



WELLINGTON INTERNATIONAL AIRPORT LIMITED

**SPECIFIED AIRPORT SERVICES - ANNUAL INFORMATION DISCLOSURE
FOR THE YEAR ENDED 31 MARCH 2020**

1. Introduction

Wellington International Airport Limited (**WIAL**) recognises that the purpose of information disclosure, as provided in the Commerce Act 1986 Part 4 (**the Act**), is to provide sufficient information to enable interested persons to assess WIAL's performance over time and in comparison to the other main New Zealand Airports, in particular Auckland International Airport Limited and Christchurch 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 2020, which represents the tenth year of disclosure reporting.

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. 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.

This Executive Summary includes comment on WIAL's performance in relation to the four limbs set out under the Act:

- Investment in infrastructure, innovation, and improving efficiency
- Consistent high-quality customer service responding to customer demand
- Sharing the benefits of efficiency gains and growth with customers
- Delivering value to our customers and earning a fair and reasonable return over time

WIAL has again taken an additional step to prepare a separate regulatory performance summary, which accompanies, but does not form part of, the Annual Disclosure. This document is available at www.wellingtonairport.co.nz/business/investor-services/regulatory-disclosures

2. Price Setting Event 4 and Covid-19 Update

The Annual Disclosures report actual performance compared with forecast outcomes for the applicable price-setting event (PSE). WIAL's third price-setting event (PSE3) concluded on 31 March 2019 and these disclosures cover the first year under PSE4 which commenced 1 April 2019.

WIAL issued its Final Pricing Document for PSE4 on 24 April 2020. Whilst the consultation had been completed, the emerging impacts of Covid-19 made it clear that it would not be sensible for WIAL to proceed with its previous passenger forecast, and nor was it possible to provide an updated forecast with any degree of accuracy. Simultaneously, it became clear that, while WIAL's Master Plan framework is set, its capital expenditure timing requires revision given the significant impact of this demand shock on WIAL's operations.

As a result, WIAL agreed with its airline customers to hold all charges at 2019 levels for a further year until 1 April 2021¹. The Final Pricing Document was tabled, with an agreement to re-consult on capital expenditure and passenger forecasts prior to updating exact prices for 2022-24.

In these Annual Disclosures, WIAL has reported against the PSE4 forecasts that were shared with airlines as part of its Final Pricing Document on 24 April 2020. WIAL considers these to be the most meaningful and useful comparatives but notes that the PSE4 forecasts may be updated following further consultation with its airline customers by 1 April 2021.

3. Investment in Infrastructure, Innovation and Improving Efficiency

Prior to the emergence of Covid-19, WIAL was serving over 6 million passengers every year and was preparing for this to double to 12 million passengers by 2040.

To meet the demands of this growth, WIAL consulted with airline customers and other key stakeholders to develop its 2040 Masterplan. This provided the framework for the future investment required to deliver additional terminal capacity, expanded apron areas, seawall upgrades, a new baggage handling system, relocation of the airport fire station, relocation of Joint User Hydrant Installation (“JUHI”) and trunk utilities, and a new cargo facilitation area. Many of these works are essential to meet changing regulatory requirements, while others enable WIAL to maintain service levels as the airport grows.

WIAL considers that the concepts in its Master Plan still hold and remain the best framework to cater for growth when the Airport once again approaches 6, 8 and 10 million passengers per annum. However, WIAL aims to deliver new infrastructure at the time and scale required to support growth, ensuring that the airport continues to provide quality, safe and efficient facilities but also aeronautical charges that represent value for money. The emergence of Covid-19 is having a significant and immediate impact on travel-demand and it is not possible to reliably forecast future passenger numbers. WIAL considered it prudent to pause investment in growth-driven projects and reconsult with stakeholders on the airport’s capital expenditure requirements.

WIAL is closing out infrastructure works where appropriate, including those required by regulations, and is committed to focusing investment on essential repairs and renewals during this period of uncertainty. WIAL also recognises that a quieter airfield and terminal may present an opportunity to complete certain capital works more safely, efficiently and with reduced disruption to airport operations. Two key projects are still being progressed for these reasons:

¹ A one-year deferral in PSE4 pricing consultation was initially agreed with airline customers to allow time for further stakeholder engagement on the airport’s Master Plan with 2020 prices held at 2019 levels

- ➔ **International Departures Screening (target completion December 2020)** – The Civil Aviation Authority has mandated the introduction of AIT scanners at international screening points and CT scanning equipment for carry-on baggage by December 2021. The international screening area needs to be extended to facilitate this equipment. This work would ordinarily require a carefully staged approach to keep the area fully operational. However, the significant reduction in international passenger numbers has allowed for a simpler, more efficient approach as only minimal screening capacity needs to be maintained while the work is undertaken.
- ➔ **Runway Overlay (target completion February 2021)** – The runway at WIAL was last resurfaced in 2009 and is now nearing the end of its design life. Based on its current condition, WIAL's engineering consultants identified 2021/22 as the optimum time to resurface the runway.

The reduction in aircraft traffic due to Covid-19 (particularly widebody, and late-night internationals) has provided a unique opportunity to bring the works forward as it allows for a longer productive working window each night. As a result, WIAL expects to complete the overlay in a shorter timeframe with consequently lower costs and reduced noise impact.

Wellington Airport has always taken an innovative approach to investment, utilising technology and new approaches to improve operational performance, the quality of customer experiences, efficiency of expenditure, and to support route development initiatives. Examples of such investment during the year are listed below:

- ➔ **Integrated Operations Centre (IOC)** – The airport's new IOC was opened in October 2019, providing a purpose-built shared facility for the operations functions of WIAL, Air New Zealand and Aviation Security. As well as being a more efficient use of resources for all parties, the IOC supports staff collaboration, efficient airport operations and quicker responses to emergencies and incidents.
- ➔ **Runway reporting** – We can now access real-time data about runway conditions after installing state of the art sensors to monitor runway surface conditions. The nine fixed sensors automatically measure temperature, moisture or ice on the runway surface and transmit the data directly to the IOC.

We're working with industry stakeholders to enable the information to be sent directly to air traffic control and pilots. The new technology enables pilots to calculate an aircraft's landing or take-off performance more accurately.

From November 2020, the International Civil Aviation Organisation (ICAO) requires all airport operators to be able to assess and notify runway conditions using a new

standardised methodology. We are one of the first airports to have achieved this, particularly using technology to automate the process.

- ➔ **Common Use Terminal Equipment** – WIAL provides shared self-service check-in counters and baggage drops that are owned and managed by the airport and used by multiple airlines. The units match a facial scan with a passenger's passport details, simultaneously checking a bag's size and weight and create a tag in a matter of seconds.

In addition to providing improved customer service and cost efficiencies, the provision of common-use equipment enables the growth of new airlines and services within the same terminal footprint.

- ➔ **Electrification of Ground Service Equipment** – The first deployment of common use charging stations has been completed, supporting airlines in transitioning to electric fleets of ground service equipment.
- ➔ **Bathroom monitoring** – Bathrooms are monitored using technology that sends an electronic alert when toilet paper/soap dispensers need filling, rubbish tins need emptying or when large passenger numbers are utilising the toilets. Passenger surveys show that these facilities are maintained to a very high standard, with an average score of 4.2 out of 5.0 for both availability and cleanliness of washrooms/toilets.
- ➔ **Automated aerobridges** – WIAL installed the world's first fully automated self-docking aerobridge system in 2018, removing the risk of operator error which provides safety, on-time performance and efficiency benefits. This has now been rolled out to all apron drive aerobridges.
- ➔ **Swing facilities** – Certain terminal areas can transition between international and domestic services, maximizing the utilisation of WIAL's constrained site and existing gates, floor space, lounges, reclaim baggage belts, and facilities. This has come to the fore during Covid-19, enabling WIAL to respond quickly to the changes in aircraft and airline scheduling. The international terminal has been used for all domestic jet services, freeing up the required capacity for additional turbo-prop services.
- ➔ **Supervisory Control and Data Acquisition (SCADA)** – SCADA is installed on all 12 aerobridges at WIAL. The system allows technicians to undertake real-time monitoring and control of air bridges to ensure any issues are addressed more effectively.
- ➔ **CCTV** – Over 500 cameras around the airport campus support the safety and security of all airport stakeholders. A state of the art Runway Surveillance System can also monitor the full length of the runway and parallel taxiway.

- ➔ **Nose in Guidance Systems** – All stands at Wellington Airport now have this technology, which provides visual guidance to pilots to assist with safely parking at aircraft stands.
- ➔ **Airport Collaborative Decision-Making (ACDM) online portal** – ACDM allows airport partners to work together more efficiently and transparently in how they share data. The tool provides real time information to all airport stakeholders to enhance the coordination of operations and on-time performance.

4. Consistent High Quality Customer Service Responding to Customer Demand

We understand our responsibility to manage an efficient operation that delivers excellent connectivity and customer experience while doing everything we can to care for our people, our community and the environment. We are committed to providing a high level of quality to all users of our airport services, undertaking planned investment and initiatives to facilitate and promote passenger growth in future years and improve any areas of service quality as required.

In Schedule 15, WIAL explains its systems and processes to monitor performance and ensure opportunities for improvement are identified and addressed. WIAL is proud to have a culture that focuses on and delivers continuous improvement, being recognised as New Zealand's 'Airport of the Year' for three years running (New Zealand Airports Association).

Airport Service Quality

WIAL consistently achieves strong Airport Service Quality (ASQ) survey ratings across all key service indicators. For the past 3 years, WIAL has maintained an average score of 4.3 out of 5.0 from both domestic and international passengers. These scores compare well against other airports around the world – WIAL is ranked 3rd in Australasia*.

WIAL is pleased to report particularly strong scores in the following ASQ categories:

- ➔ **Courtesy, helpfulness of staff (4.4 / 5.0)** – WIAL always scores highly in this category, with 4.4 being achieved for the past three years. Staff are very proud of this fact and are committed to maintaining the high standards in this area.
- ➔ **Waiting times (4.4 / 5.0)** – WIAL averaged 4.4 across questions covering waiting times (check-in, security screening and passport/visa inspection). This indicates that the timing and scale of WIAL's investments in processing efficiency/capacity is appropriately matched to growth in passenger numbers. It also reflects the impact of the automated technology installed (SmartGates and self-service check-in counters and baggage drops).

- ➔ **Cleanliness of airport terminal (4.4 / 5.0)** – The score of 4.4 reflects the focus that WIAL has placed on cleanliness, which has become increasingly important following the emergence of Covid-19.
- ➔ **Ease of finding your way through the airport and flight information display screens (4.3 / 5.0)** – Electronic way-finding signage is installed throughout the airport and surrounding carparks. Wellington Airport also offers free use of the Aira app which offers a virtual assistant to assist those with visual impairments to navigate their way through the airport.
- ➔ **Feeling of being safe and secure (4.5 / 5.0)** – Investments in this space in recent years include new CCTV infrastructure, upgrades to the access control system, and redeveloping the main terminal hall to make it more open and ambient.

* Source: ACI ASQ survey results from Q2 2019 – Q1 2020

Operational Resilience

The airport is recognised as essential infrastructure for the Wellington region and the airport terminal buildings are some of the most resilient in Wellington, mostly built to Importance Level Three. The airport is required under the Civil Defence Emergency Management Act to return to a safe level of operations as soon as possible, even if only to assist with a regional recovery effort.

WIAL is a member of the Wellington Lifelines Council which builds resilience through:

- ➔ Learning from each other and coordinating activities;
- ➔ Facilitating discussion, particularly on hazard understanding and risk reduction measures on the Wellington Region's infrastructure;
- ➔ Identifying and mitigating the effects of hazards on infrastructure;
- ➔ Facilitating an increased understanding of the interdependencies between infrastructure organisations;
- ➔ Developing best practice approaches to risk reduction, readiness, response and recovery for lifelines; and
- ➔ Maintaining awareness of the importance of lifelines, and of reducing their vulnerabilities.

