocator or components		Original		
New allocator or components		New		
Rationale		Difference		
Asset category				
Original allocator or components		Original		
New allocator or components		New		
Rationale		Difference		
Asset category				
Original allocator or components		Original		
New allocator or components		New		
Rationale		Difference		

### Commentary on Asset Allocations

While the methodology is unchanged the allocation factors, such as floor area and asset value, were amended as a result of ongoing operational changes resulting in corresponding changes to cost and asset bases during the year.

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## SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref Version 2.0

## 10a: Cost Allocations

(\$000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
<b>Corporate Overheads</b>						
Directly attributable operating costs	–	–	–	–	–	–
Costs not directly attributable	1,831	1,700	142	3,673	4,235	7,908
<b>Asset Management and Airport Operations</b>						
Directly attributable operating costs	462	4,554	26	5,041	–	5,041
Costs not directly attributable	4,835	1,521	223	6,579	941	7,519
<b>Asset Maintenance</b>						
Directly attributable operating costs	–	594	1	595	–	595
Costs not directly attributable	1,203	304	189	1,696	375	2,071
Total directly attributable costs	462	5,148	28	5,637	–	5,637
Total costs not directly attributable	7,869	3,525	554	11,947	5,551	17,498
Total operating costs	8,330	8,672	581	17,584	5,551	23,134

## Cost Allocators

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Terminal building costs	Building value	Causal Relationship	Building value considered to be an appropriate indicator of the share of use of the terminal building by regulated and unregulated activities.	All utility and maintenance associated costs for the terminal building.
Operations	Staff time	Causal Relationship	Operations staff operate 24 hour facility overseeing the entire airport and undertake daily facilitation of activities for passengers and other visitors to the airport.	Employee remuneration and ancillary costs for airport operations staff.
Airport planning costs	Staff time	Causal Relationship	Airport planning costs are dependent on staff hours therefore this is seen as the most appropriate allocator.	Employee remuneration and ancillary costs for airport planning staff and external consulting costs required for planning activity.
SQA costs	Staff time	Causal Relationship	Service quality assurance costs are dependent on staff hours therefore this is seen as the most appropriate allocator.	Employee remuneration and ancillary costs for airport service quality assurance staff.
"Westside 1" property costs	Rental revenue	Causal Relationship	Property is occupied by a mix of tenants for regulated and unregulated activities. Rental revenue is considered an appropriate indicator of the use of the building.	All utility and maintenance associated costs for the Westside 1 building.
Other Western properties	Rental revenue	Causal Relationship	Properties are occupied by a mix of tenants for regulated and unregulated activities. Rental revenue is considered an appropriate indicator of the use of the buildings.	All utility and maintenance associated costs for the other Western properties.
Residential houses	Rental revenue	Causal Relationship	Houses comprise those compulsorily acquired due to aeronautical activity and other properties purchased for commercial purposes. Rental revenue is considered an appropriate indicator of the use of houses.	All repairs and maintenance, rates and property administration costs for the houses.
Other Eastern properties	Rental revenue	Causal Relationship	Properties are occupied by a mix of tenants for regulated and unregulated activities. Rental revenue is considered an appropriate indicator of the use of the buildings.	All utility and maintenance associated costs for the other Eastern properties.
Property administration	Staff time	Causal Relationship	WIAL property staff undertake property administration functions including communication with tenants, lease negotiations and renewals, and oversight of properties.	Employee remuneration and ancillary costs for airport property staff.
Maintenance	Repairs and maintenance expenditure	Causal Relationship	WIAL maintenance team overseeing maintenance of all WIAL facilities. External maintenance costs allocated to facilities throughout the year is considered an appropriate basis for the allocation of WIAL maintenance staff and associated costs.	Employee remuneration and ancillary costs for airport maintenance staff.
Pricing consultation and regulation	Aeronautical revenue	Causal Relationship	Share of revenue for each regulated activity is considered appropriate to allocate these costs.	External professional advice and support services required to meet consultation and Airport Authorities/Commerce Act requirements.
Corporate marketing	Directly allocated marketing costs	Causal Relationship	Marketing costs directly allocated to business activities is considered an appropriate indicator of concentration of marketing activity in the reporting year.	Employee remuneration and ancillary costs for corporate marketing staff and general corporate advertising not attributable to a specific activity.
Corporate salaries	Staff time	Proxy Cost Allocator	The allocation is based on an estimate of staff time spent on regulated and unregulated activities.	Employee remuneration and ancillary costs for corporate management, finance, human resources and information technology staff.

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Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2016**

**SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)**

ref Version 2.0

**10b: Notes to the Report****10b(i): Changes in Cost Allocators**

			Effect of Change (\$000)		
			CY-1	Current Year (CY)	CY+1
			31 Mar 15	31 Mar 16	31 Mar 17
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

**Commentary on Cost Allocations**



Regulated Airport  
For Year Ended**Wellington International Airport Limited**  
**31 March 2016****SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 2.0

		Number	Total Duration	
			Hours	Minutes
6	<b>Runway</b>			
	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	–	–	–
9	Airlines/Other	–	–	–
10	Undetermined reasons	–	–	–
11	Total	–	–	–
12	<b>Taxiway</b>			
	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	1	2	30
15	Airlines/Other	–	–	–
16	Undetermined reasons	–	–	–
17	Total	1	2	30
18	<b>Remote stands and means of embarkation/disembarkation</b>			
	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	1	3	18
21	Airlines/Other	–	–	–
22	Undetermined reasons	–	–	–
23	Total	1	3	18
24	<b>Contact stands and airbridges</b>			
	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	1	3	–
27	Airlines/Other	1	–	49
28	Undetermined reasons	–	–	–
29	Total	2	3	49
30	<b>Baggage sortation system on departures</b>			
	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	8	15	15
33	Airlines/Other	6	34	40
34	Undetermined reasons	4	6	03
35	Total	18	55	58
36	<b>Baggage reclaim belts</b>			
	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	–	–	–
39	Airlines/Other	–	–	–
40	Undetermined reasons	–	–	–
41	Total	–	–	–
42	<b>On-time departure delay</b>			
	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	20	8	03
45	Airlines/Other	2	1	06
46	Undetermined reasons	–	–	–
47	Total	22	9	9

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Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2016**SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)**

ref Version 2.0

**Fixed electrical ground power availability (if applicable)**

The percentage of time that FEGP is unavailable due to interruptions\*

0.0012%

\* Disclosure of FEGP information applies only to airports where fixed electrical ground power is available.

