



# **WELLINGTON INTERNATIONAL AIRPORT LIMITED**

SPECIFIED AIRPORT SERVICES - ANNUAL INFORMATION DISCLOSURE  
FOR THE YEAR ENDED 31 MARCH 2021

## 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 2021, which represents the eleventh year of disclosure reporting and the second year of Price Setting Event 4 (**PSE4**).

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](http://www.wellingtonairport.co.nz/business/investor-services/regulatory-disclosures)

## 2. PSE4 Update

WIAL completed PSE4 consultation with airline customers during the period and has now published its Price-Setting Event Disclosures, with new charges for specified airport services being effective from 1 April 2021.

PSE4 consultation was a complex process that extended over an almost 2-year period, reflecting the challenges of planning for growth with the development of WIAL's 2040 Master Plan and dealing with the disruption caused by Covid-19.

WIAL has continued to work with its airline customers to recover from the pandemic and support the recovery of aviation services. We consider that relationships with airline customers have never been stronger as we have addressed the shared challenges of Covid-19. Supporting airline customers through Covid-19 has been at the forefront of this pricing consultation, with several concessions, revenue reductions and deferrals incorporated into final prices.

Price-Setting Event Disclosures for PSE4 are available at [www.wellingtonairport.co.nz/business/investor-services/regulatory-disclosures](http://www.wellingtonairport.co.nz/business/investor-services/regulatory-disclosures)

### 3. Investment in Infrastructure, Innovation and Improving Efficiency

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.

Prior to the emergence of Covid-19, WIAL was serving 6.2 million passengers a year and was preparing for this to double to 12 million passengers by 2040. To meet the demands of this growth, we consulted with airline customers and other key stakeholders to develop our 2040 Masterplan. This provided the framework for the future investment required to meet changing regulatory requirements and to enable WIAL to maintain service levels as the airport grows.

The emergence of Covid-19 had a significant impact on travel-demand and WIAL responded by pausing investment in growth-driven projects, reconsulting with stakeholders, and resetting the Masterplan timing accordingly. Through this process, forecast capital expenditure for PSE4 was reduced from \$540m to \$299m, but we remain committed to delivery of the Master Plan when the airport once again approaches 6, 8 and 10 million passengers per annum.

Lower passenger numbers has necessitated careful cashflow management during the year and the \$27.0m capital expenditure spend for 2021 closely aligns with forecast of \$28.8m. Two key projects were still completed as a quieter airport provided the opportunity to complete the work more safely, efficiently and with reduced disruption to operations:

- International Departures Screening Extension – completed February 2021 (total cost \$4.8m)

The Civil Aviation Authority has mandated the introduction of AIT scanners at international screening points per 1st January 2021. In parallel, Avsec has upgraded their screening point and doubled the length of their screening lanes. This will also allow for the introduction of CT scanning equipment for carry-on baggage which will be mandated by the CAA at a later date. WIAL's international screening area was extended to facilitate these new requirements while also doubling the passenger queuing space and a refreshed fit out

This work would ordinarily have required a staged approach to keep the area fully operational. The significant reduction in passenger numbers allowed for a simpler, more efficient approach as only minimal screening capacity was required while the work was undertaken.

- Runway Overlay – completed December 2020 (total cost \$11.5m)

The runway at WIAL was last resurfaced in 2009 and was nearing the end of its design life. The reduction in aircraft traffic due to Covid-19 (particularly widebody, and late-night internationals) provided a unique opportunity to bring the works forward as it allowed for a longer productive

working window each night. As a result, the overlay was completed in a shorter timeframe with consequently lower costs and reduced noise impact, increased efficiency and improved safety.

The remaining \$10.7m spend largely comprises essential asset upgrades and renewals, but WIAL also adapted its facilities and processes to play a critical role in our country's Covid-19 defences.

Airport management worked quickly to implement Ministry of Health guidance and protocols, investing in new equipment and processes to ensure everything possible was done to maintain a safe and hygienic environment for travellers. The airport is audited regularly to ensure compliance with the Ministry of Health requirements is maintained.

Heat cameras were installed to temperature screen all international passenger arrivals, assisting Regional Public Health Officers in identifying potentially symptomatic travellers. Another heat camera is positioned at the entrance to the airport's corporate office to monitor staff for symptoms. WIAL is the only airport in NZ to have implemented this technology.

WIAL's ongoing investment in CCTV has also been critical in supporting the Ministry of Health's contact tracing at the airport. The network of over 500 cameras has allowed the Ministry to quickly track passenger movements and identify exact times and locations of interest when responding to potential outbreaks.

#### **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.

The reliability measures reported in schedule 11 of the Disclosures show that WIAL is providing quality infrastructure and facilities, with only one interruption of 38 minutes to on-time flight departures during 2021.

Airport Service Quality (ASQ) results are not available for the 2021 as the surveys were suspended in response to Covid-19, but historic results show WIAL achieves consistently strong results across all key service indicators. From 2018–2020 WIAL maintained an average score of 4.3 out of 5.0 from both domestic and international passengers and for the 2020 period WIAL was ranked 3rd in Australasia\*.

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

WIAL has continued to monitor passenger satisfaction and feedback through social media channels, frontline staff and alternative surveys. Below is a summary of key findings for 2021:

- The airport has a strong Net Promoter Score of 51.6, with 6 in 10 customers being promoters of the airport. The proportion of customers giving a 10 out of 10 rating has increased from 35% to 44% since 2019; and those rating the airport as 'excellent' has increased from 38% to 51%.
- 94% of passengers agree the airport is easy to travel through.
- 90% of customers give a good or excellent rating for "Providing a safe, clean and hygienic environment during Covid-19".
- 88% give a good or excellent rating for "Providing a nice welcoming terminal atmosphere".
- 88% give a good or excellent rating for "Comfort of waiting areas", this has improved significantly since 2019.
- Staff interactions are rated positively; customers who engage with an Ambassador are more likely to mention good customer service.
- The lowest rated aspect is travel time between Wellington Airport and the CBD with 29% giving a poor rating.
- Only 5% of customers are feeling more negative about the Airport recently, and the main driver for this is the lack of public transport.
- Around 70-75% of customers highly rate the quality and variety of retail, food and beverage, there is room for improvement with around 20-25% giving these aspects a poor rating.
- Customer service is rated strongly for information kiosk ambassadors and carparking staff, but could be improved for security, retail and food & beverage staff.

## **Noise Mitigation**

WIAL 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 noise 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, public holidays 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.

### **Environment & Sustainability**

Our annual Kaitiakitanga report for the 2021 financial year is available on [www.wellingtonairport.co.nz](http://www.wellingtonairport.co.nz).

WIAL is committed to embedding sustainability across everything we do and by 2030 we aim to reduce our operational carbon emissions, waste to landfill and electricity use by 30%. To achieve these targets, the 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.

A current focus for WIAL is improving the energy efficiency of the main terminal building. During 2021, we upgraded the Building Management System and implemented an analytics platform to identify energy reduction opportunities. WIAL also continues to support other airport stakeholders to achieve their sustainability goals and has installed electric charging infrastructure to cater for electrification of airline's ground service equipment.