Other recent steps taken by WIAL to build resilience include:

- ➔ Installation of resilient in-ground lighting;
- ➔ Installation of accelerometers to measure ground shaking and enable accurate and efficient risk assessment and decision making;
- ➔ Diverse internet links and leverage of UFB to safeguard connectivity;
- ➔ Implementation of a new fire safety system across the airport;

- ➔ Monthly emergency response desk top exercises with airport stakeholders;
- ➔ Aerodrome Emergency and Business Continuity Plans are now available on a dedicated App, including a status update tool; and
- ➔ Planning is underway to improve the resilience of the seawall and breakwater assets in the context of climate change risks and forecast sea level rise.

Environment & Sustainability

WIAL is committed to embedding sustainability across everything we do. Our annual Kaitiakitanga report for the 2020 financial year is available on www.wellingtonairport.co.nz.

By 2030, we aim to reduce our operational carbon emissions, waste to landfill and electricity use by 30%. To achieve these targets, Wellington Airport is adopting energy efficient and sustainable construction into our projects. We must also make changes to how we manage our waste and resources.

The specific targets are ambitious and are considered as part of our daily decision making. Our carbon emissions target is absolute, which means we are committed to reducing our operational emissions irrespective of airport growth.

Safety

Best practice health and safety processes are an integral part of our operations and will always be the number one priority. Everything we do is designed with the safety and security of our customers, employees, contractors, community and the country in mind.

The airport is certified by the Civil Aviation Authority (CAA). Under the CAA's Part 100 safety rules, we are required to achieve and maintain a Safety Management System, which aligns with the Health and Safety at Work Act 2015 and meets all safety regulations.

The Airport Fire Service (AFS) is owned and operated by WIAL. It provides 24-hour on-airport emergency response and conducts regular emergency exercises with the New Zealand Fire Service to test the readiness of our emergency response plans.

Key safety initiatives include:

- ➔ **Internal monitoring** – In addition to CAA and WorkSafe audits and inspections, an internal auditing team carry out continuous checks to ensure compliance and identify areas for improvement.

Regular maintenance checks are programmed to ensure equipment remains workable and safe, and all airport staff are involved in a monthly hazard identification check, to look for anything not already picked up.

- ➔ **Bird Strike** – WIAL has a comprehensive Wildlife Hazard Management Plan in place to mitigate the risk of bird strike. WIAL has also worked with landowners, regional

councils, Victoria University and the Department of Conservation to track the movement and migration patterns of the black backed gull, a high priority species for bird strike.

- ➔ **Aerobridge Safety** – The rollout of the self-docking aerobridges removes the safety risk from operator error. The SCADA system is also installed on aerobridges, allowing staff to identify the root cause of failures quickly and accurately. All operators are trained, with only accredited persons able to access the controls.
- ➔ **Human Intrusion Detection** – An alarm system has been installed on the baggage handling system to detect when children have climbed onto the belt.
- ➔ **Airside driving enhancements** – WIAL has an online airside driver-training package (MZEE) for WIAL staff and stakeholders. This also includes a practical driving element.
- ➔ **Duress alarms at check-in** – Duress alarms are installed at the check in desks as well as other key locations as requested by airline stakeholders. The purpose of these alarms is to discretely alert WIAL staff of situations that require the assistance of police.
- ➔ **Hazard ID program** – A hazard identification program has been launched to further improve reporting and mitigation of potential safety concerns.
- ➔ **Traffic signage** – Three electronic traffic signs are installed around the airfield apron areas. For Airside Safety purposes the signs serve a dual purpose of providing real time visual indications of their driving speed and capturing important data regarding vehicle movement numbers and the speeds they are travelling.
- ➔ **Fatigue Management** – With over 50 staff working on shifts, fatigue is one of our critical risks. For that reason a comprehensive training package is provided to staff and management.

Noise Mitigation

Wellington Airport seeks to manage its noise levels responsibly to limit the impact on the surrounding community.

An Air Noise Management Committee (ANMC) was formed in 1997, an independent body with representatives including up to four local residents, the Airport, The Board of Airline Representatives of New Zealand Inc, Airlines, Wellington City Council, Airways Corporation New Zealand and the New Zealand Defence Force. In addition, there are acoustic experts who provide technical advice to the ANMC.

The ANMC advises on the airport's management plan which provides the methods and processes for remedying and mitigating adverse effects of airport noise including:

- ➔ Strictly governing the total noise for aircraft movements at Wellington Airport.

- ➔ Controlling hours of flight with a curfew in place (from midnight to 6am for domestic flights and international departures, and from 1am to 6am for international arrivals, with allowances for delayed flights and exemptions for emergencies).
- ➔ Implementing the Quieter Homes noise mitigation package, offering homeowners within the airport's Air Noise Boundary a subsidised package of acoustic mitigation treatment designed to reduce aircraft noise.
- ➔ Controlling engine testing and other land based activities.
- ➔ Improving the airport's layout and equipment to reduce ground noise.

5. Sharing the Benefits of Efficiency Gains and Growth

Wellington Airport plays a key role in developing Wellington's connectivity and growth, and in fostering airline competition. After several years of consistent passenger growth, Covid-19 travel restrictions came into effect in March resulting in a -40% reduction in passengers for the final month of the financial year, and a -99% reduction in the final week as national borders were closed and all but essential domestic travel was restricted.

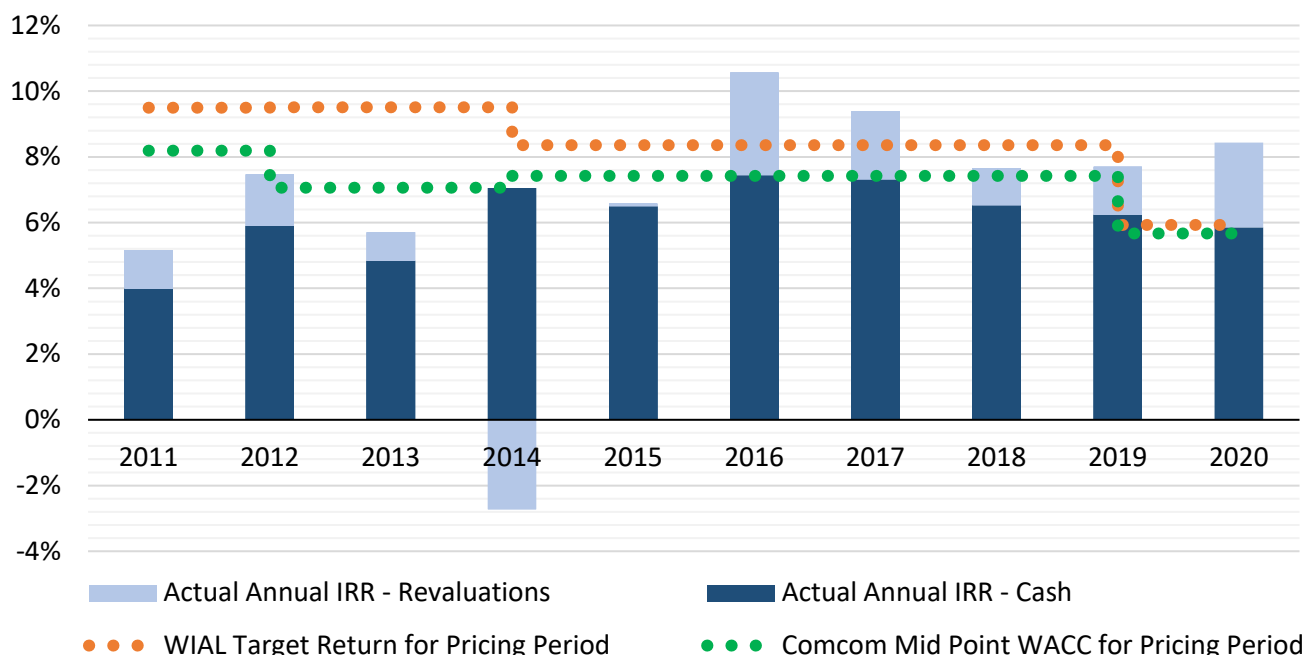
WIAL is committed to doing its part to support the recovery of the travel industry and the economies of Wellington and New Zealand. A number of initiatives are in place to drive a return to passenger growth and improve efficiency:

- ➔ An agreement has been reached with airlines to hold our charges flat at 2019 levels until 31 March 2021.
- ➔ Growth-driven capital investment has been placed on hold as WIAL and airlines consult further on the impact of Covid-19 on passenger numbers and infrastructure needs.
- ➔ WIAL has consistently been one of the cost-efficient major airports in Australasia with low operating costs per passenger. We have taken significant action following the onset of Covid-19 to reduce operating and capital costs by resizing our operations for the forecast impact of reduced airline travel.
- ➔ The published incentive scheme for domestic and international growth remains available to airlines, which is intended to encourage and support sustainable new routes and increases in capacity. Airline growth incentives contribute towards new services and capacity growth providing consumers with more options, increasing competition and contributing to lower airfares.
- ➔ WIAL is supporting our airline partners by providing marketing support to increase the awareness of routes to and from the Wellington region. WIAL also works closely with Wellington NZ to support their efforts to grow business, trade and tourism for the lower North Island and advance the prosperity, vibrancy, and liveability of the Wellington region.

- ➔ WIAL continues to support the Destination Marketing Fund alongside Wellington's key tourism organisations, Wellington NZ and Tourism NZ.

6. Delivering Value to Our Customers and Earning a Fair and Reasonable Return Over Time

The chart below shows WIAL's actual IRR from specified airport activities, compared with key benchmarks since the start of the Annual Disclosure regime in 2011.



The returns shown in the chart above demonstrate that WIAL is not earning excessive profits and has, overall, been earning revenues below its pricing targets (\$40.8m cumulative shortfall) since the start of the ID regime. The variation in returns is due to a number of factors including the periodic revaluation of assets, traffic volumes, timing of capital expenditure and a decrease in the risk-free rate since prices were set.

WIAL notes that following the 2016 input methodologies review, the Commission determined that from the 2018 disclosure year it would only publish a midpoint cost of capital for airports. However, certain WIAL prices were set prior to this decision and are based on the airport's 75th percentile cost of capital at the time (PSE1: 9.50%, PSE2: 9.51%, and PSE3: 8.36%).

The 2020 IRR of 8.44% is above the PSE4 pricing target of 7.45%³, predominantly due to a larger than forecast indexed revaluation uplift (CPI was 2.53% vs forecast 1.50%) and deferral of key capital expenditure projects while consultation with airlines continues.

The variability in annual returns over the ten-year period also reflects the wide range of risks inherent in an airport business and the cyclical nature of investment and returns. The variance between actual and forecast returns demonstrates the need to be cautious in drawing conclusions from targeted returns and the need to consider actual returns over a longer period of time.

In addition to the above, WIAL's charges per passenger remain amongst the lowest of major airports in Australasia and in the lower range worldwide.

7. Contact Person

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

Martin Harrington
Chief Financial Officer
P O Box 14175
Wellington 6241
DDI: 04 385 5105
Mobile: 021 625 284
Email: martin@wlg.aero

³ WIAL's target IRR for the PSE4 pricing period is 5.93%.



**Airport Services Information Disclosure Requirements
Information Templates
for
Schedules 1–17, 25**

Company Name	Wellington International Airport Ltd
Disclosure Date	30 October 2020
Disclosure Year (year ended)	31 March 2020
Pricing period starting year (year ended)	31 March 2020

Templates for schedules 1–17, 25 (Annual Disclosure)
Version 5.0. Prepared 13 June 2019

Schedule 21 – Certification for Disclosed Information

Clause 2.7(1)

We, Tim Brown and Alison Gerry, 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 purposes of clauses 2.3(1) and 2.4(1) of the Airport Services Input Methodologies Determination 2010 in all material respects complies with that determination.