**Commentary concerning reliability measures**Process for Determining Responsibility for Interruptions

WIAL maintains a database that records each breakdown in respect of the facilities recorded in Schedule 11. Each breakdown that occurs is then evaluated by WIAL's Manager Airport Performance to determine whether it meets the criteria for a reportable interruption. The assessment is undertaken in accordance with "Appendix C: Reliability Conditions for Disclosure" of the Information Disclosure (Airport Services) Reasons Paper published by the Commission on 22 December 2010.

The evaluation includes assessment of the party responsible for the interruption and may include discussions with airlines if airlines contributed to the cause of the interruption.

The number and duration of on time departure delays increased during 2016 to 22 flights and a total duration of 9 hours and 9 minutes (2015: 10 flights and a duration of 3 hours and 30 minutes), although overall there were only two more incidents recorded than the previous reporting period (2016: 7 incidents, 2015: 5 incidents). WIAL remains committed to maintaining appropriate service levels and well maintained facilities.

Five of the seven occurrences that resulted in delays to aircraft were related to the departure process of the baggage handling system ("BHS"). One occurrence alone accounted for a cumulative total of 4 hrs 24 mins of delay to 11 aircraft while an issue with an electronic component of the BHS was resolved. The other BHS related occurrences related to:

- physical damage to the system caused by an airline staff member;
- bags on the belt becoming jammed in the system;
- conveyor belt being torn by a diverter blade;
- communication failure between the WIAL system and an interfacing airline system.

Of the other occurrences, delays occurred when a wide scale airport power outage that caused terminal wide issues, including causing certain aerobridges to fault. One aircraft was unable to depart on time until an affected aerobridge could be retracted.

Lastly one occurrence resulted in a delay of 1 hour to an aircraft as a consequence of a pavement failure on the exit from the aircraft remote stand. The aircraft had to remain insitu while the pavement was repaired before it could depart.

Process to Consider Requirement for Operational Improvements

The interruptions are discussed with participants at the TEAM WLG meetings (an acronym for Together Everyone Achieves More). TEAM WLG continues to operate well and focuses on service reliability, service performance and a review of ASQ results, as well as airport collaborative decision making as a model for improving passenger and aircraft processing. During the year there were 3 meetings held. The meetings assist in confirming responsibility for interruptions and to consider whether process improvements are required.

Must include information on how the responsibility for interruptions is determined and the processes the Airport has put in place for undertaking any operational improvement in respect of reliability. If interruptions are categorised as "occurring for undetermined reasons", the reasons for inclusion in this category must be disclosed.

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Regulated Airport  
For Year Ended**Wellington International Airport Limited**  
**31 March 2016****SCHEDULE 12: REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES**

ref Version 2.0

**Runway**

		Runway #1	Runway #2	Runway #3
Description of runway(s)	Designations	16-34		
	Length of pavement (m)	2,051		
	Width (m)	45		
	Shoulder width (m)	7.5		
	Runway code	4E		
	ILS category	Category I	[Select one]	[Select one]
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	38-36		
	IMC (movements per hour)	29-26		

**Taxiway**

		Taxiway #1	Taxiway #2	Taxiway #3
Description of main taxiway(s)	Name	Main		
	Length (m)	2,051		
	Width (m)	18		
	Status	Full length	[Select one]	[Select one]
	Number of links	11		

**Aircraft parking stands**

Number of apron stands available during the runway busy day categorised by stand description and primary flight category

		Contact stand—airbridge	Contact stand—walking	Remote stand—bus
Air passenger services	International	8	—	—
	Domestic jet	11	—	—
	Domestic turboprop	—	15	1
Total parking stands		19	15	1

**Busy periods for runway movements**

	Date
Runway busy day	2 April 2015
Runway busy hour start time (day/month/year hour)	28 Oct 2015 8 a.m.

**Aircraft movements**

Number of aircraft runway movements during the runway busy day with air passenger service flights categorised by stand description and flight category

		Contact stand—airbridge	Contact stand—walking	Remote stand—bus	Total
Air passenger services	International	16	—	—	16
	Domestic jet	84	—	—	84
	Domestic turboprop	—	188	—	188
	Total	100	188	—	288
Other (including General Aviation)					43
Total aircraft movements during the runway busy day					331

Number of aircraft runway movements during the runway busy hour

31

**Commentary concerning capacity utilisation indicators for aircraft and freight activities and airfield activities**Busy Day and Hour Information

WIAL commissioned Airbiz Limited (Airbiz) to provide advice on the technical information required to be disclosed by WIAL. Airbiz were also requested to determine the required busy hour and busy day statistics to be included in this Schedule.

Runway

WIAL's runway capacity varies depending on the direction of use of the runway (namely runway 16 or 34) and weather conditions. WIAL's busy hour demand was assessed at 31 movements per hour. The 31 movements is below available capacity in clear weather conditions (VMC conditions) but exceeds available capacity when weather conditions are poor (IMC conditions).

WIAL expects that the demand on runway availability will increase in the future as aircraft movements grow to accommodate the forecast increase in passengers. WIAL anticipates that aircraft movements should not increase at the same growth rate as passengers because WIAL expects airlines to increase the average size of aircraft in their fleet.

WIAL is working with the airlines, Airways Corporation (Airways) and other stakeholders to implement measures to manage the prospective congestion to ensure appropriate changes to facilities that could increase runway movement capacity are identified and implemented. In 2016, WIAL continued to work with stakeholders to deliver works which may increase runway capacity. This includes the Airport Collaborative Decision Making (ACDM) initiative as outlined in Schedule 15.

Aircraft Parking Stands

WIAL has 11 aircraft stands available with aerobridge services. The 8 WIAL parking stands adjacent to the North Pier are swing gates and therefore available for international as well as domestic use. As the parking stand capacity data reported is for a busy day period we have included the North Pier aircraft gates as being available for both international and domestic aircraft. On the runway busy day there were no aerobridges out of service.