## **5. Sharing the Benefits of Efficiency Gains and Growth**

WIAL is doing its part to support the recovery of the travel industry and the economies of Wellington and New Zealand. We consulted with airlines to achieve a PSE4 outcome that will drive a return to passenger growth, deliver cost efficiency and reduce the impact of pricing on customers at this challenging time:

- Prices were held at FY19 rates throughout FY20 and FY21 to enable extended consultation on capital expenditure and to avoid a potential price increase while the industry grappled with the impacts of the pandemic.

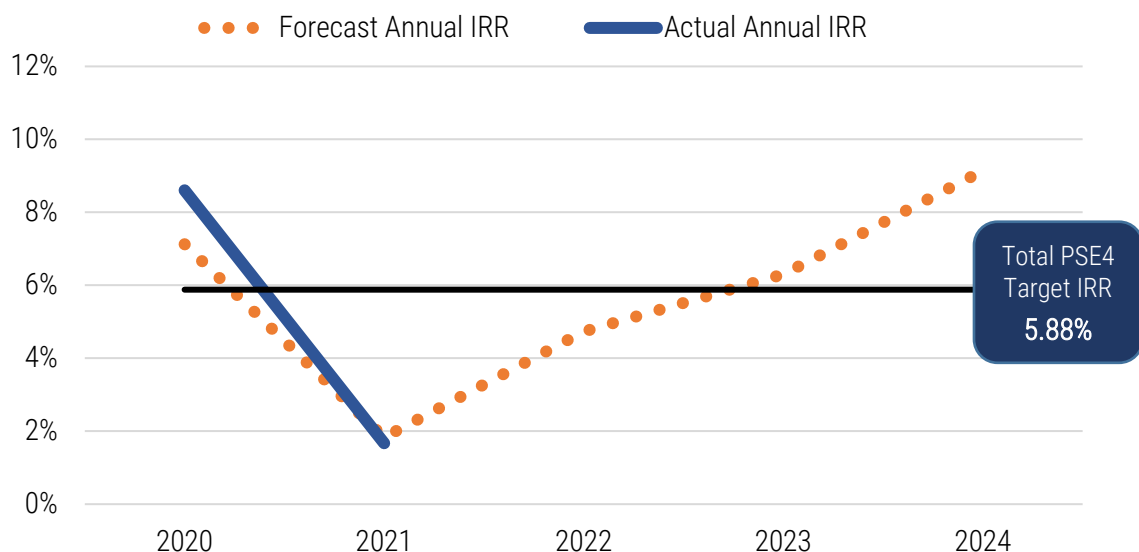
- WIAL resized its business to achieve significant cost reductions, resulting in an \$18.6m (13%) reduction in forecast operating expenditure for the price period,
- Capital expenditure was rephased to align with demand and the PSE4 forecast spend subsequently reduced.
- The CPI forecast was set at 1.5% as a compromise between WIAL's preference of setting CPI based on market inputs, compared to the airlines' preferred method of relying on RBNZ forecasts. The higher CPI input results in lower cash returns to WIAL.
- WIAL has set a concessionary price path targeting an average \$15 per passenger charge at the end of PSE4 and deferring \$20m revenue to PSE5 (\$15.1m post tax).
- A passenger wash up will be calculated at the end of PSE4. This effectively provides a passenger volume risk share arrangement with airlines and was a sensible approach to addressing ongoing uncertainty in the Covid-19 environment.

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

### 2021 and PSE4 Period-to-Date Returns

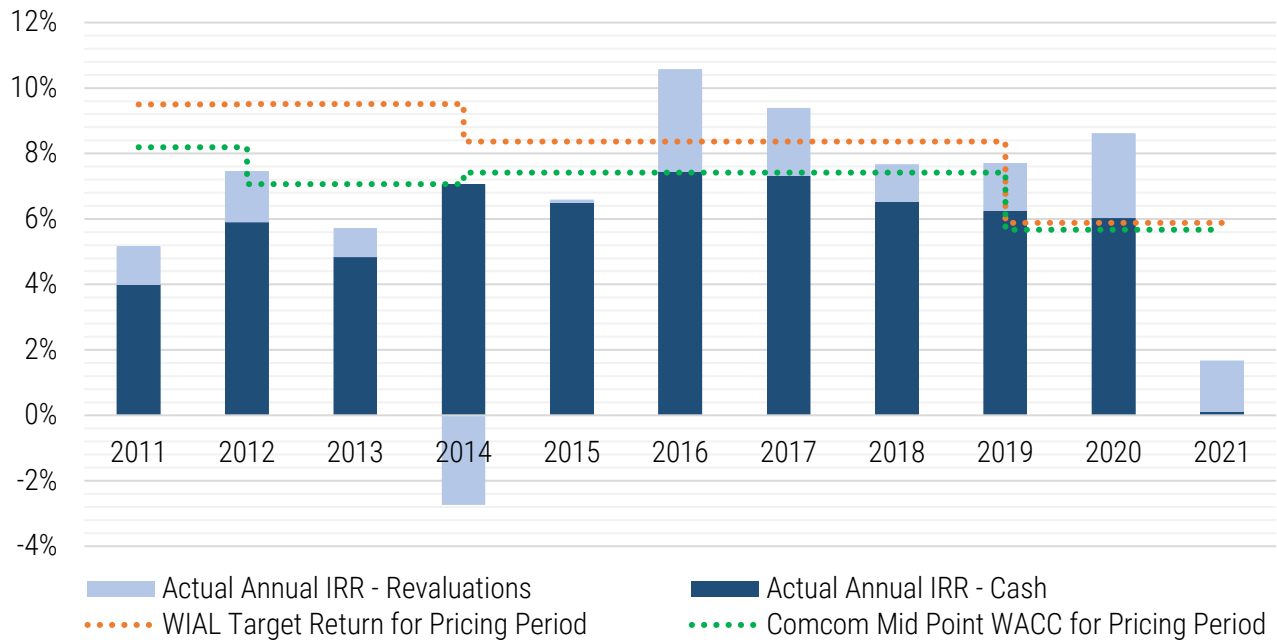
WIAL is targeting a total IRR of 5.88% over the five-year PSE4 period. Actual IRR outcomes for PSE4 are summarised below (variances from forecast are explained in schedule 1 of the Disclosures):

- The IRR for 2021 was 1.67% (below total PSE4 target and below 2021 forecast of 1.83%)
- The period-to-date IRR after two years is 5.14% (below total PSE4 target but above period-to-date forecast of 4.47%).



## Long-Term Returns

An important consideration for any party evaluating WIAL's performance are the outcomes achieved by WIAL since commencement of the ID Regime. The chart below shows WIAL's actual IRR compared with key benchmarks since 2011:



*WIAL notes that following the 2016 IMs review, the Commission concluded that from 2018 onwards it would only publish a midpoint WACC for airports. However, certain WIAL's prices were set prior to this decision and are based on the airport's 75th %ile WACC at the time (PSE1: 9.50%, PSE2: 9.51%, and PSE3: 8.36%).*

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 (\$13.6m cumulative deficit) 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.