Tim Brown

Director
30 October 2020



Alison Gerry

Director
30 October 2020

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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
Pricing period starting year (year ended)

Wellington International Airport Ltd

31 March 2020

31 March 2020

SCHEDULE 1: REPORT ON PROFITABILITY

ref Version 5.0

1a: Internal Rates of Return

	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
Post-tax IRR - pricing period to date (%)	8.44%	7.45%	0.99%
Post-tax IRR - current year (%)	8.44%	7.45%	0.99%

1a(i): Pricing Period to Date IRR

	(\$000 unless otherwise specified)		
	Actual for Period to Date	Forecast for Period to Date	Variance
Opening RAB	522,514	521,871	642
Opening carry forward adjustment	10,003	10,003	—
Opening investment value	512,510	511,868	642
plus Total regulatory income	85,391	89,541	(4,150)
less Assets commissioned	20,167	42,251	(22,084)
plus Asset disposals	—	—	—
less Operational expenditure	25,064	25,136	(72)
less Unlevered tax	12,473	15,152	(2,679)
RAB value	538,035	552,641	(14,607)
Closing carry forward adjustment	10,003	9,277	727
Closing investment value	528,031	543,365	(15,333)
Post-tax IRR for pricing period to date (%)	8.44%	7.45%	0.99%

1a(ii): Current Year Annual IRR

	(\$000 unless otherwise specified)		
	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
Opening RAB	522,514	521,871	642
Opening carry forward adjustment	10,003	10,003	—
Opening investment value	512,510	511,868	642
plus Total regulatory income	85,391	89,541	(4,150)
less Assets commissioned	20,167	42,251	(22,084)
plus Asset disposals	—	—	—
less Operational expenditure	25,064	25,136	(72)
less Unlevered tax	12,473	15,152	(2,679)
RAB value	538,035	552,641	(14,607)
Closing carry forward adjustment	10,003	9,277	727
Closing investment value	528,031	543,365	(15,333)
Post-tax IRR for current year (%)	8.44%	7.45%	0.99%

Explanation of variances

Consistent with clause 2.3(8), this explains the variance in the Post-tax IRR for pricing period to date and includes explanations for variances disclosed in Schedule 1, 2, 4 and 6 that have a material impact on the variance in the Post-tax IRR for pricing period to date.

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year Ended

Pricing period starting year (year ended)

Wellington International Airport Ltd

31 March 2020

31 March 2020

SCHEDULE 1: REPORT ON PROFITABILITY (cont)

ref Version 5.0

		Pricing Period Starting Year 31 March 2020	Pricing Period Starting Year + 1 31 March 2021	Pricing Period Starting Year + 2 31 March 2022	Pricing Period Starting Year + 3 31 March 2023	Pricing Period Starting Year + 4 31 March 2024
70	1b: Actual IRR Inputs					
71						
72						
73	Opening RAB	522,514				
74	Opening carry forward adjustment	10,003				
75	Opening investment value	512,510				
76						
77	Total regulatory income	85,391				
78	Assets commissioned - 1st month	11,828				
79	Assets commissioned - 2nd month	193				
80	Assets commissioned - 3rd month	2,842				
81	Assets commissioned - 4th month	968				
82	Assets commissioned - 5th month	115				
83	Assets commissioned - 6th month	215				
84	Assets commissioned - 7th month	12				
85	Assets commissioned - 8th month	6				
86	Assets commissioned - 9th month	640				
87	Assets commissioned - 10th month	382				
88	Assets commissioned - 11th month	665				
89	Assets commissioned - 12th month	2,302				
90	Asset disposals	-				
91	Operational expenditure	25,064				
92	Unlevered tax	12,473				
93						
94	RAB value	538,035				
95	Closing carry forward adjustment	10,003				
96	Closing investment value	528,031				
97						
98	Post-tax IRR - pricing period to date (%)	8.44%				

1c: Carry Forward Balance

	Actual	Forecast	Variance
101			
102	Opening carry forward adjustment	10,003	–
103			
104	Default revaluation gain/loss adjustment		–
105	Risk allocation adjustment		–
106	Other carry forward adjustment – forecast	(727)	727
107	Other carry forward adjustment – not forecast		–
108			
109	Closing carry forward adjustment	9,277	727

Commentary on Carry forward balance

Accompanying commentary is appended to the end of these schedules.

1d: Cash flow timing assumptions

121		flow timing
122	Cash flow timing - revenues - days from year end	148
123	Cash flow timing - expenditure - days from year end	182

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Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 5.0

2a: Regulatory Profit

(\$'000 unless otherwise specified)

Income

Actual

Forecast

Variance

Airfield charges

46,714

47,985

(1,271)

Terminal charges

32,031

35,055

(3,024)

Noise mitigation charges

2,035

2,054

(19)

Lease, rental and concession income

4,612

4,448

163

Other operating revenue

—

—

—

Net operating revenue

85,391

89,541

(4,150)

Gains / (losses) on sale of assets

—

—

—

Other income

—

—

—

Total regulatory income

85,391

89,541

(4,150)

Expenses

Operational expenditure:

Corporate overheads

5,181

6,264

(1,083)

Asset management and airport operations

18,115

16,922

1,193

Asset maintenance

1,768

1,950

(183)

Total operational expenditure

25,064

25,136

(72)

Operating surplus / (deficit)

60,328

64,406

(4,078)

Regulatory depreciation

18,097

19,308

(1,212)

plus Indexed revaluation

13,243

7,828

5,414

plus Periodic land revaluations

—

—

—

Total revaluations

13,243

7,828

5,414

Regulatory Profit / (Loss) before tax

55,474

52,925

2,548

less Regulatory tax allowance

13,365

15,152

(1,787)

Regulatory Profit / (Loss)

42,108

37,773

4,335

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Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

ref Version 5.0

2b: Notes to the Report

(\$000 unless otherwise specified)

2b(i): Financial Incentives

(\$000)

Pricing incentives

3,389

Other incentives

450

Total financial incentives

3,839

2b(ii): Rates and Levy Costs

(\$000)

Rates and levy costs

2,081

2b(iii): Merger and Acquisition Expenses

(\$000)

Merger and acquisition expenses

—

Justification for Merger and Acquisition Expenses

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020**SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE**

ref Version 5.0

3a: Regulatory Tax Allowance

(\$000)

Regulatory profit / (loss) before tax		55,474
<i>plus</i> Regulatory depreciation	18,097	
Other permanent differences—not deductible	29	*
Other temporary adjustments—current period	(280)	*
		17,845
<i>less</i> Total revaluations	13,243	
Tax depreciation	9,685	
Notional deductible interest	3,187	
Other permanent differences—non taxable	—	*
Other temporary adjustments—prior period	(528)	*
		25,586
Regulatory taxable income (loss)		47,733
<i>less</i> Tax losses used	—	
Net taxable income		47,733
Statutory tax rate (%)	28.0%	
Regulatory tax allowance		13,365
Notional interest tax shield	892	
Unlevered tax		12,473

* 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).

Accompanying commentary is appended to the end of these schedules.

3b(ii): Tax Depreciation Roll-Forward

(\$000)

Opening RAB (Tax Value)	254,659
<i>plus</i> Regulatory tax asset value of additions	19,371
<i>less</i> Regulatory tax asset value of disposals	96
<i>plus</i> Regulatory tax asset value of assets transferred from/(to) unregulated asset base	54
<i>less</i> Tax depreciation	9,685
<i>plus</i> Other adjustments to the RAB tax value	251
Closing RAB (tax value)	264,554

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

(\$000)

Tax losses (regulated business)—prior period	—
<i>plus</i> Current year tax losses	—
<i>less</i> Tax losses used	—
Tax losses (regulated business)	—

3b(iv): Deductible Interest and Interest Tax Shield

RAB value - previous year	522,514
Debt leverage assumption (%)	19%
Cost of debt assumption (%)	3.21%
Notional deductible interest	3,187
Tax rate (%)	28.0%
Notional interest tax shield	892

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Regulated Airport
For Year EndedWellington International Airport Ltd
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SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref Version 5.0

		Actual (\$000)	Forecast (\$000)	Variance (\$000)
6				
7				
8	RAB value—previous disclosure year	522,514	521,871	642
9				
10	less Regulatory depreciation	18,097	19,308	(1,212)
11	plus Total revaluations	13,243	7,828	5,415
12	plus Assets Commissioned	20,167	42,251	(22,084)
13	less Asset disposals	—	—	—
14	plus Lost and found assets adjustment	—	—	—
15	Adjustment resulting from cost allocation	208	—	208
16				
17	RAB value [†]	538,035	552,641	(14,607)
18				
19				
20				
		Unallocated RAB *	RAB	
		(\$000)	(\$000)	(\$000)
	RAB value—previous disclosure year	494,312		476,440
	plus Opening land revaluation for PSE4	46,792		46,074
24	Commencing RAB value for PSE4	541,104		522,514
25	less			
26	Regulatory depreciation	19,076		18,097
27	plus			
28	Indexed revaluations	13,711	13,243	
29	Periodic land revaluations	—	—	
30	Total revaluations	13,711		13,243
31	plus			
32	Assets commissioned (other than below)	22,261	19,610	
33	Assets acquired from a regulated supplier	—	—	
34	Assets acquired from a related party	950	557	
35	Assets commissioned	23,211		20,167
36	less			
37	Asset disposals (other)	—	—	
38	Asset disposals to a regulated supplier	—	—	
39	Asset disposals to a related party	—	—	
40	Asset disposals	—		—
41				
42	plus Lost and found assets adjustment	—		—
43				
44	Adjustment resulting from cost allocation			208
45				
46	RAB value [†]	558,951		538,035

* 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.

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Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)

ref Version 5.0

(\$000 unless otherwise specified)

4b: Notes to the Report

4b(i): Regulatory Depreciation

	Unallocated RAB (\$000)	RAB (\$000)
Standard depreciation	19,076	18,097
Non-standard depreciation	—	—
Regulatory depreciation	19,076	18,097

4b(ii): Non-Standard Depreciation Disclosure

(\$000 unless otherwise specified)

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

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

(\$000 unless otherwise specified)

CPI at CPI reference date—previous year (index value)	1.026
CPI at CPI reference date—current year (index value)	1.052
Revaluation rate (%)	2.53%

Asset category revaluation rates

Land	2.53%
Sealed Surfaces	2.53%
Infrastructure and buildings	2.53%
Vehicles, plant and equipment	2.53%

Revaluations

	Unallocated RAB	RAB
Land	4,408	4,340
Sealed Surfaces	4,233	4,204
Infrastructure and buildings	4,667	4,324
Vehicles, plant and equipment	403	375

Indexed revaluation

13,711	13,243
--------	--------

4b(iv): Works Under Construction

	Unallocated works under construction	Allocated works under construction
Works under construction—previous disclosure year	35,607	26,192
plus Capital expenditure	46,898	37,705
less Asset commissioned	23,211	20,167
plus Adjustment resulting from cost allocation		722
Works under construction	59,294	44,452

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Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)

ref Version 5.0

4b(v): Capital Expenditure by Primary Purpose

Capacity growth	20,144	
plus Asset replacement and renewal	17,561	
Total capital expenditure		37,705

4b(vi): Asset Classes

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
RAB value—previous disclosure year	171,146	165,891	170,670	14,807	522,514
less Regulatory depreciation	—	6,394	8,192	3,511	18,097
plus Indexed revaluations	4,340	4,204	4,324	375	13,243
plus Periodic land revaluations	—	—	—	—	—
plus Assets commissioned	445	8,539	7,396	3,787	20,167
less Asset disposals	—	—	—	—	—
plus Lost and found assets adjustment	—	—	—	—	—
plus Adjustment resulting from cost allocation	58	9	(485)	627	208
RAB value	175,987	172,249	173,713	16,085	538,035

* Corresponds to values in RAB roll forward calculation.