Regulated Airport  
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**Wellington International Airport Limited**  
**31 March 2016**

**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES**

ref Version 2.0

		International terminal	Domestic terminal	Common area <sup>†</sup>
6	<b>Outbound (Departing) Passengers</b>			
7	<b>Landside circulation (outbound)</b>			
8	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	N/A	N/A	11 Oct 2015 4 p.m.
9	Floor space (m <sup>2</sup> )	N/A	N/A	2,276
10	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,155
11	Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	51
12				
13	<b>Check-in</b>			
14	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	11 Oct 2015 4 p.m.
15	Floor space (m <sup>2</sup> )	N/A	N/A	1,250
16	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	924
17	Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	74
18				
19	<b>Baggage (outbound)</b>			
20	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	11 Oct 2015 4 p.m.
21	Make-up area floor space (m <sup>2</sup> )	N/A	N/A	2,791
22	Notional capacity during the passenger busy hour (bags/hour)*	N/A	N/A	2,430
23	Bags processed during the passenger busy hour (bags/hour)*	N/A	N/A	611
24	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,155
25	Utilisation (% of processing capacity)	N/A	N/A	25%
26	* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
27				
28	<b>Passport control (outbound)</b>			
29	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	2 Oct 2015 6 a.m.		
30	Floor space (m <sup>2</sup> )	210		
31	Number of emigration booths and kiosks	5		
32	Notional capacity during the passenger busy hour (passengers/hour) *	575		
33	Passenger throughput during the passenger busy hour (passengers/hour)	641		
34	Utilisation (busy hour passengers per 100m <sup>2</sup> )	305		
35	Utilisation (% of processing capacity)	111%		
36	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
37				
38	<b>Security screening</b>			
39	Passenger busy hour for security screening—start time (day/month/year hour)	2 Oct 2015 6 a.m.	10 Feb 2016 8 a.m.	
40	Facilities for passengers excluding international transit & transfer			
41	Floor space (m <sup>2</sup> )	263	181	
42	Number of screening points	2	4	
43	Notional capacity during the passenger busy hour (passengers/hour) *	540	1,080	
44	Passenger throughput during the passenger busy hour (passengers/hour)	641	815	
45	Utilisation (busy hour passengers per 100m <sup>2</sup> )	244	450	
46	Utilisation (% of processing capacity)	119%	75%	
47	Facilities for international transit & transfer passengers			
48	Floor space (m <sup>2</sup> )	N/A		
49	Number of screening points	N/A		
50	Notional capacity during the passenger busy hour (passengers/hour)*	N/A		
51	Estimated passenger throughput during the passenger busy hour (passengers/hour)	N/A		
52	Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A		
53	Utilisation (% of processing capacity)	N/A		
54	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2016**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 1)**

ref Version 2.0

	International terminal	Domestic terminal	Common area <sup>†</sup>
<b>Airside circulation (outbound)</b>			
Passenger busy hour for airside circulation (outbound)—start time (day/month/year hour)	2 Oct 2015 6 a.m.	10 Feb 2016 8 a.m.	
Floor space (m <sup>2</sup> )	762	591	
Passenger throughput during the passenger busy hour (passengers/hour)	641	1,068	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	84	181	
<b>Departure lounges</b>			
Passenger busy hour for departure lounges—start time (day/month/year hour)	2 Oct 2015 6 a.m.	10 Feb 2016 8 a.m.	
Floor space (m <sup>2</sup> )	1,184	1,453	
Number of seats	489	568	
Passenger throughput during the passenger busy hour (passengers/hour)	641	1,068	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	54	74	
Utilisation (passengers per seat)	1.3	1.9	
<b>Inbound (Arriving) Passengers</b>			
<b>Airside circulation (inbound)</b>			
Passenger busy hour for airside circulation (inbound)—start time (day/month/year hour)	14 Dec 2015 11 p.m.	19 Apr 2015 5 p.m.	N/A
Floor space (m <sup>2</sup> )	1,401	591	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	532	993	N/A
Utilisation (busy hour passengers per 100m <sup>2</sup> )	38	168	N/A
<b>Passport control (inbound)</b>			
Passenger busy hour for passport control (inbound)—start time (day/month/year hour)	14 Dec 2015 11 p.m.		
Floor space (m <sup>2</sup> )	329		
Number of immigration booths and kiosks	7		
Notional capacity during the passenger busy hour (passengers/hour) *	662		
Passenger throughput during the passenger busy hour (passengers/hour)	532		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	162		
Utilisation (% of processing capacity)	80%		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Landside circulation (inbound)</b>			
Passenger busy hour for landside circulation (inbound)—start time (day/month/year hour)	N/A	N/A	24 Apr 2015 2 p.m.
Floor space (m <sup>2</sup> )	N/A	N/A	2,276
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	993
Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	44
<b>Baggage reclaim</b>			
Passenger busy hour for baggage reclaim—start time (day/month/year hour)	14 Dec 2015 11 p.m.	19 Apr 2015 5 p.m.	
Floor space (m <sup>2</sup> )	536	1,081	
Number of reclaim units	2	2	
Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	3,600	3,600	
Bags processed during the passenger busy hour (bags/hour)*	372	556	
Passenger throughput during the passenger busy hour (passengers/hour)	532	794	
Utilisation (% of processing capacity)	10%	15%	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	99	73	
* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
<b>Bio-security screening and inspection and customs secondary inspection</b>			
Passenger busy hour for bio-security screening and inspection and customs secondary inspection—start time (day/month/year hour)	14 Dec 2015 11 p.m.		
Floor space (m <sup>2</sup> )	550		
Notional MAF secondary screening capacity during the passenger busy hour (passengers/hour)*	760		
Passenger throughput during the passenger busy hour (passengers/hour)	532		
Utilisation (% of processing capacity)	70%		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	97		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Arrivals concourse</b>			
Passenger busy hour for arrivals concourse—start time (day/month/year hour)	N/A	N/A	24 Apr 2015 2 p.m.
Floor space (m <sup>2</sup> )	N/A	N/A	962
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,106
Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	115

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**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 2)**

ref Version 2.0

	International terminal	Domestic terminal	Common area <sup>†</sup>
130			
131	<b>Total terminal functional areas providing facilities and service directly for passengers</b>		
132	Floor space (m <sup>2</sup> )	N/A	N/A
133	Number of working baggage trolleys available for passenger use	N/A	N/A
134	at end of disclosure year	N/A	N/A

**Commentary concerning capacity utilisation indicators for Passenger Terminal Activities**

WIAL operates a common use terminal facility with areas directly provided to arriving or departing passengers where required by Customs border processing or Avsec security requirements. The utilisation data above reflects the use of the terminal by common use, international or domestic passengers as appropriate.