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  
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Mobile: 021 625 284  
Email: [martin@wlg.aero](mailto:martin@wlg.aero)



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

Company Name	Wellington International Airport Limited
Disclosure Date	31 August 2021
Disclosure Year (year ended)	31 March 2021
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 Wayne Eagleson, 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, with the following exceptions:

1. Schedule 14 does not include information for the quarters ended 30 September, 31 December and 31 March, contrary to the requirements of clause 2.4(1)(a)(iv) of the determination; and
2. WIAL did not complete passenger satisfaction surveys for the quarters ended 30 September, 31 December and 31 March, contrary to the requirements of clause 2.4(2) of the determination.\*

\* Passenger surveys were also not undertaken for the quarter ended 30 June 2020, but pursuant to the exemption granted by the Commerce Commission on 31 March 2020.



Director  
31 August 2021



Director  
31 August 2021

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4	<a href="#">REPORT ON REGULATORY ASSET BASE ROLL FORWARD</a>
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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 Limited**  
**31 March 2021**  
**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 (%)	5.14%	4.47%	0.67%
Post-tax IRR - current year (%)	1.67%	1.83%	(0.16%)

**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	643
Opening carry forward adjustment	9,224	9,224	–
Opening investment value	513,290	512,647	643
plus Total regulatory income	126,961	130,223	(3,262)
less Assets commissioned	55,866	51,576	4,290
plus Asset disposals	–	–	–
less Operational expenditure	45,307	44,563	744
less Unlevered tax	13,377	18,092	(4,715)
RAB value	561,308	550,168	11,140
Closing carry forward adjustment	7,380	7,380	–
Closing investment value	553,928	542,788	11,140
Post-tax IRR for pricing period to date (%)	5.14%	4.47%	0.67%

**1a(ii): Current Year Annual IRR**

	(\$000 unless otherwise specified)		
	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
Opening RAB	538,035	536,293	1,742
Opening carry forward adjustment	8,302	8,302	–
Opening investment value	529,733	527,992	1,742
plus Total regulatory income	41,570	43,845	(2,276)
less Assets commissioned	35,698	25,674	10,024
plus Asset disposals	–	–	–
less Operational expenditure	20,243	19,501	742
less Unlevered tax	904	3,735	(2,831)
RAB value	561,308	550,168	11,140
Closing carry forward adjustment	7,380	7,380	–
Closing investment value	553,928	542,789	11,140
Post-tax IRR for current year (%)	1.67%	1.83%	(0.16%)

**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 Limited**  
**31 March 2021**  
**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
<b>1b: Actual IRR Inputs</b>					
Opening RAB	522,514	538,035	561,308	–	–
Opening carry forward adjustment	9,224	8,302	7,380	–	–
Opening investment value	513,290	529,733	553,928	–	–
Total regulatory income	85,391	41,570			
Assets commissioned - 1st month	11,828	10,078			
Assets commissioned - 2nd month	193	164			
Assets commissioned - 3rd month	2,842	85			
Assets commissioned - 4th month	968	806			
Assets commissioned - 5th month	115	–			
Assets commissioned - 6th month	215	1,211			
Assets commissioned - 7th month	12	79			
Assets commissioned - 8th month	6	48			
Assets commissioned - 9th month	640	4			
Assets commissioned - 10th month	382	–			
Assets commissioned - 11th month	665	17,435			
Assets commissioned - 12th month	2,302	5,790			
Asset disposals	–	–			
Operational expenditure	25,064	20,243			
Unlevered tax	12,473	904			
RAB value	538,035	561,308			
Closing carry forward adjustment	8,302	7,380			
Closing investment value	529,733	553,928	–	–	–
Post-tax IRR - pricing period to date (%)	8.60%	5.14%			

**1c: Carry Forward Balance**

	Actual	Forecast	Variance
Opening carry forward adjustment	8,302	8,302	–
Default revaluation gain/loss adjustment	(922)	(922)	–
Risk allocation adjustment	–	–	–
Other carry forward adjustment – forecast	–	–	–
Other carry forward adjustment – not forecast	–	–	–
Closing carry forward adjustment	7,380	7,380	–

**Commentary on Carry forward balance**

Accompanying commentary is appended to the end of these schedules.

**1d: Cash flow timing assumptions**

	flow timing assumption
Cash flow timing - revenues - days from year end	148
Cash flow timing - expenditure - days from year end	182

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2021

## SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 5.0

## 6 2a: Regulatory Profit

(\$'000 unless otherwise specified)

## 7 Income

Actual

Forecast

Variance

8 Airfield charges

20,291

22,758

(2,467)

9 Terminal charges

16,142

15,680

462

10 Noise mitigation charges

1,025

815

210

12 Lease, rental and concession income

4,112

4,592

(480)

13 Other operating revenue

14 Net operating revenue

41,570

43,845

(2,276)

16 Gains / (losses) on sale of assets

-

17 Other income

-

18 Total regulatory income

41,570

43,845

(2,276)

## 19 Expenses

20 Operational expenditure:

21 Corporate overheads

4,760

4,909

(150)

22 Asset management and airport operations

14,200

13,014

1,186

23 Asset maintenance

1,284

1,579

(295)

24 Total operational expenditure

20,243

19,501

742

## 26 Operating surplus / (deficit)

21,327

24,344

(3,017)

28 Regulatory depreciation

20,723

19,843

880

30 plus Indexed revaluation

8,313

8,044

269

31 plus Periodic land revaluations

-

-

-

32 Total revaluations

8,313

8,044

269

## 34 Regulatory Profit / (Loss) before tax

8,916

12,545

(3,629)

36 less Regulatory tax allowance

1,611

3,735

(2,124)

## 38 Regulatory Profit / (Loss)

7,306

8,810

(1,505)

Page 3



Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2021**

**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)**

ref Version 5.0

(\$000 unless otherwise specified)

**2b: Notes to the Report**

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

(\$000)

Pricing incentives

3,485

Other incentives

—

Total financial incentives

3,485

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

(\$000)

Rates and levy costs

2,129

**2b(iii): Merger and Acquisition Expenses**

(\$000)

Merger and acquisition expenses

—

**Justification for Merger and Acquisition Expenses**

N/A

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2021

## SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref Version 5.0

## 3a: Regulatory Tax Allowance

(\$000)

Regulatory profit / (loss) before tax	8,916
<i>plus</i> Regulatory depreciation	20,723
Other permanent differences—not deductible	19 *
Other temporary adjustments—current period	14 *
	20,756
<i>less</i> Total revaluations	8,313
Tax depreciation	13,819
Notional deductible interest	2,525
Other permanent differences—non taxable	— *
Other temporary adjustments—prior period	(737) *
	23,920
Regulatory taxable income (loss)	5,753
<i>less</i> Tax losses used	—
Net taxable income	5,753
Statutory tax rate (%)	28.0%
Regulatory tax allowance	1,611
Notional interest tax shield	707
Unlevered tax	904