4b(vii): Assets Held for Future Use

	((\$000))	((\$000))
Assets held for future use opening cost—previous year		15,306
plus Holding costs	908	
less Assets held for future use net revenue	(171)	
plus Assets held for future use additions	27,473	
less Assets held for future use disposals	—	
less Transfers to works under construction	—	
Assets held for future use closing cost		43,857
Opening base value		10,058
plus Assets held for future use revaluations	202	
plus Assets held for future use additions	27,473	
less Assets held for future use disposals	—	
less Transfers to works under construction	—	
Closing base value		37,732
plus Opening tracking revaluations	491	
Tracking revaluations	693	
Highest rate of finance applied (%)		4.86%

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Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref Version 5.0

5(i): Related Party Transactions

(\$000)

Net operating revenue	—
Operational expenditure	6,545
Related party capital expenditure	557
Market value of asset disposals	—
Other related party transactions	—

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
NZ Airports Ltd	Shareholder (66%)
Wellington City Council	Shareholder (34%)
Infratil Ltd	Owner of NZ Airports Ltd
HRL Morrison & Co	Management company of Infratil Ltd that employs certain WIAL directors
Wellington International Airport Ltd	Unregulated activities of the airport
Other related party transactions	Key Management Personnel

5(iii): Related Party Transactions

[illegible]

Commentary on Related Party Transactions

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE

ref Version 5.0

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	20,144	34,678	(41.9%)	20,144	34,678	(41.9%)
Asset replacement and renewal	17,561	15,385	14.1%	17,561	15,385	14.1%
Total capital expenditure	37,705	50,063	(24.7%)	37,705	50,063	(24.7%)
Corporate overheads	5,181	6,264	(17.3%)	5,181	6,264	(17.3%)
Asset management and airport operations	18,115	16,922	7.1%	18,115	16,922	7.1%
Asset maintenance	1,768	1,950	(9.4%)	1,768	1,950	(9.4%)
Total operational expenditure	25,064	25,136	(0.3%)	25,064	25,136	(0.3%)
Key Capital Expenditure Projects						
AFS Relocation	1,421	4,000	(64.5%)	1,421	4,000	(64.5%)
Stage 1 - Apron Development	90	1,000	(91.0%)	90	1,000	(91.0%)
Stage 2 - Apron Development	—	1,000	(100.0%)	—	1,000	(100.0%)
Stage 3 - Apron Development	—	—	Not defined	—	—	Not defined
Stage 4 - Apron Development	—	—	Not defined	—	—	Not defined
Stage 5 - Apron Development	—	—	Not defined	—	—	Not defined
Stage 2 - Temporary Makeup Location	—	6,000	(100.0%)	—	6,000	(100.0%)
Stage 3 - New EDS ECAC Std3	—	—	Not defined	—	—	Not defined
Cargo Hub Stage 1	63	1,000	(93.7%)	63	1,000	(93.7%)
New 8MPPA Terminal Build - Stage 1	2,452	2,312	6.1%	2,452	2,312	6.1%
JUHI Relocation	—	—	Not defined	—	—	Not defined
Trunk Utilities Relocation	—	—	Not defined	—	—	Not defined
Miramar South School	11,278	—	Not defined	11,278	—	Not defined
Land Transfer - CP0001 - Terminal (Bus Lounge & BHS)	—	1,537	(100.0%)	—	1,537	(100.0%)
Land Transfer - CP0001 - Terminal	—	1,537	(100.0%)	—	1,537	(100.0%)
Land Transfer - CP0002 - Terminal	—	—	Not defined	—	—	Not defined
Land Transfer - CP0012 - Apron Stage 1	—	—	Not defined	—	—	Not defined
Land Transfer - SA0012, 20,21 - Apron Stage 2	—	—	Not defined	—	—	Not defined
Runway Overlay	7	—	Not defined	7	—	Not defined
TWY Bravo Reconstruction	366	1,000	(63.4%)	366	1,000	(63.4%)
Marine Protection - Southern Seawall replacement	58	—	Not defined	58	—	Not defined
Marine Protection - Western Seawall replacement	—	—	Not defined	—	—	Not defined
Marine Protection - Breakwater replacement	—	500	(100.0%)	—	500	(100.0%)
Regional and Goods Screening	—	—	Not defined	—	—	Not defined
Other capital expenditure	21,968	30,178	(27.2%)	21,968	30,178	(27.2%)
Total capital expenditure	37,705	50,063	(24.7%)	37,705	50,063	(24.7%)

Explanation of Variances

Accompanying commentary is appended to the end of these schedules.

Airport businesses are to provide explanations of material variances between actual and forecast expenditure.

* Disclosure year coincides with Pricing Period Starting Year + 0.

Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE (cont)

ref Version 5.0

6b: Forecast Expenditure

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended)

31 March 2020

Expenditure by Category

	Pricing Period Starting Year 31 Mar 20	Pricing Period Starting Year + 1 31 Mar 21	Pricing Period Starting Year + 2 31 Mar 22	Pricing Period Starting Year + 3 31 Mar 23	Pricing Period Starting Year + 4 31 Mar 24
for year ended					
Capacity growth	34,678	34,390	50,026	22,979	114,050
Asset replacement and renewal	15,385	54,143	76,888	75,663	109,372
Total forecast capital expenditure	50,063	88,533	126,914	98,642	223,422
Corporate overheads	6,264	6,502	6,728	6,954	7,205
Asset management and airport operations	16,922	19,608	21,761	24,982	25,513
Asset maintenance	1,950	1,981	2,034	2,090	2,141
Total forecast operational expenditure	25,136	28,091	30,523	34,027	34,859

Key Capital Expenditure Projects

	Pricing Period Starting Year 31 Mar 20	Pricing Period Starting Year + 1 31 Mar 21	Pricing Period Starting Year + 2 31 Mar 22	Pricing Period Starting Year + 3 31 Mar 23	Pricing Period Starting Year + 4 31 Mar 24
for year ended					
AFS Relocation	4,000	10,350	11,783	—	—
Stage 1 - Apron Development	1,000	2,070	8,570	15,478	—
Stage 2 - Apron Development	1,000	1,035	4,285	7,550	—
Stage 3 - Apron Development	—	—	—	1,364	11,475
Stage 4 - Apron Development	—	—	—	—	4,452
Stage 5 - Apron Development	—	—	—	—	9,180
Stage 2 - Temporary Makeup Location	6,000	—	—	—	—
Stage 3 - New EDS ECAC Std3	—	35,190	13,605	—	—
Cargo Hub Stage 1	1,000	5,175	9,641	—	—
New 8MPPA Terminal Build - Stage 1	2,312	2,393	16,512	51,271	68,101
JUHI Relocation	—	—	—	1,109	9,180
Trunk Utilities Relocation	—	—	—	—	11,055
Miramar South School	—	—	—	—	16,164
Land Transfer - CP0001 - Terminal (Bus Lounge & BHS)	1,537	—	—	—	—
Land Transfer - CP0001 - Terminal	1,537	—	—	—	—
Land Transfer - CP0002 - Terminal	—	—	1,368	—	—
Land Transfer - CP0012 - Apron Stage 1	—	—	2,637	—	—
Land Transfer - SA0012, 20,21 - Apron Stage 2	—	—	3,130	—	—
Runway Overlay	—	—	16,068	—	—
TWY Bravo Reconstruction	1,000	1,035	17,140	—	—
Marine Protection - Southern Seawall replacement	—	518	536	2,217	2,295
Marine Protection - Western Seawall replacement	—	—	—	554	13,197
Marine Protection - Breakwater replacement	500	1,035	1,071	1,109	55,655
Regional and Goods Screening	—	7,245	—	—	—
Other capital expenditure	30,178	22,487	20,568	17,990	22,668
Total forecast capital expenditure	50,063	88,533	126,914	98,642	223,422

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		Regulated Airport For Year Ended		Wellington International Airport Ltd 31 March 2020	
SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE (cont)					
ref	Version 5.0				
113	6c: Actual to Forecast Adjustments - Items Identified in Price Setting Events				
114					
					Estimated present value of the proposed risk allocation adjustment (\$000)
		Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	
	Proposed risk allocation adjustment	Units used			
115				Not defined	Not defined
116				Not defined	Not defined
117				Not defined	Not defined
118				Not defined	Not defined
119				Not defined	Not defined
120				Not defined	Not defined
121				Not defined	Not defined
122				Not defined	Not defined
123				Not defined	Not defined
124				Not defined	Not defined
125				Not defined	Not defined
126				Not defined	Not defined
127	*include additional rows if needed				
128	Total proposed risk allocation adjustments				
129	Explanation of how the airport produced the estimated present value of each proposed risk allocation adjustment				
130	Accompanying commentary is appended to the end of these schedules.				
131					
132					
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162					
163	Airport Companies must provide a brief explanation of how the airport produced its estimated present value for each risk allocation adjustment specified in rows 111-119.				
164	* Disclosure year Pricing Period Starting Year .				
165					

Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020**SCHEDULE 7: REPORT ON SEGMENTED INFORMATION**

ref Version 5.0

		(\$000)			
		Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
6					
7					
8	Airfield charges	—	46,714	—	46,714
9	Terminal charges	32,031	—	—	32,031
10	Noise mitigation charges	—	2,035	—	2,035
11					
12	Lease, rental and concession income	2,791	119	1,702	4,612
13	Other operating revenue	—	—	—	—
14	Net operating revenue	34,822	48,868	1,702	85,391
15					
16	Gains / (losses) on asset sales	—	—	—	—
17	Other income	—	—	—	—
18	Total regulatory income	34,822	48,868	1,702	85,391
19					
20	Total operational expenditure	10,128	14,512	423	25,064
21					
22	Regulatory depreciation	9,125	8,225	746	18,097
23					
24	Total revaluations	4,129	8,618	495	13,243
25					
26	Regulatory tax allowance	5,685	7,407	274	13,365
27					
28	Regulatory profit/ loss	14,012	27,342	754	42,108
29					
30	RAB value	162,802	355,945	19,287	538,035

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

Commentary on Segmented Information

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020

SCHEDULE 8: CONSOLIDATION STATEMENT

ref Version 5.0

8a: CONSOLIDATION STATEMENT

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	(\$000) Airport Company– GAAP
Net income	85,391	–	85,391	60,986	146,377
Total operational expenditure	25,064	–	25,064	18,123	43,187
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	60,328	–	60,328	42,862	103,190
Depreciation	18,097	3,735	21,832	6,562	28,394
Revaluations	13,243	8,003	21,246	6,586	27,832
Tax expense	13,365	(36,887)	(23,522)	(11,005)	(34,527)
Net operating surplus / (deficit) before interest	42,108	41,156	83,264	53,891	137,155
Property plant and equipment	538,035	203,661	741,695	464,732	1,206,427

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

		(\$000) Regulatory / GAAP Adjustments *
Description of Regulatory / GAAP Adjustment	Affected Line Item	
Adjustment of regulatory depreciation to align with GAAP	Depreciation	3,735
Recognition of the difference between the change in the valuation of land and buildings adopted in WIAL's statutory financial statements and the indexed revaluations of regulated assets applied in accordance with the Input Methodology	Revaluations	8,003
The regulatory tax calculation excludes consideration of deferred tax. In addition, the regulatory tax calculation excludes the reversal of the prior year tax payable resulting from the subvention payment. Both these items are included in the GAAP financial statements	Tax expense	(36,887)
Differences arising from valuation approaches required by Input Methodology	Property plant & equipment	203,661

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

Commentary on the Consolidation Statement

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref Version 5.0

6	9a: Asset Allocations	(\$000)					
7		Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
8	Land						
9	Directly attributable assets	–	156,850	7,162	164,011		164,011
10	Assets not directly attributable	2,673	8,892	411	11,976	2,731	14,707
11	Total value land				175,987		
12	Sealed Surfaces						
13	Directly attributable assets	227	165,816	3,989	170,032		170,032
14	Assets not directly attributable	985	1,178	55	2,217	1,331	3,549
15	Total value sealed surfaces				172,249		
16	Infrastructure and Buildings						
17	Directly attributable assets	91,508	6,508	7,196	105,212		105,212
18	Assets not directly attributable	59,503	8,598	400	68,501	15,465	83,967
19	Total value infrastructure and buildings				173,713		
20	Vehicles, Plant and Equipment						
21	Directly attributable assets	6,806	6,895	18	13,719		13,719
22	Assets not directly attributable	1,101	1,209	56	2,366	1,388	3,755
23	Total value vehicles, plant and equipment				16,085		
24							
25	Total directly attributable assets	98,541	336,068	18,365	452,973		452,973
26	Total assets not directly attributable	64,262	19,877	922	85,061	20,916	105,977
27	Total assets	162,802	355,945	19,287	538,035	20,916	558,951
28	Asset Allocators						
29	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items		
30	Shared land	Value of directly allocated land	Proxy Cost Allocator	Proportion of direct land considered reasonable indicator of use for shared land	Land classified with X business line code		
31	Non land shared assets	Value of directly allocated assets	Proxy Cost Allocator	Proportion of direct assets considered reasonable indicator of use for shared assets	Non land assets classified with X business line code		
32	Shared terminal land	Floor area for terminal activities	Causal Relationship	Terminal areas dedicated to regulated and unregulated activities is a clear indicator of use for shared terminal areas.	Land classified with TCOM business line code		
33	Shared terminal non land assets	Value of directly allocated terminal assets	Causal Relationship	Terminal assets dedicated to regulated and unregulated activities is a clear indicator of use for shared terminal activities	Non land assets classified with TCOM business line code		
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Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref Version 5.0

58	Asset Allocators (cont)				
59	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
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125	* A description of the metric used for allocation, e.g. floor space.				
126					

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Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref Version 5.0

9b: Notes to the Report

9b(i): Changes in Asset Allocators

			Effect of Change			(\$000)
			Current Year			
			CY-1	(CY)	CY+1	
			31 Mar 19	31 Mar 20	31 Mar 21	
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

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref Version 5.0

10a: Cost Allocations

(\$000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	–	–	–	–	–	–
Costs not directly attributable	2,257	2,758	166	5,181	4,191	9,372
Asset Management and Airport Operations						
Directly attributable operating costs	–	6,794	21	6,815	–	6,815
Costs not directly attributable	7,214	3,886	200	11,300	1,487	12,787
Asset Maintenance						
Directly attributable operating costs	–	770	5	774	–	774
Costs not directly attributable	658	304	32	994	271	1,265
Total directly attributable costs	–	7,564	25	7,589	–	7,589
Total costs not directly attributable	10,128	6,948	398	17,474	5,949	23,424
Total operating costs	10,128	14,512	423	25,064	5,949	31,013

Cost Allocators

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Terminal building	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	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.
Service Quality Assurance (SQA)	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	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.