Passenger Data

WIAL commissioned Airbiz to provide passenger busy hour and day information required to be reported in this Schedule. Airbiz were provided with the aircraft movement and passenger data that WIAL received from Airways and its airlines for the year. Major airlines provided detailed information to WIAL on passenger numbers carried for each flight allowing an assessment of arriving and departing passengers on an hourly basis. Airbiz applied the adjustments per the Determination as required (i.e. the allowance for domestic transfer and transit passengers in the check-in passenger throughput).

Baggage Reclaim

WIAL does not have the technical capacity at present to count bags processed by the baggage reclaim units. WIAL has used benchmarked information to calculate the assumptions for the number of bags carried per passenger:

- For international passengers - an average of 0.7 bags for each international passenger; and
- For domestic passengers - an average of 0.7 bags.
- These figures cover all passengers, including those who only travel with carry-on baggage.

WIAL has applied these assumptions in estimating the bags processed during the passenger busy hour.

Two baggage reclaim carousels continue to be used as standard for international arrivals with carousels being allocated to alternate flights to improve passenger distribution within the arrivals hall. This is facilitated by the use of moveable walls that temporarily extend the international arrivals hall. When international loadings are low however, only one reclaim carousel is used.

Determination of Capacities

WIAL capacities were determined as follows:

- Airbiz were engaged to provide advice on all floor areas required to be reported in this Schedule. Airbiz developed the required measures from its review of building plans provided by WIAL.
- Baggage (outbound) - capacities were advised by the system manufacturer, Glidepath, for the two baggage outbound units operated by WIAL and Avsec for the X-ray machine process capability.
- Passport control (outbound) - advised by Airbiz following the receipt of Customs advice, namely 50 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter (for conventional counters) and 22 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate (for SmartGates).
- Security screening - advised by Airbiz following receipt of Aviation Security advice. Determined from number of screening stations multiplied by passengers per hour as advised by Avsec. International - 2 stations at 270 passengers/hour and domestic - 4 stations at 270 passengers/hour.
- Departure lounges number of seats - determined by a physical count by WIAL operations staff. The numbers listed include general, food court and tenancy seats.
- Passport control (inbound) - advised by Airbiz following receipt of Customs advice that for:
  - o a conventional counter - 50 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter; and
  - o a SmartGate biometric gate - 22 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate.
- Baggage reclaim - the baggage system manufacturers, Glidepath, advised that the technical capacity of each baggage reclaim belt is 1,800 bags per hour derived from one bag per metre loaded onto the belt and a belt speed of 0.5m/s. The practical capacity is likely to be lower with baggage handlers unlikely to be able to load bags to this capacity and recirculating bags reducing available capacity for new bags to be loaded.
- Biosecurity screening and inspection and customs secondary inspection - advised by Airbiz, based on practical capacity of 190 passenger per hour per screening station and the assumption that 50% of passengers are assessed.

**Comment on Baggage (outbound) Utilisation**

The utilisation statistic of 25% above provides the proportion of technical capacity that is utilised by bags loaded on the outbound baggage belts.

Terminal Floor Areas

No significant changes were made to terminal floor areas for the 2016 year.

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## SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref Version 2.0

## 6 Survey organisation

7 Survey organisation used

ACI

8 If "Other", please specify

## 10 Passenger satisfaction survey score

11 (average quarterly rating by service item)

## 12 Domestic terminal

Quarter for year ended	1 30 Jun 15	2 30 Sep 15	3 31 Dec 15	4 31 Mar 16	Annual average
Ease of finding your way through an airport	4.3	4.3	4.3	4.2	4.3
Ease of making connections with other flights	4.4	4.2	4.3	4.0	4.2
Flight information display screens	4.2	4.2	4.2	4.1	4.2
Walking distance within and/or between terminals	4.2	4.2	4.1	4.0	4.1
Availability of baggage carts/trolleys	4.0	3.9	4.1	4.0	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.4	4.4	4.3	4.4	4.4
Availability of washrooms/toilets	4.0	4.0	4.0	3.9	3.9
Cleanliness of washrooms/toilets	3.9	3.9	4.0	3.9	3.9
Comfort of waiting/gate areas	3.6	3.5	3.5	3.4	3.5
Cleanliness of airport terminal	4.2	4.2	4.2	4.1	4.1
Ambience of the airport	4.0	3.9	4.0	3.9	3.9
Security inspection waiting time	4.3	4.4	4.3	4.4	4.4
Check-in waiting time	4.3	4.4	4.4	4.4	4.4
Feeling of being safe and secure	4.4	4.5	4.5	4.4	4.4
Average survey score	4.2	4.1	4.1	4.1	4.1

## 29 International terminal

Quarter for year ended	1 30 Jun 15	2 30 Sep 15	3 31 Dec 15	4 31 Mar 16	Annual average
Ease of finding your way through an airport	4.2	4.0	4.3	4.2	4.2
Ease of making connections with other flights	N/A	N/A	N/A	N/A	N/A
Flight information display screens	4.2	4.0	4.0	4.2	4.1
Walking distance within and/or between terminals	4.3	4.2	4.3	4.4	4.3
Availability of baggage carts/trolleys	4.0	3.6	4.0	4.2	3.9
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.3	4.3	4.2	4.4	4.3
Availability of washrooms/toilets	4.1	4.1	4.2	4.4	4.2
Cleanliness of washrooms/toilets	4.2	4.0	4.1	4.1	4.1
Comfort of waiting/gate areas	3.9	3.8	3.7	3.8	3.8
Cleanliness of airport terminal	4.3	4.4	4.4	4.4	4.4
Ambience of the airport	4.2	4.1	4.2	4.2	4.2
Passport and visa inspection waiting time	4.5	4.4	4.5	4.5	4.5
Security inspection waiting time	4.4	4.1	4.3	4.4	4.3
Check-in waiting time	4.0	4.0	4.1	4.2	4.1
Feeling of being safe and secure	4.4	4.3	4.5	4.5	4.4
Average survey score	4.2	4.1	4.2	4.3	4.2

The margin of error requirement specified in clause 2.4(3)(c) of the determination applies only to the combined quarterly survey results for the disclosure year. Quarterly results may not conform to the margin of error requirement.