\* 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)	264,554
<i>plus</i> Regulatory tax asset value of additions	34,071
<i>less</i> Regulatory tax asset value of disposals	—
<i>plus</i> Regulatory tax asset value of assets transferred from/(to) unregulated asset base	1,525
<i>less</i> Tax depreciation	13,819
<i>plus</i> Other adjustments to the RAB tax value	(33)
Closing RAB (tax value)	286,298

## 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	538,035
Debt leverage assumption (%)	19%
Cost of debt assumption (%)	2.47%
Notional deductible interest	2,525
Tax rate (%)	28.0%
Notional interest tax shield	707

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Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2021

## SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref Version 5.0

		Actual (\$000)	Forecast (\$000)	Variance (\$000)
6				
7				
8	<b>RAB value—previous disclosure year</b>	538,035	536,293	1,742
9				
10	less Regulatory depreciation	20,723	19,843	880
11	plus Total revaluations	8,313	8,044	269
12	plus Assets Commissioned	35,698	25,674	10,024
13	less Asset disposals	—	—	—
14	plus Lost and found assets adjustment	—	—	—
15	Adjustment resulting from cost allocation	(15)	—	(15)
16				
17	<b>RAB value <sup>T</sup></b>	561,308	550,168	11,140
18				
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\* 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.

<sup>T</sup> RAB to correspond with the total assets value disclosed in schedule 9 Asset Allocations.

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Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
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**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	16,723	15,898
Non-standard depreciation	5,162	4,825
<b>Regulatory depreciation</b>	<b>21,885</b>	<b>20,723</b>

**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
Revised useful lives - Building assets marked for demolition	4,902	2021	110,950	112,477
Revised useful lives - Baggage Handling System assets to be replaced	260	2021	532	614

**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)	1,052
CPI at CPI reference date—current year (index value)	1,068
Revaluation rate (%)	1.52%

**Asset category revaluation rates**

Land	1.52%
Sealed Surfaces	1.52%
Infrastructure and buildings	1.52%
Vehicles, plant and equipment	1.52%

**Revaluations**

	Unallocated RAB	RAB
Land	2,718	2,677
Sealed Surfaces	2,771	2,750
Infrastructure and buildings	2,877	2,642
Vehicles, plant and equipment	265	244
<b>Indexed revaluation</b>	<b>8,631</b>	<b>8,313</b>

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

	Unallocated works under construction	Allocated works under construction
Works under construction—previous disclosure year	59,294	44,452
plus Capital expenditure	32,404	27,002
less Asset commissioned	39,356	35,698
plus Adjustment resulting from cost allocation		1,069
<b>Works under construction</b>	<b>52,342</b>	<b>36,825</b>

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

ref Version 5.0

## 4b(v): Capital Expenditure by Primary Purpose

Capacity growth	6,891	
plus Asset replacement and renewal	20,111	
Total capital expenditure		27,002

## 4b(vi): Asset Classes

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
RAB value—previous disclosure year	175,987	172,249	173,713	16,085	538,035
less Regulatory depreciation	—	7,109	9,883	3,731	20,723
plus Indexed revaluations	2,677	2,750	2,642	244	8,313
plus Periodic land revaluations	—	—	—	—	—
plus Assets commissioned	—	18,537	10,851	6,310	35,698
less Asset disposals	—	—	—	—	—
plus Lost and found assets adjustment	—	—	—	—	—
plus Adjustment resulting from cost allocation	12	(6)	(13)	(7)	(15)
RAB value	178,675	186,421	177,310	18,902	561,308

\* Corresponds to values in RAB roll forward cal

## 4b(vii): Assets Held for Future Use

	(\$000)	(\$000)
Assets held for future use opening cost—previous year		43,515
plus Holding costs	2,298	
less Assets held for future use net revenue	(138)	
plus Assets held for future use additions	—	
less Assets held for future use disposals	2,892	
less Transfers to works under construction	—	
Assets held for future use closing cost		43,059
Opening base value		37,732
plus Assets held for future use revaluations	539	
plus Assets held for future use additions	—	
less Assets held for future use disposals	2,892	
less Transfers to works under construction	—	
Closing base value		35,379
plus Opening tracking revaluations	693	
Tracking revaluations	1,232	
Highest rate of finance applied (%)		4.50%

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Regulated Airport  
For Year Ended

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

ref Version 5.0

### 5(i): Related Party Transactions

(\$000)

Net operating revenue	–
Operational expenditure	2,291
Related party capital expenditure	1,627
Market value of asset disposals	–
Other related party transactions	2,541

### 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  
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## 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	6,891	26,222	(73.7%)	27,034	53,147	(49.1%)
Asset replacement and renewal	20,111	2,556	686.7%	37,672	4,965	658.7%
Total capital expenditure	27,002	28,779	(6.2%)	64,706	58,113	11.3%
Corporate overheads	4,760	4,909	(3.0%)	9,941	11,287	(11.9%)
Asset management and airport operations	14,200	13,014	9.1%	32,315	29,748	8.6%
Asset maintenance	1,284	1,579	(18.7%)	3,051	3,528	(13.5%)
Total operational expenditure	20,243	19,502	3.8%	45,307	44,563	1.7%
<b>Key Capital Expenditure Projects</b>						
AFS Relocation	452	—	—	1,873	1,421	31.8%
Apron Development Package 1	9	311	(97.3%)	98	401	(75.5%)
Apron Development Package 2	—	—	—	—	—	—
Apron Development Package 3	—	—	—	—	—	—
Stage 3 - New EDS ECAC Std3 (capitalisation 1)	—	—	—	—	—	—
Stage 3 - New EDS ECAC Std3 (capitalisation 2)	—	—	—	—	—	—
Cargo Hub Stage 1	12	1,035	(98.8%)	76	1,098	(93.1%)
New 8MPPA Terminal Build - Stage 1	488	—	—	2,940	1,890	55.6%
JUHI Relocation	—	—	—	—	—	—
Trunk Utilities Relocation	—	399	(100.0%)	—	399	(100.0%)
Miramar South School	277	—	—	11,555	—	—
Runway Overlay	11,479	14,283	(19.6%)	11,486	14,290	(19.6%)
TWY Bravo Reconstruction	60	1,035	(94.2%)	426	1,401	(69.6%)
Marine Protection - Southern Seawall replacement	1,623	2,070	(21.6%)	1,681	2,128	(21.0%)
Marine Protection - Western Seawall replacement	—	—	—	—	—	—
Marine Protection - Breakwater replacement	—	—	—	—	—	—
Regional and Goods Screening	—	—	—	—	—	—
AFS Land Purchase	—	—	—	—	—	—
Flight Catering Relocation	—	—	—	—	—	—
Sprinkler Valve house relocation	—	—	—	—	—	—
Energy Centre	—	—	—	—	—	—
Apron under AFS	—	—	—	—	—	—
Complete MGC purchase	—	—	—	—	—	—
Other capital expenditure	12,602	9,646	30.6%	34,570	35,085	(1.5%)
Total capital expenditure	27,002	28,779	(6.2%)	64,706	58,113	11.3%