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Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020**SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)**

ref Version 5.0

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

(\$000)

Effect of Change

Current Year

CY-1

(CY)

CY+1

31 Mar 19

31 Mar 20

31 Mar 21

Operating cost category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Operating cost category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Operating cost category

Original allocator or components

New allocator or components

Rationale

Original

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Difference

Operating cost category

Original allocator or components

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Operating cost category

Original allocator or components

New allocator or components

Rationale

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Difference

Operating cost category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Operating cost category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Commentary on Cost Allocations

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

ref Version 5.0

6	Runway	Number	Total Duration	
	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible		Hours	Minutes
7	Airports	—	—	—
8	Airlines/Other	—	—	—
9	Undetermined reasons	—	—	—
10	Total	—	—	—
11				
12	Taxiway			
	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
13	Airports	—	—	—
14	Airlines/Other	—	—	—
15	Undetermined reasons	—	—	—
16	Total	—	—	—
17				
18	Remote stands and means of embarkation/disembarkation			
	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
19	Airports	—	—	—
20	Airlines/Other	—	—	—
21	Undetermined reasons	—	—	—
22	Total	—	—	—
23				
24	Contact stands and airbridges			
	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
25	Airports	7	48	25
26	Airlines/Other	—	—	—
27	Undetermined reasons	—	—	—
28	Total	7	48	25
29				
30	Baggage sortation system on departures			
	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
31	Airports	7	13	28
32	Airlines/Other	7	48	58
33	Undetermined reasons	1	5	58
34	Total	15	68	24
35				
36	Baggage reclaim belts			
	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
37	Airports	—	—	—
38	Airlines/Other	—	—	—
39	Undetermined reasons	—	—	—
40	Total	—	—	—
41				
42	On-time departure delay			
	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			
43	Airports	7	2	17
44	Airlines/Other	2	1	41
45	Undetermined reasons	—	—	—
46	Total	9	3	58
47				
48				

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Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref Version 5.0

Fixed electrical ground power availability (if applicable)

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

0%

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

Commentary concerning reliability measures

Accompanying commentary is appended to the end of these schedules.

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 EndedWellington International Airport Ltd
31 March 2020**SCHEDULE 12: REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES**

ref Version 5.0

Runway

		Runway #1	Runway #2	Runway #3
Description of runway(s)	Designations	16-34	N/A	N/A
	Length of pavement (m)	2,051	N/A	N/A
	Width (m)	45	N/A	N/A
	Shoulder width (m)	8	N/A	N/A
	Runway code	4E	N/A	N/A
	ILS category	Category I	N/A	N/A
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	38-29	N/A	N/A
	IMC (movements per hour)	38-26	N/A	N/A

Taxiway

		Taxiway #1	Taxiway #2	Taxiway #3
Description of main taxiway(s)	Name	Alfa	Bravo	N/A
	Length (m)	2,051	570	N/A
	Width (m)	23	18	N/A
	Status	Full length	Part length	N/A
	Number of links	11	6	N/A

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	—	18	2
Total parking stands		19	18	2

Busy periods for runway movements

		Date
Runway busy day		25 October 2019
	Runway busy hour start time (day/month/year hour)	6 Oct 2019 3 pm

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	21	—	—	21
	Domestic jet	71	—	—	71
	Domestic turboprop	—	196	—	196
	Total	92	196	—	288
Other (including General Aviation)					40
Total aircraft movements during the runway busy day					328

Number of aircraft runway movements during the runway busy hour

32

Commentary concerning capacity utilisation indicators for aircraft and freight activities and airfield activities

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

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

ref Version 5.0

		International terminal	Domestic terminal	Common area [†]
6	Outbound (Departing) Passengers			
7	Landside circulation (outbound)			
8	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	N/A	N/A	17 Apr 2019 8 am
9	Floor space (m ²)	N/A	N/A	1,866
10	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,264
11	Utilisation (busy hour passengers per 100m ²)	N/A	N/A	68
12				
13	Check-in			
14	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	17 Apr 2019 8 am
15	Floor space (m ²)	N/A	N/A	1,197
16	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,011
17	Utilisation (busy hour passengers per 100m ²)	N/A	N/A	84
18	Baggage (outbound)			
19	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	17 Apr 2019 8 am
20	Make-up area floor space (m ²)	N/A	N/A	2,892
21	Notional capacity during the passenger busy hour (bags/hour)*	N/A	N/A	2,430
22	Bags processed during the passenger busy hour (bags/hour)*	N/A	N/A	625
23	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,264
24	Utilisation (% of processing capacity)	N/A	N/A	26%
25	* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
26	Passport control (outbound)			
27	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	6 Oct 2019 6 am		
28	Floor space (m ²)	210		
29	Number of emigration booths and kiosks	6		
30	Notional capacity during the passenger busy hour (passengers/hour) *	709		
31	Passenger throughput during the passenger busy hour (passengers/hour)	580		
32	Utilisation (busy hour passengers per 100m ²)	276		
33	Utilisation (% of processing capacity)	82%		
34	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
35				
36	Security screening			
37	Passenger busy hour for security screening—start time (day/month/year hour)	6 Oct 2019 6 am	9 Oct 2019 6 pm	
38	Facilities for passengers excluding international transit & transfer			
39	Floor space (m ²)	263	584	
40	Number of screening points	2	5	
41	Notional capacity during the passenger busy hour (passengers/hour) *	540	1,350	
42	Passenger throughput during the passenger busy hour (passengers/hour)	580	899	
43	Utilisation (busy hour passengers per 100m ²)	221	154	
44	Utilisation (% of processing capacity)	107%	67%	
45	Facilities for international transit & transfer passengers			
46	Floor space (m ²)	N/A		
47	Number of screening points	N/A		
48	Notional capacity during the passenger busy hour (passengers/hour)*	N/A		
49	Estimated passenger throughput during the passenger busy hour (passengers/hour)	N/A		
50	Utilisation (busy hour passengers per 100m ²)	N/A		
51	Utilisation (% of processing capacity)	N/A		
52	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
53				
54				

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Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 1)

ref Version 5.0

	International terminal	Domestic terminal	Common area [†]
Airside circulation (outbound)			
Passenger busy hour for airside circulation (outbound)—start time (day/month/year hour)	6 Oct 2019 6 am	24 Dec 2019 8 am	
Floor space (m ²)	762	1,844	
Passenger throughput during the passenger busy hour (passengers/hour)	580	1,217	
Utilisation (busy hour passengers per 100m ²)	76	66	
Departure lounges			
Passenger busy hour for departure lounges—start time (day/month/year hour)	6 Oct 2019 6 am	24 Dec 2019 8 am	
Floor space (m ²)	1,221	2,682	
Number of seats	673	833	
Passenger throughput during the passenger busy hour (passengers/hour)	580	1,217	
Utilisation (busy hour passengers per 100m ²)	48	45	
Utilisation (passengers per seat)	0.9	1.5	
Inbound (Arriving) Passengers			
Airside circulation (inbound)			
Passenger busy hour for airside circulation (inbound)—start time (day/month/year hour)	6 Oct 2019 11 pm	7 May 2019 8 am	N/A
Floor space (m ²)	1,669	1,787	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	594	1,256	N/A
Utilisation (busy hour passengers per 100m ²)	36	70	N/A
Passport control (inbound)			
Passenger busy hour for passport control (inbound)—start time (day/month/year hour)	6 Oct 2019 11 pm		
Floor space (m ²)	329		
Number of immigration booths and kiosks	8		
Notional capacity during the passenger busy hour (passengers/hour) *	864		
Passenger throughput during the passenger busy hour (passengers/hour)	594		
Utilisation (busy hour passengers per 100m ²)	181		
Utilisation (% of processing capacity)	69%		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
Landside circulation (inbound)			
Passenger busy hour for landside circulation (inbound)—start time (day/month/year hour)	N/A	N/A	7 May 2019 8 am
Floor space (m ²)	N/A	N/A	1,866
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,256
Utilisation (busy hour passengers per 100m ²)	N/A	N/A	67
Baggage reclaim			
Passenger busy hour for baggage reclaim—start time (day/month/year hour)	6 Oct 2019 11 pm	7 May 2019 8 am	
Floor space (m ²)	536	1,081	
Number of reclaim units	2	3	
Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	—	—	
Bags processed during the passenger busy hour (bags/hour)*	—	—	
Passenger throughput during the passenger busy hour (passengers/hour)	594	1,005	
Utilisation (% of processing capacity)	Not defined	Not defined	
Utilisation (busy hour passengers per 100m ²)	111	93	
* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
Bio-security screening and inspection and customs secondary inspection			
Passenger busy hour for bio-security screening and inspection and customs secondary inspection—start time (day/month/year hour)	6 Oct 2019 11 pm		
Floor space (m ²)	734		
Notional MAF secondary screening capacity during the passenger busy hour (passengers/hour)*	760		
Passenger throughput during the passenger busy hour (passengers/hour)	594		
Utilisation (% of processing capacity)	78%		
Utilisation (busy hour passengers per 100m ²)	81		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
Arrivals concourse			
Passenger busy hour for arrivals concourse—start time (day/month/year hour)	N/A	N/A	14 May 2019 8 am
Floor space (m ²)	N/A	N/A	975
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,260
Utilisation (busy hour passengers per 100m ²)	N/A	N/A	129

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Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

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

ref Version 5.0

		International terminal	Domestic terminal	Common area [†]
130				
131	Total terminal functional areas providing facilities and service directly for passengers			
132	Floor space (m ²)	N/A	N/A	23,458
133	Number of working baggage trolleys available for passenger use			
134	at end of disclosure year	N/A	N/A	836
135	Commentary concerning capacity utilisation indicators for Passenger Terminal Activities			
136	Accompanying commentary is appended to the end of these schedules.			
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167				
168	Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators.			
169	[†] For functional components which are normally shared by passengers on international and domestic aircraft.			
170				

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Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020**SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS**

ref Version 5.0

Survey organisation

Survey organisation used

ACI

If "Other", please specify

Passenger satisfaction survey score

(average quarterly rating by service item)