## 48 Commentary concerning report on passenger satisfaction indicators

WIAL operates a common use terminal facility with most of its facilities used by both domestic and international passengers. The survey outcomes of these facilities therefore reflect the survey views of the category of passengers rather than reflecting the service outcomes for separate terminals. The survey measures are reported on a scale with a maximum score of 5.

WIAL continues to rate highly in its ASQ scores, with an average domestic score of 4.1 and an average international score of 4.1 (based on those survey categories identified in Schedule 14) for last year.

54 Domestic

Initiatives are underway to address the lower rated areas particularly in respect of the comfort of waiting/gate areas and availability of washrooms/toilets facilities. WIAL has now commenced the Terminal South Extension (TSE) project. This project will see improvements to the South and the South West Pier, including redesign of the departure gate lounges, and additional toilet facilities. Also extra aircraft stands will be added (4 turbo prop stands and 1 jet stand). Refer to Schedule 15 for further detail.

57 International

International passengers were asked to provide a score for "ease of making connections with other flights". WIAL notes that there is generally insufficient passengers that connect from other flights to enable a statistically representative average score to be calculated by the ASQ programme managers. This occurrence is because passengers largely travel direct to/from Wellington airport. The ASQ programme managers did not provide an average score for any of the four quarters due to insufficient response. In 2013, WIAL received an on-going exemption from the Commission to not publish this score where it is not able to be provided by the ASQ programme managers.

65 Accuracy of Passenger Data to Prepare Utilisation Indicators

Refer to the comments in Schedule 13.

67 Location of Survey Fieldwork Documentation

The survey fieldwork documentation is available on WIAL's website [www.wellingtonairport.co.nz](http://www.wellingtonairport.co.nz).

Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators and the internet location of fieldwork documentation.

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## SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref Version 2.0

## Disclosure of the operational improvement process

The Information Disclosure Determination requires WIAL to establish operational meetings with airlines to:

- Identify measures available to either reduce the likelihood of service losses which have caused significant disruption or on time delays from reoccurring; or to better manage the impact of service losses so as to reduce their impact;
- Confirm the responsibility for service interruptions as required; and
- Review quarterly passenger satisfaction surveys to identify where remedial action is required by the airport, airlines or border agencies.

WIAL is committed to maintaining and improving service quality for its customers and enhancing the airport's facilities in response to customer feedback and changes in demand.

**Service Quality Monitoring**Airport Service Quality (ASQ)

WIAL continued to obtain passenger feedback from the ASQ quarterly surveys and undertook a variety of meetings and communications with airlines and other parties to monitor the quality of WIAL's operations and to implement service and process improvements where required.

TEAM WLG Meetings

TEAM WLG meetings continued to be held in 2016, as detailed in Schedule 11. The TEAM WLG forum focuses on service reliability, service performance, review of ASQ results and presentations of projects the individual stakeholders are working on. TEAM WLG stands for Together Everyone Achieves More (at) Wellington with the overall aim to put the passenger central and discuss how we can improve the overall service and collaboration.

Airport Collaborative Decision Making (ACDM)

The ACDM module within the Gentrack Airport 20/20 application has now successfully been implemented at WIAL. By doing so WIAL is the first in Australasia to have both jet and turbo prop services on an ACDM platform. ACDM is an operational concept that is being advanced by the International Civil Aviation Organisation (ICAO), and is also supported by Airports Council International (ACI) and the International Air Transport Association (IATA). ACDM is about aviation partners working together more efficiently and transparently resulting in operational efficiencies and enhanced traffic capacity.

ACDM provides the following benefits:

- Reduction in aircraft holding patterns, resulting in lower fuel burn (reduced costs and improved environmental footprint)
- Reduced apron congestion and increased predictability of aircraft movements
- Improved on-time performance
- Better slot allocation (more efficient for Air Traffic Control)
- Provides proactive alerts for staff to better manage daily operations
- Contributes to an improved passenger experience and improved service levels
- Cost savings through improved asset utilisation

A screen shot of the main ACDM portal available to airlines, Airways, ground handlers and WIAL is shown below:

CDM PORTAL Ground Handler

82% / 47% AirNZ Reg	88% / 65% AirNZ Dom	67% / 33% AirNZ Int	50% / 0% Aerocare Reg	33% / 0% Aerocare Dom	100% / 100% Aerocare Int	100% / 0% Panalpina Int	86% / 71% Sounds Air Reg	81% / 50% Reg	80% / 52% Dom	80% / 40% INT	80% / 51% ALL
17 Alerted	1 On Approach	3 Taxi In	0 Mobilise Departure	0 Boarding	4 Target Off Block	0 Off-Blocks	3 Taxi Out				
FLIGHT	STAND	GATE	CARRIER	GROUND HANDLER	ALERT	STATUS	SERVICE TYPE	AIRCRAFT TYPE	SORT BY: DEPARTURE		
REGION	FLIGHT TYPE	MILESTONE									
Flight	O/D	Day	Stand	Take-Off	Landing	In-Blocks	Boarding	Off-Blocks	FIDS	Push	Take-Off
NZ5048 NZ5313	DUD CHC	04	15	09:14 ATOT	10:32 ALDT	10:36 AIBT	11:46 EEBT	11:40 AOBT	11:40 STD	11:46 ASAT	11:47 CTOT
NZ8453 NZ8037	NPE BHE	04	72/12	10:14 ATOT	11:05 ALDT	11:09 AIBT	11:46 ESBT	11:45 AOBT	11:40 ETD	11:45 ASAT	11:53 ATOT
NZ417 NZ426	AKL	04	16	10:10 ATOT	10:58 ALDT	11:02 AIBT	11:48 ESBT	11:47 AOBT	11:45 STD	11:47 ASAT	11:54 CTOT
NZ8124 NZ8440	NSN NPE	04	10	10:52 ATOT	11:16 ALDT	11:20 AIBT	11:51 ESBT	11:50 AOBT	11:45 ETD	11:53 ASAT	11:55 ETOT
NZ338 NZ803	CHC ZQN	04	12/13	10:52 ATOT	11:23 ALDT	11:27 AIBT	11:56 ESBT	12:16 EOBT	12:00 ETD		12:09 CTOT
NZ5083 NZ5045	HLZ CHC	04	14	10:10 ATOT	11:11 ALDT	11:15 AIBT	11:58 ESBT	12:15 EOBT	12:15 STD		12:22 CTOT

Displaying rows 1 to 10 of 37

The process put in place by the Airport for it to meet regularly with airlines to improve the reliability and passenger satisfaction performance consistent with that reflected in the indicators.