## 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 + 1.

Regulated Airport  
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## 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

	Pricing Period Starting Year	Pricing Period Starting Year + 1	Pricing Period Starting Year + 2	Pricing Period Starting Year + 3	Pricing Period Starting Year + 4
	31 Mar 20	31 Mar 21	31 Mar 22	31 Mar 23	31 Mar 24
<b>Expenditure by Category</b>					
Capacity growth	26,925	26,222	27,668	62,406	45,770
Asset replacement and renewal	2,409	2,556	24,103	56,939	55,594
Total forecast capital expenditure	29,334	28,779	51,770	119,345	101,364
Corporate overheads	6,378	4,909	5,777	6,497	7,250
Asset management and airport operations	16,734	13,014	15,877	20,731	23,618
Asset maintenance	1,949	1,579	1,761	1,978	2,110
Total forecast operational expenditure	25,061	19,502	23,415	29,206	32,978

## Key Capital Expenditure Projects

	Pricing Period Starting Year	Pricing Period Starting Year + 1	Pricing Period Starting Year + 2	Pricing Period Starting Year + 3	Pricing Period Starting Year + 4
	31 Mar 20	31 Mar 21	31 Mar 22	31 Mar 23	31 Mar 24
AFS Relocation	1,421	-	-	8,648	20,655
Apron Development Package 1	90	311	5,035	13,305	4,590
Apron Development Package 2	-	-	-	-	-
Apron Development Package 3	-	-	-	-	-
Stage 3 - New EDS ECAC Std3 (capitalisation 1)	-	-	2,357	5,765	13,770
Stage 3 - New EDS ECAC Std3 (capitalisation 2)	-	-	-	-	-
Cargo Hub Stage 1	63	1,035	5,570	26,609	8,951
New 8MPPA Terminal Build - Stage 1	1,890	-	-	-	-
JUHI Relocation	-	-	-	-	-
Trunk Utilities Relocation	-	399	3,715	13,672	3,538
Miramar South School	-	-	-	-	16,296
Runway Overlay	7	14,283	-	-	-
TWY Bravo Reconstruction	366	1,035	8,570	9,978	-
Marine Protection - Southern Seawall replacement	58	2,070	2,142	333	-
Marine Protection - Western Seawall replacement	-	-	-	-	-
Marine Protection - Breakwater replacement	-	-	-	-	-
Regional and Goods Screening	-	-	-	-	8,033
AFS Land Purchase	-	-	-	-	1,228
Flight Catering Relocation	-	-	1,071	12,196	3,443
Sprinkler Valve house relocation	-	-	-	-	-
Energy Centre	-	-	-	-	-
Apron under AFS	-	-	-	222	861
Complete MGC purchase	-	-	-	-	-
Other capital expenditure	25,439	9,646	23,310	28,617	20,000
Total forecast capital expenditure	29,334	28,779	51,770	119,345	101,365

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

ref Version 5.0

## 6c: Actual to Forecast Adjustments - Items Identified in Price Setting Events

	Units used	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	Estimated present value of the proposed risk allocation adjustment (\$000)
Proposed risk allocation adjustment								
				Not defined			Not defined	
				Not defined			Not defined	
				Not defined			Not defined	
				Not defined			Not defined	
				Not defined			Not defined	
				Not defined			Not defined	
				Not defined			Not defined	
				Not defined			Not defined	
				Not defined			Not defined	
				Not defined			Not defined	

\*include additional rows if needed

Total proposed risk allocation adjustments

-

Explanation of how the airport produced the estimated present value of each proposed risk allocation adjustment

N/A

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.

\* Disclosure year Pricing Period Starting Year.

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For Year Ended

**Wellington International Airport Limited**  
**31 March 2021**

**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	—	20,291	—	20,291
9	Terminal charges	16,142	—	—	16,142
10	Noise mitigation charges	—	1,025	—	1,025
11		—	—	—	—
12	Lease, rental and concession income	2,194	121	1,797	4,112
13	Other operating revenue	—	—	—	—
14	Net operating revenue	18,336	21,437	1,797	41,570
15					
16	Gains / (losses) on asset sales	—	—	—	—
17	Other income	—	—	—	—
18	Total regulatory income	18,336	21,437	1,797	41,570
19					
20	Total operational expenditure	9,260	10,851	132	20,243
21					
22	Regulatory depreciation	10,615	9,399	709	20,723
23					
24	Total revaluations	2,478	5,535	300	8,313
25					
26	Regulatory tax allowance	1,070	185	356	1,611
27					
28	Regulatory profit/ loss	(132)	6,538	900	7,306
29					
30	RAB value	163,065	379,070	19,173	561,308

\* 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 Limited  
31 March 2021

## 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	41,570	–	41,570	27,217	68,787
Total operational expenditure	20,243	–	20,243	12,586	32,829
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	21,327	–	21,327	14,631	35,958
Depreciation	20,723	2,597	23,320	6,328	29,648
Revaluations	8,313	43,974	52,287	30,486	82,773
Tax expense	1,611	(8,685)	(7,074)	(5,330)	(12,404)
Net operating surplus / (deficit) before interest	7,306	50,062	57,368	44,119	101,487
Property plant and equipment	561,308	162,387	723,695	569,468	1,293,163

## 8b: NOTES TO CONSOLIDATION STATEMENT

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

		Regulatory / GAAP Adjustments *
<b>Description of Regulatory / GAAP Adjustment</b>	<b>Affected Line Item</b>	
Adjustment of regulatory depreciation to align with GAAP	Depreciation	2,597
Recognition of the difference between the change in the valuation of land and buildings adopted in WIAL's statutory financial statements (market revaluations) and the valuation of regulated assets applied in accordance with the Input Methodology (indexed revaluations)	Revaluations	43,974
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	(8,685)
Cumulative adjustments arising from different valuation approaches required by Input Methodology and WIAL's statutory financial statements	Property plant & equipment	162,387

\* 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.

ref Version 5.0

9a: Asset Allocations						(\$000)
	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
<b>Land</b>						
Directly attributable assets	–	159,235	7,271	166,506		166,506
Assets not directly attributable	2,725	9,027	417	12,169	2,761	14,931
<b>Total value land</b>				178,675		
<b>Sealed Surfaces</b>						
Directly attributable assets	219	180,197	3,841	184,257		184,257
Assets not directly attributable	950	1,161	54	2,164	1,314	3,479
<b>Total value sealed surfaces</b>				186,421		
<b>Infrastructure and Buildings</b>						
Directly attributable assets	93,732	6,168	6,991	106,892		106,892
Assets not directly attributable	58,653	11,242	523	70,418	18,141	88,559
<b>Total value infrastructure and buildings</b>				177,310		
<b>Vehicles, Plant and Equipment</b>						
Directly attributable assets	5,764	10,693	13	16,471		16,471
Assets not directly attributable	1,021	1,347	63	2,431	1,528	3,958
<b>Total value vehicles, plant and equipment</b>				18,902		
Total directly attributable assets	99,716	356,293	18,116	474,126		474,126
Total assets not directly attributable	63,349	22,776	1,057	87,182	23,745	110,927
Total assets	163,065	379,070	19,173	561,308	23,745	585,055

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ref Version 5.0

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

Regulated Airport  
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**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)		
		CY-1 31 Mar 20	Current Year (CY) 31 Mar 21	CY+1 31 Mar 22
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.