Domestic terminal

Quarter for year ended	1 30 Jun 19	2 30 Sep 19	3 31 Dec 19	4 31 Mar 20	Annual average
Ease of finding your way through an airport	4.3	4.3	4.3	4.4	4.3
Ease of making connections with other flights	4.2	4.5	4.3	4.4	4.3
Flight information display screens	4.3	4.4	4.3	4.4	4.4
Walking distance within and/or between terminals	4.3	4.4	4.3	4.5	4.4
Availability of baggage carts/trolleys	4.0	4.0	4.0	4.2	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.5	4.3	4.4	4.4	4.4
Availability of washrooms/toilets	4.3	4.3	4.2	4.3	4.3
Cleanliness of washrooms/toilets	4.2	4.3	4.1	4.2	4.2
Comfort of waiting/gate areas	3.9	4.0	3.8	4.0	3.9
Cleanliness of airport terminal	4.3	4.4	4.3	4.5	4.4
Ambience of the airport	4.1	4.2	4.2	4.3	4.2
Security inspection waiting time	4.3	4.3	4.2	4.4	4.3
Check-in waiting time	4.4	4.4	4.3	4.4	4.4
Feeling of being safe and secure	4.5	4.5	4.4	4.5	4.5
Average survey score	4.3	4.3	4.2	4.3	4.3

International terminal

Quarter for year ended	1 30 Jun 19	2 30 Sep 19	3 31 Dec 19	4 31 Mar 20	Annual average
Ease of finding your way through an airport	4.3	4.3	4.3	4.4	4.3
Ease of making connections with other flights	N/A	N/A	N/A	N/A	—
Flight information display screens	4.3	4.4	4.3	4.3	4.3
Walking distance within and/or between terminals	4.4	4.4	4.4	4.5	4.4
Availability of baggage carts/trolleys	4.0	3.9	4.0	4.2	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.5	4.3	4.4	4.4	4.4
Availability of washrooms/toilets	4.2	4.3	4.2	4.3	4.2
Cleanliness of washrooms/toilets	4.2	4.3	4.1	4.2	4.2
Comfort of waiting/gate areas	3.9	4.0	3.8	4.0	3.9
Cleanliness of airport terminal	4.3	4.4	4.3	4.5	4.4
Ambience of the airport	4.1	4.2	4.1	4.2	4.2
Passport and visa inspection waiting time	4.4	4.4	4.6	4.5	4.5
Security inspection waiting time	4.3	4.2	4.3	4.4	4.3
Check-in waiting time	4.4	4.3	4.3	4.4	4.3
Feeling of being safe and secure	4.5	4.4	4.4	4.5	4.5
Average survey score	4.3	4.3	4.2	4.3	4.3

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.

Commentary concerning report on passenger satisfaction indicators

Accompanying commentary is appended to the end of these schedules.

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.

Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref Version 5.0

Disclosure of the operational improvement process

Schedule 15 is appended to the end of these schedules.

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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ref Version 5.0

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

Aircraft type

**Total MCTOW
(tonnes)**

Airbus A320	1,228	93,815
Airbus A321	33	4,786
Airbus A350-900	94	25,349
Boeing 737-700	1	70
Boeing 737-800	1,842	144,988
Boeing 777-200	121	30,461
Total	3,319	299,468

Total

3.319

299.468

ref Version 5.0

Total number of landings	Total MCTOW (tonnes)
--------------------------	----------------------

384	671
860	6,321
332	18,615
4,845	14,273

Total number of landings	Total MCTOW (tonnes)
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
17	17
18	18
19	19
20	20
21	21
22	22
23	23
24	24
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85	85
86	86
87	87
88	88
89	89
90	90
91	91
92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

47.344	1.615.070
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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	6,654	—	—	6,654
Domestic jet air passenger service movements	22,731	—	—	22,731

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers [†]	2,607,978	458,697	3,066,675
Outbound passengers [†]	2,618,471	460,925	3,079,396
Total (gross figure)	5,226,449	919,622	6,146,071
less estimated number of transfer and transit passengers		—	—
Total (net figure)			6,146,071

† 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.

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

[illegible]

Regulated Airport
For Year Ended

Wellington International Airport Ltd
31 March 2020

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref Version 5.0

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	40.4	60.2	2.8	103.4
Human resource costs (\$000)				8,947

Commentary concerning the report on associated statistics

Accompanying commentary is appended to the end of these schedules.

Regulated Airport
For Year EndedWellington International Airport Ltd
31 March 2020**SCHEDULE 17: REPORT ON PRICING STATISTICS**

ref Version 5.0

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	9,205
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	25,878
Net operating charges from airfield activities relating to international flights	11,215
Net operating charges from specified passenger terminal activities relating to domestic passengers	28,441
Net operating charges from specified passenger terminal activities relating to international passengers	4,296
	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,941,558
Number of domestic passengers on flights of 30 tonnes MCTOW or more	3,281,887
Number of international passengers	919,622
	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	895,251
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,690,334
Total MCTOW of international flights	599,001

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	4.74	10.28
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	7.89	15.31
Average charge from airfield activities relating to international flights	12.19	18.72
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from specified passenger terminal activities	5.44	4.67
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	12.16	16.87

Commentary on Pricing Statistics

Accompanying commentary is appended to the end of these schedules.

SCHEDULE 1: REPORT ON PROFITABILITY

Internal Rate of Return (IRR)

The actual post-tax IRR for the year was 8.44%, compared with the forecast of 7.45%.

Variances in IRR inputs and their relative impacts are quantified in the table below.

IRR Input	Variance vs Forecast (\$000)	IRR % Impact
Opening investment value	642	(0.13%)
Regulatory income	(4,150)	(0.82%)
Operational expenditure	(72)	0.01%
Unlevered tax	(2,679)	0.54%
Movement in investment value	(15,333)	1.39%
Total		0.99%

This shows that the movement in investment value compared with forecast is the key driver of a higher IRR outcome. The remaining variances in regulatory income, operational expenditure and tax have a comparatively small impact and generally offset one another (i.e. regulatory profit drives tax). Further explanation on these items is provided in the commentary for schedules 2 and 3.

The variance in the movement in investment value comprises of several key components:

Movement in investment value	Variance vs Forecast (\$000)
Assets commissioned	(22,084)
Revaluations	5,414
Other	(1,337)
Total	(15,333)

WIAL aims to deliver new infrastructure at the time and scale required to support growth, ensuring that the airport continues to provide safe, efficient and quality facilities but also aeronautical charges that represent value for money. The planning and design process was still ongoing for a number of key projects that were forecast to be commissioned in 2020. In addition, the emergence of Covid-19 had a significant and immediate impact on travel demand and it became impossible to reliably forecast future passenger numbers. WIAL considered it prudent to pause investment in growth-driven projects and reconsult with stakeholders on the airport's capital expenditure requirements.

The CPI indexed asset revaluation was \$5.4m above forecast. The March 2020 year-on-year CPI reported by Statistics New Zealand was 2.53%, higher than WIAL's 1.50% forecast assumption. This assumption reflects forward-looking, medium term inflation expectations based on an average of RBNZ forecasts, NZIER forecasts and breakeven analysis using nominal and indexed bonds. We expect inflation to return to forecast levels over the medium term.

Carry Forward Balance

Surpluses/deficits in an airport's non-indexed asset revaluations carry forward mechanism and to be accommodated within multiple pricing periods where this is considered appropriate.

WIAL has recognised a \$10.0m opening carry forward balance in the 2020 disclosures, consistent with forecasts. This reflects a net revaluation surplus at the commencement of PSE4 and comprises the net of:

- A \$36.1m historic asset revaluation deficit since the commencement of the information disclosure regime in 2011 (i.e. actual revaluation returns recognised in annual information disclosures up until 31 March 2019 were below pricing forecasts); and
- A \$46.1m land revaluation uplift recognised in the 2020 opening RAB as at 1 April 2019.

In accordance with the input methodologies (IMs), the carry forward adjustment is treated as a reduction to WIAL's investment value. This has the effect of lowering future aeronautical charges such that the \$10.0m surplus is returned to customers over time. WIAL intend to fully offset the carry forward balance by the end of PSE5 and this approach has been supported by airlines during consultation.

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

Regulatory Profit

WIAL's adjusted regulatory profit for 2020 including revaluations is \$4.3m higher than forecast, driven mainly by higher than expected CPI. Excluding revaluations, profit was \$1.1m below forecast:

- Regulatory income (\$4.2m below forecast): Actual passenger numbers were below forecast, with Covid-19 resulting in approximately 0.2m fewer passenger numbers than anticipated, equating to approximately \$2.9m. The remaining \$1.3m income shortfall is due to the agreement with airlines to apply flat charges in 2020 while PSE4 consultation is completed, with forecasts showing a low increase in charges.
- Operational expenditure (\$0.1m below forecast): Costs were largely in-line with forecast. Refer to schedule 6 commentary for detail.
- Regulatory depreciation (\$1.2m below forecast): Forecasts included an allowance for accelerated depreciation on some buildings. The 2040 masterplan will require certain assets to be demolished, but WIAL has deferred application of the accelerated depreciation as masterplan phasing and design may be revised following consultation.
- Indexed revaluation (\$5.4m above forecast): As described under schedule 1 above, the March year-on-year CPI rate was 2.53%, above historic averages and forecast assumptions.
- Regulatory tax allowance (\$1.8m below forecast): This represents the 28% corporate tax rate applied to regulatory taxable profit, which was lower than forecast predominantly due to the reduced income in 2020. Refer to schedule 3a for detailed calculations.

Merger and Acquisition Expenses

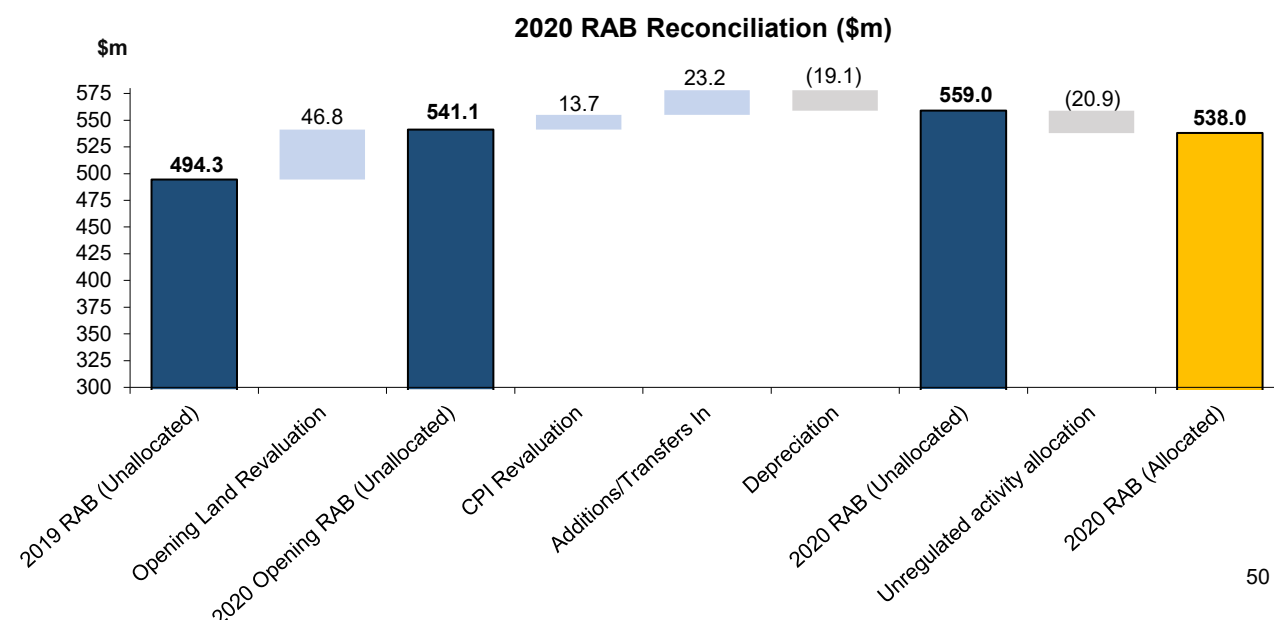
WIAL did not incur any merger or acquisition expenses during the period.

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

The permanent differences and temporary adjustments included in the regulatory tax allowance were determined as follows:

- Other permanent differences - not deductible – 50% of entertainment expenditure is non-deductible for tax purposes. The adjustment for entertainment expenditure was allocated to the regulated cost base through the cost allocation methodology detailed in Schedule 10.
- Other temporary adjustments – This includes certain prepayments plus year-end accruals for audit fees and human resource costs (annual leave, bonus provision and ACC levies). Adjustments are required as there is a timing difference between financial reporting recognition and deductibility under the tax rules. These adjustments were allocated to the regulated cost base through the cost allocation methodology detailed in Schedule 10.