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**SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES (cont)**

ref Version 2.0

**Disclosure of the operational improvement process**

*Other stakeholder engagement meetings at WIAL*

In addition to TEAM WLG there are a number of other pre-set meetings with stakeholders which address the safety and service at Wellington Airport:

- Landside safety risk committee (meets 4 times a year)
- Airside safety and risk committee (meets 4 times a year)
- Airspace user forum (meets 4 times a year)
- Airline Allocation Meeting (4 times a year).

Weekly meetings with stakeholders are being held for various improvement projects such as:

- Terminal South Extension
- International Arrival Enhancement
- Multi-level Transport Hub

See below for further detail on each of these projects.

**Operational Improvement Initiatives**

A number of specific initiatives were commenced or continued during the year. These included:

*Terminal South Extension*

The Terminal South Extension ("TSE") development incorporating a 35 metre (6000sqm) extension of the main terminal to the south and redesign and expansion of the south and south-west piers is nearing completion. The TSE project will widen the width of both southern piers, add centralised security screening, provide extra gate lounge space, increase the retail mix and double the number of toilets. The southern apron will also be extended and reconfigured to use the area most efficiently and provide more parking space for aircraft.

*International Arrivals Enhancement*

The International Arrival Enhancement ("IAE") project commenced in March 2016 to address congestion, improve levels of service and cater for growth in international passenger numbers. The IAE project incorporates an increase in space for primary processing, allowing for the addition of two conventional processing counters and five SmartGate+ lanes. The secondary processing area will also be reconfigured to allow for improved queue management and increased passenger throughput. In order to facilitate this additional space the existing toilets, the Customs Control Room and the VIP room will be relocated. These works will assist in managing the strong growth in international passenger numbers and is complementary to the longer term plan to develop the international terminal. This project is expected to be completed by the end of 2016.

*Multi Level Transport Hub*

The Multi Level Transport Hub project commenced in February 2016 and is scheduled for completion in December 2017. The project will create an extra 1,000 covered car parks and provide improved facilities for passenger drop-off/pick-up and ground transport operations such as taxis and buses.

*Common Use Terminal Equipment*

WIAL's new Common Use Terminal Equipment ("CUTE") platform has been implemented resulting in 18 check-in desks, 8 departure desks and 3 arrivals desks being converted to a platform that can be used by all airlines operating at WIAL (with the exception of Air New Zealand who have their own in-house system).

The benefits of the CUTE platform for airlines are:

- Pay per use
- Responsibility for IT support, maintenance and consumables moves to WIAL
- Ease of use for ground handlers
- Queuing and barriers managed and maintained by WIAL
- Increased flexibility at departure gates
- Useful features for airlines and back up options for business disruptions

The benefits of a CUTE platform to WIAL are:

- Efficient use of check-in space
- Smart looking desks without duplicate IT hardware for each airline
- Improved ability to facilitate new airlines
- Ability to add other common use technologies to the platform in future such as common use self-boarding gates

The northern check-in area has also been upgraded to provide better signage through the provision of large LCD screens; 2-sided counter sliders for information purposes; better lighting and seating for staff and a better TENSA barrier system for passenger queuing.

*Transitional Facility*

An increase in international services has resulted in an increase in quarantine waste. To manage this increase, WIAL has constructed a new facility as a temporary storage area pending collection and disposal. All airlines have been supportive of this initiative as the facility is more conveniently located and reduces resources required to transport the waste.

*The process put in place by the Airport for it to meet regularly with airlines to improve the reliability and passenger satisfaction performance consistent with that reflected in the indicators.*

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## SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES (cont)

ref Version 2.0

### Disclosure of the operational improvement process

#### Lightning Warning and Alerting System

WIAL has installed a lightning warning and alerting system in and around the airside apron areas during the year. This system will provide stakeholders visual and audible alerts to provide notification of any lightning activity in the vicinity of the airfield. The alerts enable each organisation to commence any pre-lightning mitigation activity to protect their staff and equipment. The system will be activated from data received from the MetService who have developed a cloud based lightning warning system.

#### Nose-In Guidance System

A new type of Nose in Guidance System ("NIGS") has been introduced on most jet stands. The NIGS gives information to a pilot parking an aircraft at a precise location on the stand. The unit provides both azimuth (centre line) and stopping guidance. This allows the pilot to remain clear of obstructions and ensures that aerobridges can reach the aircraft. The NIGS units are integrated with WIAL's Airport Operating Data Base ("AODB") to provide real-time on/off block times. This information is shared to the benefit of ACDM users.

#### International Meet and Greet Area

Improvements have been made to the international arrivals area on the lower level of the main terminal. A new wall has been put in place to redirect the exit for arriving passengers. This has improved passenger flow into the meet and greet area and created more floor space for welcomes. The seating capacity in the area has also increased.

#### Resource Management System

Wellington Airport operates 27 aircraft stands. All aircraft need to be allocated to a free stand as soon as they land. Previously this task was conducted manually and was reliant on the operational experience of the staff member responsible. In 2016 the Resource Management System (RMS) module within the Gentrack Airport 20/20 application was deployed. Gate allocation is now fully automated with automatic updates and alerts if a manual intervention is required. Aside from moving away from a manual process, the RMS tool enables the airport community to view real-time scheduling of gates and stands (including the solving of allocation conflicts), provide the optimum allocation based on a set of business rules and a graphical Gantt chart display for ease of use.

#### Pedestrian Walkway

WIAL created a passenger walkway outside the northern end of the car park precinct to give staff and passengers safe walking access to/from the eastern suburbs and the airport.

#### Terminal Seating

The terminal has been fitted out with new seating. Airport stakeholders have been involved in the selection of the new beam seats.

#### Aerodrome Emergency Plan and Business Continuity Plan on mobile devices

WIAL's emergency and business continuity plan are now contained in a useable format installed and accessed directly on all management smartphones and where desired other mobile devices such as tablets. The experience of having the BCP and EAP procedures always and easily accessible has been very positive.

#### WiFi enhancements

Extra capacity been added to the Public WiFi System so it is now available in the baggage reclaim; international arrivals and the south west pier.