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**SCHEDULE 10: REPORT ON COST ALLOCATIONS**

ref Version 5.0

10a: Cost Allocations	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
<b>Corporate Overheads</b>						
Directly attributable operating costs	-	-	-	-	-	-
Costs not directly attributable	2,246	2,390	124	4,760	3,561	8,320
<b>Asset Management and Airport Operations</b>						
Directly attributable operating costs	-	4,993	22	5,014	-	5,014
Costs not directly attributable	6,507	2,720	42	9,185	1,471	10,656
<b>Asset Maintenance</b>						
Directly attributable operating costs	-	569	0	570	-	570
Costs not directly attributable	507	179	28	714	230	944
Total directly attributable costs	-	5,562	22	5,584	-	5,584
Total costs not directly attributable	9,260	5,289	110	14,659	5,262	19,921
Total operating costs	9,260	10,851	132	20,243	5,262	25,505

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

ref Version 5.0

**10b: Notes to the Report**

**10b(i): Changes in Cost Allocators**

		Effect of Change		
		(\$000)		
		CY-1 31 Mar 20	Current Year (CY) 31 Mar 21	CY+1 31 Mar 22
Operating cost category				
Original allocator or components	Original			
New allocator or components	New			
Rationale	Difference	—	—	—
Operating cost category				
Original allocator or components	Original			
New allocator or components	New			
Rationale	Difference	—	—	—
Operating cost category				
Original allocator or components	Original			
New allocator or components	New			
Rationale	Difference	—	—	—
Operating cost category				
Original allocator or components	Original			
New allocator or components	New			
Rationale	Difference	—	—	—
Operating cost category				
Original allocator or components	Original			
New allocator or components	New			
Rationale	Difference	—	—	—
Operating cost category				
Original allocator or components	Original			
New allocator or components	New			
Rationale	Difference	—	—	—
Operating cost category				
Original allocator or components	Original			
New allocator or components	New			
Rationale	Difference	—	—	—

**Commentary on Cost Allocations**

Accompanying commentary is appended to the end of these schedules.

Regulated Airport  
For Year Ended**Wellington International Airport Limited**  
**31 March 2021****SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 5.0

		Number	Total Duration	
			Hours	Minutes
6	<b>Runway</b>			
	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	–	–	–
9	Airlines/Other	–	–	–
10	Undetermined reasons	–	–	–
11	Total	–	–	–
12	<b>Taxiway</b>			
	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	–	–	–
15	Airlines/Other	–	–	–
16	Undetermined reasons	–	–	–
17	Total	–	–	–
18	<b>Remote stands and means of embarkation/disembarkation</b>			
	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	–	–	–
21	Airlines/Other	–	–	–
22	Undetermined reasons	–	–	–
23	Total	–	–	–
24	<b>Contact stands and airbridges</b>			
	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	3	4	5
27	Airlines/Other	–	–	–
28	Undetermined reasons	3	12	41
29	Total	6	16	46
30	<b>Baggage sortation system on departures</b>			
	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	11	80	38
33	Airlines/Other	6	62	50
34	Undetermined reasons	2	1	33
35	Total	19	145	01
36	<b>Baggage reclaim belts</b>			
	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	–	–	–
39	Airlines/Other	–	–	–
40	Undetermined reasons	–	–	–
41	Total	–	–	–
42	<b>On-time departure delay</b>			
	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	1	–	38
45	Airlines/Other	–	–	–
46	Undetermined reasons	–	–	–
47	Total	1	–	38

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Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2021**

# **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\*

1.71%

\* 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 Limited  
31 March 2021**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		1 October 2020
Runway busy hour start time (day/month/year hour)		4 Dec 2020 5 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	—	—	—	—
	Domestic jet	49	—	—	49
	Domestic turboprop	—	140	1	141
	Total	49	140	1	190
Other (including General Aviation)					40
Total aircraft movements during the runway busy day					230

Number of aircraft runway movements during the runway busy hour

27

**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 EndedWellington International Airport Limited  
31 March 2021

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

ref Version 5.0

		International terminal	Domestic terminal	Common area <sup>†</sup>
6	<b>Outbound (Departing) Passengers</b>			
7	<b>Landside circulation (outbound)</b>			
8	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	N/A	N/A	26 Mar 2021 7 pm
9	Floor space (m <sup>2</sup> )	N/A	N/A	1,866
10	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	918
11	Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	49
12				
13	<b>Check-in</b>			
14	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	26 Mar 2021 7 pm
15	Floor space (m <sup>2</sup> )	N/A	N/A	1,197
16	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	734
17	Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	61
18	<b>Baggage (outbound)</b>			
19	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	26 Mar 2021 7 pm
20	Make-up area floor space (m <sup>2</sup> )	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	430
23	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	918
24	Utilisation (% of processing capacity)	N/A	N/A	18%
25	* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
26	<b>Passport control (outbound)</b>			
27	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)			
28	Floor space (m <sup>2</sup> )	198		
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)	—		
32	Utilisation (busy hour passengers per 100m <sup>2</sup> )	—		
33	Utilisation (% of processing capacity)	—		
34	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
35				
36	<b>Security screening</b>			
37	Passenger busy hour for security screening—start time (day/month/year hour)		20 Nov 2020 6 pm	
38	Facilities for passengers excluding international transit & transfer			
39	Floor space (m <sup>2</sup> )	595	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)	—	685	
43	Utilisation (busy hour passengers per 100m <sup>2</sup> )	—	117	
44	Utilisation (% of processing capacity)	—	51%	
45	Facilities for international transit & transfer passengers			
46	Floor space (m <sup>2</sup> )	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 <sup>2</sup> )	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 EndedWellington International Airport Limited  
31 March 2021