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD



The opening balance of the 2020 regulatory asset base (RAB) has been rolled forward from the prior-year closing RAB, with the inclusion of an opening land revaluation uplift of \$46.8m (\$46.1m allocated). As explained under the schedule 1 commentary, this revaluation is treated as an opening carry forward adjustment for PSE4.

Movements recognised in the 2020 RAB are as follows:

- CPI indexed revaluations – The RAB was revalued using the CPI revaluation index of 2.53%, based on inflation data published by Statistics New Zealand for the quarter ending March 2020 vs March 2019.
- Assets commissioned – \$22.3m of unallocated assets (\$19.6m allocated) were commissioned during the period and are recognised in the RAB at cost. This largely comprises of renewals and repairs, summarized below:

Asset Category	Allocated Value (\$m)
Airfield and runway maintenance works	4.6
Terminal building maintenance/optimisation	2.4
Level 2 terminal / corporate office redevelopment	1.7
Airport Fire Truck replacement	1.5
Airport Fire Station relocation (phase 1)	1.5
Safety and security	1.1
Nose-in guidance system - aircraft parking assist.	1.1
Information technology	0.9
Airbridges and gates	1.0
Real-time runway reporting system	0.6
Seawall/breakwater maintenance	0.6
Other operating items	2.6
Total	19.6

- Related party transactions – When the use of an asset changes between regulated and unregulated activities, the value of that asset is transferred in or out of the RAB accordingly. In 2020, WIAL transferred 63 sqm of terminal building floor space and the associated assets into the RAB. This is connected with the redevelopment of the corporate office which now occupies areas previously used for commercial activities, plus the reconfiguration of food and beverage offerings to increase passenger circulation space in the main terminal.
- Depreciation – Standard straight-line depreciation methods have been applied to the opening RAB based on WIAL's assessment of useful lives. No depreciation is recognised for the following assets in line with the input methodologies:
 - land;
 - assets commissioned in the current period;
 - assets transferred in or out of the RAB in the current period; and
 - assets with an opening net book value of zero.
- Cost allocation adjustment – WIAL's methodology for allocating common/shared assets to regulated and unregulated activities has not changed from the previous year. Allocation factors, such as land areas, are updated each year to reflect changes in underlying drivers during the period.

Works under construction

The 2020 opening balance of unallocated works under construction (\$35.6m) differs from the 2019 closing balance (\$53.2m). The 2019 closing balance included certain projects which have subsequently been classified as fully commercial and were therefore removed from the 2020 opening balance.

The adjustment resulting from cost allocation represents the difference between:

- the actual proportion of assets commissioned in the disclosure period that are allocated to the airport business in the RAB; and
- the allocation that WIAL previously estimated when calculating "allocated works under construction".

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

The nature of transactions and parties involved is consistent with the prior year.

Only the regulatory business portion of related party transactions is disclosed. Average unit prices have not been reported for each category because there is no base for calculating an average unit price for these items.

WIAL's directors are listed in the 31 March 2020 Annual Report which is available on www.wellingtonairport.co.nz

Transactions with Infratil relate to certain group insurance policies and other costs that are managed by Infratil Limited and on charged to WIAL.

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE

Capital expenditure

Actual capital expenditure for the year was \$12.4m lower than forecast. As noted under schedule 1, WIAL has responded to Covid-19 by pausing investment in growth-driven projects. The following key capital expenditure projects¹ were forecast to commence in 2020 but have been placed on hold pending further consultation:

- AFS relocation – Construction of a new Airport Fire Station (AFS) on a new site on the Western Apron, and demolition of the existing AFS building to allow for future airfield geometry improvements and additional remote aircraft stands. The spend incurred in 2020 is for planning and design works completed prior to the emergence of Covid-19.
- Apron development – Staged apron development, allowing WIAL to meet forecast growth in passenger numbers and aircraft movements.
- 8MPPA terminal build – Development of a terminal with capacity for 8 million passengers per annum. The spend incurred in 2020 is for planning and design works completed prior to the emergence of Covid-19.
- Temporary makeup location – In 2018, it was confirmed that New Zealand's international airports would need to install European Civil Aviation Conference standard 3 (ECAC3) baggage screening machines by January 2022. WIAL planned to incorporate this into a new baggage handling system. Due to the tight timeframe, capital expenditure forecasts allowed for construction of a temporary location to house the equipment until the permanent terminal extension was completed. The Civil Aviation Authority has now extended the deadline for ECAC3 to 1 July 2023 in response to Covid-19.
- Land transfers – Land currently used for commercial carparking activities was forecast to be transferred to the regulated business in 2020 to provide space for the new ECAC3 equipment, replacement baggage handling system and 8MPPA terminal.
- Cargo hub – Construction of a new Cargo Facilitation Area.
- Marine protection – This maintenance of all marine protection structures to ensure the integrity of the airfield platform is preserved and to provide resilience against seismic events; future climate change; sea level rise and the increasing frequency and intensity of storms.
- Taxiway Bravo reconstruction – Full reconstruction of Taxiway Bravo is required as the pavement is reaching the end of its life and its alignment does not allow for efficient future expansion.
- Miramar South School – Acquisition and development of the old school site to support future growth. The unforecast spend on this project is a timing variance on the land acquisition, as this was originally forecast to occur in 2024. WIAL was able to complete the transaction prior to the emergence of Covid-19. The land has been treated as an Asset Held for Future Use and will only be incorporated into the regulatory asset base when it is utilized for the provision of specified airport services.

The \$8.2m lower than forecast spend in other capital expenditure¹ predominantly relates to the following minor projects:

- Entry enhancements (\$0.5m) – The forecast allowed for the redevelopment of the roading and gateway leading to the airport. This is no longer considered to be required given the Covid-19 environment and is on hold.
- Short-term international improvements (\$1.5m) – Over recent years, WIAL's international terminal has been operating at or above capacity during busy hours. This project was designed to provide a temporary solution until the major terminal redevelopment is undertaken. Given the reduction in passenger numbers, this has been placed on hold.
- International departures screening (\$4.5m) – Expansion of international screening zones is required for new Aviation Security equipment and additional queuing space. This is a timing variance only as WIAL plans to complete this project in 2021 while international passenger numbers are low, minimizing operational disruption. The project is considered essential as it will ensure the airport has appropriate security screening facilities.

- Departures drop-off canopy (\$1.2m) – WIAL planned to install a canopy to provide cover for passengers utilizing the level 2 drop-off zone. This is no longer considered to be required given the Covid-19 environment and is on hold.
- International Koru lounge (\$1.0m) – This project is on hold as it is now being considered as part of the 8MPPA terminal development.

¹ In accordance with the Information Disclosure Determination 2019, key capital expenditure includes those projects or programmes of expenditure with a total cost greater than \$5 million. Projects or programmes of expenditure below \$5 million are included in "other capital expenditure".

Operating expenditure

Operating expenditure for 2020 was \$0.1m below forecast.

Higher than forecast costs for insurance (\$0.2m), debtor provisions (\$0.6m, mainly in relation to Covid-19 implications) and rates (\$0.2m) were offset by the key savings below. These savings were achieved as WIAL implemented business-wide efficiency initiatives in response to the emerging threat of Covid-19:

- People Costs (\$0.6m) – Primarily reflects lower than forecasted staff numbers, with non-essential new roles planned for 2020 being cancelled and some vacant roles not being filled. WIAL's 31 March 2020 total headcount was 136 compared with forecast of 143. More staff learning and development was also brought in-house.
- Marketing (\$0.3m) – Airline marketing and airline business development spending was reduced.
- Repairs and maintenance (\$0.2m) – Greater leverage of WIAL's facilities planning and asset management system, with works prioritized based on urgency and condition data.

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

The segmented outcomes in schedule 7 produce the following post-tax regulatory profits for each regulated activity, compared with forecast:

Segment	Including Revaluations		Excluding Revaluations	
	Actual Post-Tax Profit (\$m)	Forecast Post-Tax Profit (\$m)	Actual Post-Tax Profit (\$m)	Forecast Post-Tax Profit (\$m)
Specified passenger terminal	14.0	14.0	9.9	11.4
Airfield	27.4	23.4	18.7	18.4
Aircraft and freight	0.7	0.4	0.3	0.1
Total	42.1	37.8	28.9	29.9

This shows that WIAL profit outcomes are largely in line with forecasts across each segment.

Excluding the higher than anticipated CPI revaluation, total profits are below target with deficits for specified passenger terminal and airfield services and a small surplus for aircraft and freight services.

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.

SCHEDULE 8: CONSOLIDATION STATEMENT

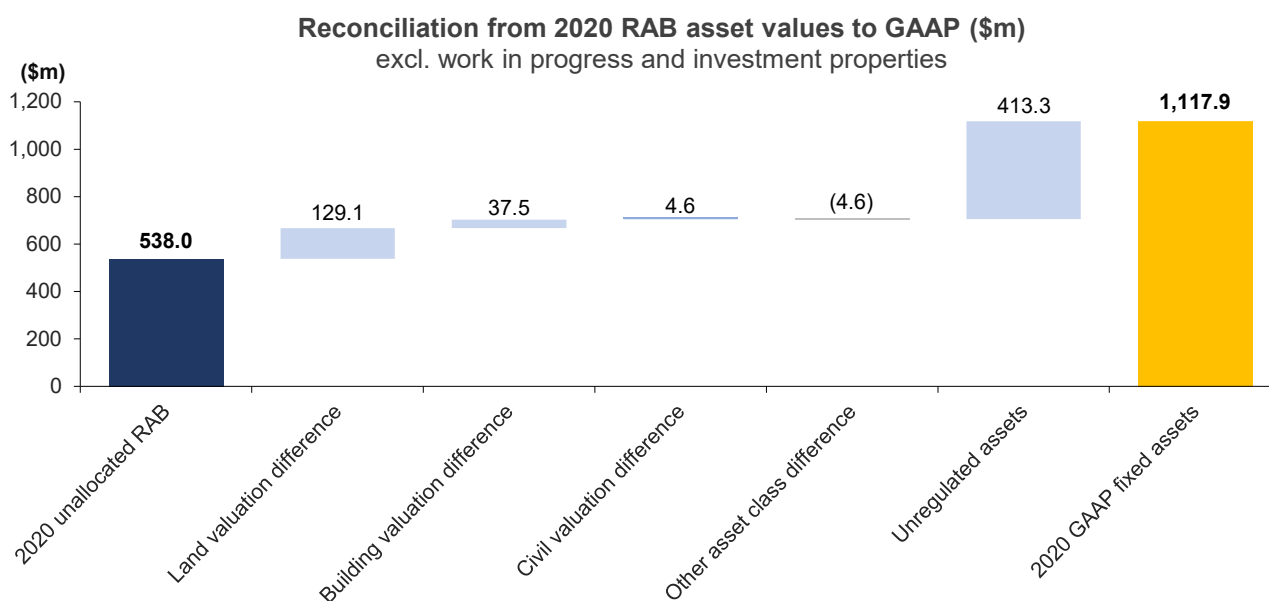
Operational expenditure

WIAL's airport business expenditure is determined using the cost allocation methodology detailed in schedule 10.

Depreciation, Revaluations and Property, Plant & Equipment

WIAL's airport business property, plant and equipment (PPE) is allocated using the methodology detailed in schedule 9.

The value of airport business PPE is 23.6% lower in the RAB when compared with GAAP:



The regulatory value of assets in the RAB differs from the value under GAAP financial reporting due to:

- **Depreciation** – The Input Methodologies (IMs) prescribe calculation rules for regulatory depreciation which differ from financial reporting requirements. For example, depreciation on newly commissioned assets is not recognised in the year of acquisition for regulatory purposes but under GAAP 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.

Under GAAP, WIAL also recognises salvage values for a number of assets in its depreciation calculations meaning these assets will not be depreciated to nil. The IMs depreciation formula does not recognise salvage values.