#### CCTV Platform Enhancement

The provision of a high quality Closed Circuit TV ("CCTV") service is considered an essential piece of airport infrastructure for enhancing airport operations, security and safety. WIAL is in year four of a five year plan to migrate all CCTV systems and cameras to the Cisco VSM platform. Recently WIAL expanded coverage of the CCTV within the airport campus and provided more critical backend storage/redundancy.

There is a particular emphasis on:

- Apron Management: dedicated fixed views that WIAL have agreed with Airways to support their continued management of the apron operation. This area has become critical from WIAL's certification/regulatory perspective. The cameras are focused on the taxi lanes and holding positions.
- Airside: the general camera locations required to support ACDM and airline operations as well as the WIAL Operations team. These cameras focus on the actual aircraft stands themselves.
- Public entry/exits and our first SMART application (people counting)

Together, this will add up to 48 new cameras to the existing CCTV platform of 140 cameras and 120TB of extra storage.

#### Interactive Voice Response ("IVR") improvements

The IVR facilities on WIAL's main telephone number have been upgraded to make it simpler for airport callers to use.

#### Baggage Handling System

The software components of the baggage handling system have been upgraded to increase its reliability and ability to send alerts to the airport control room as well as providing an improved set of reports.

#### The Public Address System

The current Public Address system was implemented in 1999 and covers all areas except The Rock. The current upgrade will address zoning issues and sound quality and allow for more use of pre-recorded messages.

The process put in place by the Airport for it to meet regularly with airlines to improve the reliability and passenger satisfaction performance consistent with that reflected in the indicators.

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## SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref Version 2.0

### 16a: Aircraft statistics

Disclosures are categorised by core aircraft types such as Boeing 737-400 or Airbus A320. Sub variants within these types need not be disclosed.

(i) International air passenger services—total number and MCTOW of landings by aircraft type during disclosure year

[illegible]

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## ref Version 2.0

Aircraft type

**Total MCTOW  
(tonnes)**

Total

11.912

847.178

Aircraft type

**Total MCTOW**  
(tonnes)

Total

27,264

400,478

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**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)**

ref Version 2.0

(iii) The total number and MCTOW of landings of aircraft not included in (i) and (ii) above during disclosure year

	Total number of landings	Total MCTOW (tonnes)
Air passenger service aircraft less than 3 tonnes MCTOW	522	882
Freight aircraft	306	4,798
Military and diplomatic aircraft	305	11,683
Other aircraft (including General Aviation)	4,844	19,093

(iv) The total number and MCTOW of landings during the disclosure year

	Total number of landings	Total MCTOW (tonnes)
Total	48,410	1,531,236

### 16b: Terminal access

Number of domestic jet and international air passenger service aircraft movements\* during disclosure year categorised by the main form of passenger access to and from terminal

	Contact stand—airbridge	Contact stand—walking	Remote stand—bus	Total
International air passenger service movements	6,523	—	—	6,523
Domestic jet air passenger service movements	23,900	—	—	23,900

\* NB. The terminal access disclosure figures do not include non-jet aircraft domestic air passenger service flights.

### 16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers†	2,443,583	452,168	2,895,751
Outbound passengers†	2,456,758	445,148	2,901,906
Total (gross figure)	4,900,341	897,316	5,797,657
less estimated number of transfer and transit passengers		—	—
Total (net figure)			5,797,657

† Inbound and outbound passenger numbers include the number of transit and transfer passengers on the flight. The number of transit and transfer passengers can be subtracted from the total to estimate numbers that pass through the passenger terminal.

### 16d: Airline statistics

Name of each commercial carrier providing a regular air transport passenger service through the airport during disclosure year

[illegible]

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**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)**

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**Airline statistics (cont)**

**Domestic**


**International**


**16e: Human Resource Statistics**

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
Number of full-time equivalent employees	31.0	48.6	1.8	81.4
Human resource costs (\$000)				7,227

**Commentary concerning the report on associated statistics**

WIAL received monthly business volume data as follows:

- Aircraft movement data from Airways;
- Passenger and flight details from major airlines operating scheduled services; and
- Passenger numbers on a monthly basis from the small regional commuter airlines.

This information was used to calculate the landings, aircraft Maximum Certified Take Off Weights (MCTOW) and passenger statistics detailed above.

Human Resource Statistics

The total full time equivalent employees of the regulated aeronautical business was 81.4 for the year ended 31 March 2016 (2015: 74.9). The increase in actual staff numbers of 6.5 is primarily due to reduced Airport Operations Coordinator turnover which in turn resulted in higher headcount across the year. In addition, WIAL employed two Works Safety Officers to support the construction works, an additional firefighter, an Operations Administration Assistant and part-time Legal Counsel (mainly focused on economic regulation matters). The human resource costs include all employee related costs including wages and salaries, Kiwisaver contributions, ACC levies, recruitment costs and staff development and training.

Regulated Airport  
For Year EndedWellington International Airport Limite  
31 March 2016**SCHEDULE 17: REPORT ON PRICING STATISTICS**

ref Version 2.0

**17a: Components of Pricing Statistics**

	(\$000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	5,341
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	23,634
Net operating charges from airfield activities relating to international flights	11,377
Net operating charges from specified passenger terminal activities relating to domestic passengers	21,885
Net operating charges from specified passenger terminal activities relating to international passengers	3,635
	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,611,385
Number of domestic passengers on flights of 30 tonnes MCTOW or more	3,283,565
Number of international passengers	897,316
	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	400,478
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	847,178
Total MCTOW of international flights	247,124

**17b: Pricing Statistics**

	Average charge (\$ per passenger)	Average charge (\$ per tonne MCTOW)
Average charge from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	3.31	13.34
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	7.20	27.90
Average charge from airfield activities relating to international flights	12.68	46.04
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from specified passenger terminal activities	4.47	4.05
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	10.39	16.73

**Commentary on Pricing Statistics**

WIAL's charges for the year to 31 March 2016 were set as part of the PSE3 consultation which was completed in June 2014 for prices effective 1 June 2014 to 31 March 2019. The Schedule of Charges for the PSE3 pricing period are available on WIAL's website ([www.wellingtonairport.co.nz](http://www.wellingtonairport.co.nz)).

For the 2016 disclosures the aircraft weight and passenger statistics were derived from the Airways and airline data provided to WIAL as described in Schedule 16.