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

ref Version 5.0

	International terminal	Domestic terminal	Common area <sup>†</sup>
<b>Airside circulation (outbound)</b>			
Passenger busy hour for airside circulation (outbound)—start time (day/month/year hour)		26 Mar 2021 7 pm	
Floor space (m <sup>2</sup> )	718	1,844	
Passenger throughput during the passenger busy hour (passengers/hour)	—	918	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	—	50	
<b>Departure lounges</b>			
Passenger busy hour for departure lounges—start time (day/month/year hour)		26 Mar 2021 7 pm	
Floor space (m <sup>2</sup> )	1,221	2,671	
Number of seats	694	691	
Passenger throughput during the passenger busy hour (passengers/hour)	—	918	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	—	34	
Utilisation (passengers per seat)	—	1.3	
<b>Inbound (Arriving) Passengers</b>			
<b>Airside circulation (inbound)</b>			
Passenger busy hour for airside circulation (inbound)—start time (day/month/year hour)		6 Nov 2020 8 am	N/A
Floor space (m <sup>2</sup> )	1,669	1,787	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	—	895	N/A
Utilisation (busy hour passengers per 100m <sup>2</sup> )	—	50	N/A
<b>Passport control (inbound)</b>			
Passenger busy hour for passport control (inbound)—start time (day/month/year hour)			
Floor space (m <sup>2</sup> )	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)	—		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	—		
Utilisation (% of processing capacity)	—		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Landside circulation (inbound)</b>			
Passenger busy hour for landside circulation (inbound)—start time (day/month/year hour)	N/A	N/A	6 Nov 2020 8 am
Floor space (m <sup>2</sup> )	N/A	N/A	1,866
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	895
Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	48
<b>Baggage reclaim</b>			
Passenger busy hour for baggage reclaim—start time (day/month/year hour)		6 Nov 2020 8 am	
Floor space (m <sup>2</sup> )	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)	—	716	
Utilisation (% of processing capacity)	Not defined	Not defined	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	—	66	
* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
<b>Bio-security screening and inspection and customs secondary inspection</b>			
Passenger busy hour for bio-security screening and inspection and customs secondary inspection—start time (day/month/year hour)			
Floor space (m <sup>2</sup> )	734		
Notional MAF secondary screening capacity during the passenger busy hour (passengers/hour)*	760		
Passenger throughput during the passenger busy hour (passengers/hour)	—		
Utilisation (% of processing capacity)	—		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	—		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Arrivals concourse</b>			
Passenger busy hour for arrivals concourse—start time (day/month/year hour)	N/A	N/A	6 Nov 2020 8 am
Floor space (m <sup>2</sup> )	N/A	N/A	975
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	895
Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	92

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Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2021**

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

ref Version 5.0

	International terminal	Domestic terminal	Common area <sup>†</sup>
<b>Total terminal functional areas providing facilities and service directly for passengers</b>			
Floor space (m <sup>2</sup> )	N/A	N/A	23,723
Number of working baggage trolleys available for passenger use at end of disclosure year	N/A	N/A	836

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

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.

<sup>†</sup> For functional components which are normally shared by passengers on international and domestic aircraft.

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Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2021**SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS**

ref Version 5.0

**Survey organisation**

Survey organisation used

Other

If "Other", please specify

**Passenger satisfaction survey score**

(average quarterly rating by service item)

**Domestic terminal**

Quarter for year ended	1 30 Jun 20	2 30 Sep 20	3 31 Dec 20	4 31 Mar 21	Annual average
Ease of finding your way through an airport					—
Ease of making connections with other flights					—
Flight information display screens					—
Walking distance within and/or between terminals					—
Availability of baggage carts/trolleys					—
Courtesy, helpfulness of airport staff (excluding check-in and security)					—
Availability of washrooms/toilets					—
Cleanliness of washrooms/toilets					—
Comfort of waiting/gate areas					—
Cleanliness of airport terminal					—
Ambience of the airport					—
Security inspection waiting time					—
Check-in waiting time					—
Feeling of being safe and secure					—
<b>Average survey score</b>	—	—	—	—	—

**International terminal**

Quarter for year ended	1 30 Jun 20	2 30 Sep 20	3 31 Dec 20	4 31 Mar 21	Annual average
Ease of finding your way through an airport					—
Ease of making connections with other flights					—
Flight information display screens					—
Walking distance within and/or between terminals					—
Availability of baggage carts/trolleys					—
Courtesy, helpfulness of airport staff (excluding check-in and security)					—
Availability of washrooms/toilets					—
Cleanliness of washrooms/toilets					—
Comfort of waiting/gate areas					—
Cleanliness of airport terminal					—
Ambience of the airport					—
Passport and visa inspection waiting time					—
Security inspection waiting time					—
Check-in waiting time					—
Feeling of being safe and secure					—
<b>Average survey score</b>	—	—	—	—	—

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 Limited**  
**31 March 2021**

## SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref Version 5.0

### Disclosure of the operational improvement process

Accompanying commentary 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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Regulated Airport  
For Year Ended

Wellington International Airport Limited
31 March 2021

## SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref Version 5.0

### 16a: Aircraft statistics

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

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

[illegible]

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ref Version 5.0

**(1). Domestic air passenger services—aircraft 30 tonnes MCTOW or more**

**(2). Domestic air passenger services—aircraft 3 tonnes or more but less than 30 tonnes MCTOW**

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Alenia ATR-72	7,205	165,704
British Aerospace Jetstream 32	160	1,129
British Aerospace Jetstream 32s	1	7
Cessna 208	2,889	11,421
Cessna Caravan	5	21
Covair CV-580	71	1,872
De Havilland DHC-8-300	7,182	140,085
Fairchild SA 226 SA 227 Metro 3	61	457
Pilatus PC-12	1,182	5,319
Total	18,756	326,015

ref Version 5.0

Air passenger service aircraft less than 3 tonnes MCTOW  
Freight aircraft  
Military and diplomatic aircraft  
Other aircraft (including General Aviation)

Total	31,879	821,055
-------	--------	---------

	Contact stand—airbridge	Contact stand—walking	Remote stand—bus	Total
International air passenger service movements	9	—	—	9
Domestic jet air passenger service movements	12,116	—	—	12,116

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers <sup>†</sup>	1,478,939	49	1,478,988
Outbound passengers <sup>†</sup>	1,489,753	113	1,489,866
Total (gross figure)	2,968,692	162	2,968,854
less estimated number of transfer and transit passengers		—	—
Total (net figure)			2,968,854

[illegible][illegible]

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2021**

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

ref Version 5.0

**Airline statistics (cont)**

**Domestic**


**International**


**16e: Human Resource Statistics**

	<b>Specified Terminal Activities</b>	<b>Airfield Activities</b>	<b>Aircraft and Freight Activities</b>	<b>Total</b>
Number of full-time equivalent employees	39.4	33.7	2.5	75.7
Human resource costs (\$000)				7,298

**Commentary concerning the report on associated statistics**

Accompanying commentary is appended to the end of these schedules.

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2021**

# **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	6,816
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	13,824
Net operating charges from airfield activities relating to international flights	16
Net operating charges from specified passenger terminal activities relating to domestic passengers	16,663
Net operating charges from specified passenger terminal activities relating to international passengers	1
<b>Number of passengers</b>	
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,326,666
Number of domestic passengers on flights of 30 tonnes MCTOW or more	1,639,552
Number of international passengers	162
<b>Total MCTOW (tonnes)</b>	
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	651,386
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	902,408
Total MCTOW of international flights	569

## **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	5.14	10.46
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	8.43	15.32
Average charge from airfield activities relating to international flights	99.58	28.37
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from specified passenger terminal activities	5.62	5.53
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	12.58	105.11

### **Commentary on Pricing Statistics**

Accompanying commentary is appended to the end of these schedules.