- **Land** – Land in the RAB is periodically revalued using a Market Value Alternative Use (MVAU) method, while for financial reporting a fair value approach is applied - Market Value Existing Use (MVEU).
- **Civil assets** – In the RAB, civil assets are initially recognised at cost and are subsequently revalued each year based on a CPI index. However, valuations for financial reporting civil assets are carried at fair value through periodic revaluations at optimised depreciated replacement cost.
- **Buildings** – In the RAB, building assets are initially recognised at cost and are subsequently revalued each year based on a CPI index. However, valuations for financial reporting civil assets are carried at fair value through periodic revaluations at optimised depreciated replacement cost.
- **Other asset classes** – All other asset classes in the RAB are also initially recognised at cost and subsequently revalued each year based on a CPI index. For financial reporting, other asset classes are not revalued.
- **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.
- **Future use assets** – These assets are excluded from the RAB but are included in the airport company GAAP assets for financial reporting purposes.

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

The asset allocation methodology is unchanged from the prior year, but allocation rates have been updates to reflect changes in the underlying driver (such as land areas).

SCHEDULE 10: REPORT ON COST ALLOCATIONS

The cost allocation methodology is unchanged from the prior year, but allocation rates have been updated to reflect changes in the underlying driver (such as land areas and terminal floor space). For 2020, allocated airport business expenditure is equivalent to 68.5% of total operating expenditure excluding the airport's hotel business (2019: 67.7%).

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

There were 22 reportable interruptions during the period. Of these, 15 related to the baggage sortation system on departure and 7 related to contact stand/aerobridge faults. There were no reported failures of WIAL's pavement or fixed electrical ground power equipment.

Overall, this result reflects favorably on the appointment of a WIAL facilities staff member to oversee the maintenance of the baggage handling system and aerobridges. The result represents a 50% reduction in reported interruptions from 2019 (44 occurrences).

Baggage sortation system

WIAL recognises that the baggage system is reaching the end of its useful life and considers a high proportion of outages to be contributable to ageing equipment. WIAL is currently consulting with airlines and stakeholders on a replacement system.

5 of the interruptions in 2020 were attributed to the New Zealand Aviation Security Service and their in-line Explosive Detection X Ray equipment which forms an integral part of the baggage sortation system on departure.

One system fault caused by an airline staff member resulted in an on-time departure delay in 2020. Incorrect placement of an item damaged a baggage belt beyond repair. As a result, 7 flights were impacted with a cumulative duration of 2 hours 17 minutes delay.

Contact stands and aerobridges

All interruptions in this category related to aerobridges, predominantly minor faults that were quickly resolved.

However, two incidents resulted in on-time departure delays when aircraft could not move off the aerobridge on scheduled departure. The two services involved incurred a 24 minute and 1 hour 17-minute delay respectively.

SCHEDULE 12: REPORT ON CAPACITY UTILISATION INDICATORS (AIRCRAFT & FREIGHT AND AIRFIELD)

Busy Day and Busy Hour Information

WIAL commissions Airbiz Aviation Strategies Limited (Airbiz) to provide advice on the information disclosed in this schedule. The methodology applied in determining the busy day and busy hour for the runway complies with the definitions contained in the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010.

Runway

WIAL's runway capacity varies depending on the direction of use (runway 16 or 34) and weather conditions. During the FY20 busy hour, there were 32 movements which is below available capacity in clear weather conditions (VMC conditions) but exceeds available capacity for poor weather conditions (IMC conditions).

WIAL continues to work with the airlines, Airways New Zealand and other stakeholders to:

- implement measures to manage the prospective congestion;
- plan and deliver capital works that increase capacity; and
- identify other initiatives that improve runway movement capacity and/or efficiency

Aircraft Parking Stands

WIAL has 12 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 all aerobridges were available.

SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS (SPECIFIED PASSENGER TERMINAL)

WIAL operates a common use terminal facility with a number of areas and systems serving both domestic and international passengers. However, to meet requirements for passport control WIAL has some separate facilities for international

departures. The utilisation data in schedule 13 reflects the use of the terminal for international, domestic or common passengers as appropriate.

Passenger Data

WIAL commissioned Airbiz to provide the passenger busy hour and busy 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 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 0.5 bags for each international passenger; and
- For domestic passengers - an average of 0.5 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.

Determination of Capacities

Notional capacities were determined as follows:

- Airbiz were engaged to provide advice on all floor areas reported in this schedule, which relies on building plans and updates provided by WIAL.
- Baggage (outbound) – Capacities were advised by the system manufacturer, Glidepath, for the two outbound baggage units operated by WIAL and the X-ray machine process operated by Avsec.
- 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 considered to be lower as baggage handlers are unlikely to be able to load bags to this capacity and recirculating bags reduce the ability for new bags to be loaded.
- Passport control – Advised by Airbiz based on methodology previously confirmed with New Zealand Customs:
 - **Conventional outbound counter** – 30 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter
 - **Outbound SmartGate** – 22 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate
 - **Conventional inbound counter** – 50 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter
 - **Inbound SmartGate** – 22 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate
- Security screening – Advised by Airbiz based on methodology previously confirmed with Avsec, reflecting the number of screening stations multiplied by the quantity of passengers that can be processed per hour. International - 2 stations at 270 passengers/hour and domestic - 5 stations at 270 passengers/hour.
- Biosecurity screening and inspection and customs secondary inspection – Advised by Airbiz based on methodology previously confirmed with the Ministry of Primary Industries. Capacity being 190 passengers per hour per screening station (currently four available), and assuming that 50% of passengers will be assessed and released without further inspection.

Terminal Floor Areas

For the purposes of capacity utilization reporting there were no changes in the classification of floor spaces from the previous disclosure year.

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS²

WIAL operates a common use terminal with most facilities used by both domestic and international passengers. The survey outcomes for WIAL's facilities therefore reflect the views of each category of passengers rather than service levels for separate terminals. The survey measures are reported on a scale of 1 - 5, with higher score being more positive.

WIAL continues to rate highly in its ASQ scores and for the third year in a row the average for both domestic and international² passenger surveys was 4.3 (based on those survey categories included in Schedule 14). The results indicate a high quality of service across all aspects covered.

The survey fieldwork documentation is available on WIAL's website www.wellingtonairport.co.nz

² International passengers are 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. 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.

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

Reporting

The reporting cycle below is designed to identify and act on opportunities for continuous improvement in airport efficiency and customer service, and in a timely manner.

WIAL internal reporting:

- Daily operations briefings are held between duty managers and senior management, with any issues or lessons learned from the day being discussed and documented
- Executive Team meetings (weekly)
- Board meetings (bi-monthly)
- Executive Risk Management Committee meetings (3 per year)
- Executive Safety Risk Meetings (2 per year)
- Audit & Risk Committee meetings (4 per year)

WIAL stakeholder reporting:

- Fortnightly meetings with airline management on service delivery and performance
- 3 meetings a year with all airport stakeholders focused on service disrupts and what have we learned/what can we do better
- Integrated Operations Center with 24/7 monitoring of airport operations (in collaboration with Air New Zealand and Avsec)

In addition, WIAL actively monitors and manages performance with the help of the following tools:

- Baggage Input Consoles – First bag/last bag on belt reporting
- Passenger Satisfaction and Net Promotor Score surveys – Quarterly passenger feedback
- Q-Pulse – Occurrence and interruption reporting
- BEIMS – Facilities management including tracking of faults and repairs
- SCADA – Baggage handling and aerobridge performance and fault monitoring
- SBO – Safe behaviour observation reporting
- Hazard ID – Health and safety hazard reporting
- Building Management System – Energy and climate
- ACDM – Aircraft congestion and delays reduction and monitoring tool
- Metconnect – Weather information to assist operational decision making for ground handlers and airlines

Security Focus

Airport stakeholders have now agreed to set up separate quarterly meetings to address security issues and concerns. Beforehand Security was discussed as part of quarterly Safety & Security meetings, however all stakeholders agree that security is important enough to have a meeting agenda on its own. A terms of reference has been created and a meeting cycle is agreed.

Covid-19 Response

WIAL, airlines and border agencies quickly established daily meetings to discuss the impact on airport operations. This ensured that the international arrivals and departures processes complied with the Ministry of Health regulations and kept both travellers and staff safe.

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

Aircraft, airline, passenger and terminal access statistics

The aircraft and passenger statistics disclosed are based on monthly data provided to WIAL:

- 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.

In 2020, all international air passenger services were jet aircraft. WIAL currently has sufficient capacity for all jet services (both domestic and international) to be boarded/unboarded via airbridges.

Human resource statistics

The split of WIAL's full time equivalent (FTE) employees across the three categories of specified airport services is calculated using management's assessment of the time spent by each employee on the various areas of the business. To the extent an employee is deemed to be working on unregulated activities, they are excluded from this disclosure.

31 March 2020 FTE allocated to specified airport activities is 103.4 (31 March 2019: 91.2). The increase was largely due to additional resource in the following areas:

- New Customer Experience Agent roles to assist with passenger queue management and improved focus on customer service
- Maintenance planning, which has allowed WIAL to be more targeted and efficient with repairs and maintenance works (operational expenditure in this area was \$0.2m below forecast)
- An in-house building information management (BIM) technician to reduce external consultancy
- Sustainability management, reflecting WIAL's growing focus and reporting requirements in this area

WIAL notes that an increasing FTE count in recent years was driven by growing passenger numbers, prior to the emergence of Covid-19. Shortly following the end of the 2020 disclosure period, WIAL resized its staff numbers to reflect the large forecast reduction in passengers in 2021.

The allocation of human resource costs to the regulated business is undertaken using the methodology detailed in schedule 10.

SCHEDULE 17: REPORT ON PRICING STATISTICS

For the 2020 disclosures the aircraft weight and passenger statistics were derived from the Airways and airline data provided to WIAL as described in Schedule 16.

As WIAL has agreed with airlines to hold prices flat for two years until 31 March 2021, the below commentary reflects WIAL's approach and assumptions for PSE3.

The charges applied in 2020 were set through 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).

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 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 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 average charge per tonne is considerably higher than those disclosed by both Auckland and Christchurch airports. 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 a higher number of wide body long haul aircraft compared to 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 were structured so that over the five year pricing period average revenue for each category of passenger moved closer to each other to reflect common use of the facilities. The change in charging transitioned progressively over the five year period and resulted in average charges per international passenger decreasing and average 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 was 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 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.



Independent Reasonable Assurance Report to the directors of Wellington International Airport Limited

Opinion

Our reasonable assurance opinion has been formed on the basis of the matters outlined in this report for the year ended 31 March 2020.

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 historical financial information in Schedules 1 to 10 pursuant to clause 2.3(1) of the Determination have 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.

Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to Schedules 1 to 17 for the regulatory year ended 31 March 2020 ('the Airport Disclosure Schedules'), prepared by Wellington International Airport Limited ('the Company') in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010, as amended in 2019 (the 'Determination').

Criteria

The Determination is the criteria which the Airport Disclosure Schedules were evaluated against. The Airport Disclosure Schedules may not be suitable for other purposes.

Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on Compliance*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In accordance with those standards we have:

- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the Airport Disclosure Schedules are free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a opinion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

Use of this assurance Report

Our report should not be regarded as suitable to be used or relied on by any party's other than Wellington International Airport Limited for any purpose or in any context. Any party other than Wellington International Airport Limited who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Wellington International Airport Limited for our work, for this independent reasonable assurance report, or for the opinions we have reached.

Our report is released to Wellington International Airport Limited on the basis that it will be published along with the Airport Disclosure Schedule on the Company's website and distributed to the Commerce Commission.

Our report provides assurance that the forecast information included in the disclosures required by Schedules 1,2,4 and 6 of the Determination has been extracted from the forecast information prepared by the Company and used in the Final Pricing Document for the period 2020 - 2024. 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.

Directors' responsibility for Airport Disclosure Schedules

The directors of the Wellington International Airport Limited are responsible for the preparation and fair presentation 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.

Our responsibility

Our responsibility is to express an opinion to the directors on whether the preparation and presentation of the Airport Disclosure Schedules is, in all material respects, 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.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided audit, assurance and taxation compliance services to the company. Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as assurance providers of the company for this engagement. The firm has no other relationship with, or interest in, the company.



KPMG
Wellington

30 October 2020