WIAL's charges are set for each service to incentivise the efficient use of the services. These include:

- Airfield services – a mix of aircraft weight and per passenger charges.
- Specified terminal services – per passenger charges.
- Aircraft parking – time based charges.
- Check in facilities – time and occupied area based charges.
- Noise mitigation and insulation – per passenger and aircraft charges.

Revenue from each of these charges has been grouped into each of the categories required in this Schedule. The average charges per tonne and passenger shown in the Schedule will therefore not correspond directly with WIAL's Schedule of Charges.

WIAL's average charge per international passenger and per tonne of aircraft weight demonstrate that the circumstances of each individual airport influence any direct comparison between airports. In particular:

- WIAL's total average charge per international passenger is below the average charges disclosed by Auckland and Christchurch airports in their 2015 Annual Disclosures.
- WIAL's average charge per tonne is considerably higher than those disclosed by both Auckland and Christchurch airports for jet aircraft. This is inconsistent with the average passenger charge and reflects the difference in the aircraft types using the three airports. In particular, both Auckland and Christchurch airports are serviced by wide body long haul aircraft which do not operate at WIAL. These aircraft have a significantly higher weight per passenger seat compared to the smaller aircraft operating at WIAL. This increases the relative volume of chargeable MCTOW and results in an average charge per tonne at Auckland and Christchurch airports that is below that at WIAL.

The Schedule of Charges implemented by WIAL from 1 June 2014 has been structured so that over the five year pricing period average revenue for each category of passenger will move closer to each other to reflect common use of the facilities. The change in charging approach will transition progressively over the five year period and will result in charges per international passenger decreasing and charges per domestic passenger increasing.

WIAL has adopted a pricing methodology designed to recover the cost of providing specified aeronautical services through charges which incentivise the efficient use of, and investment in, WIAL's assets in accordance with expert advice. This is consistent with the methodology adopted in PSE2 but with some enhancements to the methodology made to incorporate airline feedback. Feedback was particularly relevant regarding the new charges implemented in PSE2 such as peak/shoulder charges and aircraft parking charges. Examples of price structure changes adopted for PSE3 were:

- A more gradual approach to the introduction of peak/shoulder charges;
- A reduction in the charges for check-in counter usage;
- A more gradual movement toward comparable charges per passenger across different aircraft types; and
- A relaxation of the times during which aircraft parking is payable.

These changes preserve WIAL's objective to encourage efficient use of WIAL's facilities but now also reflect the experience and learnings of PSE2 by incorporating modifications put forward by airlines to simplify the application of the price structure. Further comprehensive comment on WIAL's process, and methodology for PSE3 is provided in the Price Setting Event Disclosure which is available on WIAL's website.



**Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 dated 22 December 2010**

**Schedule 20 – Certification for Disclosed Information**

We, Tim Brown and Keith Sutton, being directors of Wellington International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Wellington International Airport Limited prepared for the purpose of clauses 2.3(1) and 2.4(1) of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010, as amended in all material respects complies with that determination.

A blue ink signature of Tim Brown, consisting of a stylized, cursive script.

**Tim Brown**

Director  
22 August 2016

A black ink signature of Keith Sutton, consisting of a stylized, cursive script.

**Keith Sutton**

Director  
22 August 2016





# Independent Reasonable Assurance Report

## **To the directors of Wellington International Airport Limited**

We have performed an engagement to provide reasonable assurance in relation to Schedules 1 to 17 for the regulatory year ended 31 March 2016 ('the Airport Schedules'), prepared by Wellington International Airport Limited ('the Company') in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (the 'Determination').

### ***Directors' responsibility for the Airport Disclosure Schedules***

The directors of the Company are responsible for the preparation of the Airport Disclosure Schedules in accordance with the Determination. This responsibility includes such internal control as the directors determine is necessary to enable the preparation of the Airport Disclosure Schedules that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion to the directors on the preparation and presentation of the Airport Disclosure Schedules in accordance with the Determination. In accordance with the Determination we owe a duty of care to the Commerce Commission and our engagement has been planned and performed in recognition of this duty of care.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 *Compliance Engagements* issued by the External Reporting Board. These standards require that we comply with ethical requirements and plan and perform our engagement to provide reasonable assurance about whether the Airport Disclosure Schedules have been prepared in all material respects in accordance with the Determination.

An engagement to provide reasonable assurance involves performing procedures to obtain evidence about the amounts and disclosures in the Airport Disclosure Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Airport Disclosure Schedules, whether due to fraud or error. In making those risks assessments, we consider internal controls relevant to the Company's preparation of the Airport Disclosure Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the Company. We have provided financial statement audit services, other assurances services and taxation advice to the Company. These matters have not impaired our independence as defined in the Determination as auditors of the Company for this engagement. The firm has no other relationship with, or interest in, the Company.

### ***Use of this report***

This report has been prepared for the directors for the purpose of complying with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 – Section 2.6. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors, or for any other purpose than that for which it was prepared.



### ***Scope and inherent limitations***

Because of the inherent limitations of a reasonable assurance engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected. The opinion expressed in this report has been formed on the above basis. As permitted by Clause 2.6(3) of the Determination we have relied on records that have been sourced from a third party in respect of certain non-financial information. For these items, our procedures were limited to confirming that the information in the Airport Disclosure Schedules agreed to the third party records provided to us.

Our reasonable assurance engagement provides assurance that the forecast information included in the disclosures required by Schedule 6 of the Determination has been extracted from the forecast information prepared by the Company and used in the latest price setting event with the airlines. However, to avoid doubt, it does not provide any assurance that forecast information was accurate or reasonable or achievable, or that it subsequently proved to be accurate. We have no obligation to update our report for any subsequent changes that affect forecast information.

### ***Opinion***

In our opinion:

- Subject to clause 2.6(3) and as far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Airport Disclosure Schedules have been kept by the Company and the Airport Disclosure Schedules are based on these records;
- The disclosure information in Schedule 1 to 17 complies, in all material respects, with the Determination;
- The historical financial information in Schedules 1 to 10 pursuant to clause 2.3(1) of the Determination has been prepared, in all material respects, in accordance with the determination; and,
- Subject to clause 2.6(3), the non-financial information in Schedules 11 to 17 pursuant to clause 2.4(1) of the Determination complies, in all material respects, with the Determination.

We have obtained all the information and explanations we have required.

Our engagement was completed on 22 August 2016 and our opinion is expressed as at that date.

Wellington