## ACCOMPANYING COMMENTARY – ANNUAL INFORMATION DISCLOSURES

### FOR THE PERIOD ENDED 31 MARCH 2021

#### FORECAST COMPARATIVES

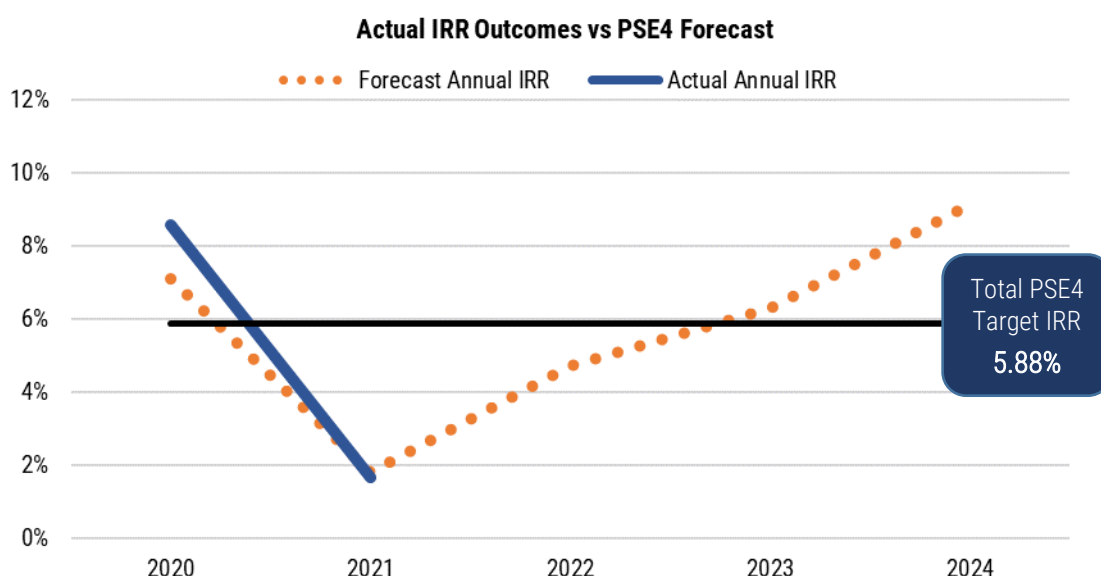
The Annual Disclosures compare actual performance for both the year and pricing period-to-date with the forecasts set out in WIAL's Price Setting Event Disclosures for PSE4 (available from [www.wellingtonairport.co.nz/business/investor-services/regulatory-disclosures](http://www.wellingtonairport.co.nz/business/investor-services/regulatory-disclosures)).

Certain forecast comparatives will differ from those in the 2020 Annual Disclosures, which were published prior to the completion of PSE4 consultation. WIAL opted to report against the most meaningful forecasts that were available at the time, being the Final Pricing Document shared with airline customers on 24 April 2020. Following completion of PSE4 consultation and publication of WIAL's Price Setting Event Disclosures, the forecast comparatives in these 2021 Annual Disclosures have been updated accordingly.

#### SCHEDULE 1: REPORT ON PROFITABILITY

##### Internal Rate of Return (IRR) Outcomes

- Over the five-year PSE4 period, WIAL forecasted a total post-tax IRR of 5.88%.
- The actual IRR for 2021 was 1.67%, compared with forecast of 1.83%.
- The period-to-date IRR for PSE4 after two years is 5.14%, compared with forecast of 4.47%.



##### IRR Variances vs Forecast

Period-to-date variances in IRR inputs and their relative impact on returns are quantified in the table below:

IRR Input	Actual (\$000)	Forecast (\$000)	Variance vs Forecast (\$000)	Period-to-Date IRR Impact
Opening investment value	513,290	512,647	643	(0.07%)
Regulatory income	126,961	130,233	(3,262)	(0.32%)
Operational expenditure	45,307	44,563	744	(0.07%)
Unlevered tax	13,377	18,092	(4,715)	0.47%
Investment value movement	40,639	30,142	10,497	0.66%
<b>Net Total</b>				<b>0.67%</b>

The movement in investment value compared with forecast is the key driver of a higher IRR outcome. This movement comprises of several key components:

Investment Value Movements	Actual (\$000)	Forecast (\$000)	Variance vs Forecast (\$000)
Assets commissioned	55,866	51,576	4,290
Revaluations	21,556	15,872	5,684
Depreciation	(38,820)	(39,152)	(332)
Changes in Allocations	855	-	855
<b>Net Total</b>			<b>10,497</b>

Total assets commissioned over the first two years of PSE4 is \$4.3m higher than forecast. The variance predominantly represents the net of the following:

- Assets transferred into the RAB after WIAL redeveloped part of the Hotel building for international passenger screening and a new operations control centre (previously classified as assets held for future use);
- A number of low value assets were commissioned following a detailed review of historic work-in-progress balances;
- Partially offset by savings on the Runway Overlay project which was completed over 2020/21 at a lower than expected cost.

Indexed asset revaluations are currently \$5.7m above forecast. The variance predominantly occurred in the 2020 period when year-on-year CPI reported by Statistics New Zealand was 2.53%, higher than WIAL's 1.50% forecast assumption. This assumption reflected forward-looking, medium term inflation expectations based on an average of RBNZ forecasts, NZIER forecasts and breakeven analysis using nominal and indexed bonds. Inflation for the 2021 Disclosure period was in line with forecast at 1.52%.

The period-to-date variances within regulatory income, operational expenditure and tax have a net IRR impact of -0.01%. These inputs naturally offset one another as lower regulatory profit drives in lower tax. Regulatory tax also reduced due to higher than forecast tax depreciation and notional interest. Further explanation and variance on these items is provided in the commentary below for schedules 2 and 3.

### Carry Forward Balance

A \$9.2m opening PSE4 carry forward adjustment has been recognised, consistent with WIAL's forecasts.

This reflects a net revaluation surplus at the commencement of PSE4 and comprises the net of:

- A \$33.4m historic non-indexed asset revaluation deficit since the commencement of the information disclosure regime in 2011 (i.e. actual revaluations recognised in annual information disclosures up until 31 March 2019 were below pricing forecasts); and
- A \$42.6m land revaluation uplift recognised in the PSE4 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 \$9.2m surplus is returned to customers over time. WIAL has forecast to fully offset the carry forward balance by the end of PSE5.

The carry forward adjustment is \$0.8m lower than reported in the 2020 Annual Disclosures, as this balance was revised through the consultation process.

## SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

### Regulatory Profit

WIAL's regulatory profit for 2021 was \$1.5m below forecast:

- Regulatory income (\$2.3m below forecast)  
WIAL and its airlines customers agreed to retain charges at 2019 levels until 31 March 2021, while PSE4 consultation was completed. The forecast was based on the 2019 average charge per passenger of \$12.91. The actual average charge for the year was \$12.27, as there was a higher proportion of domestic passengers.
- Operational expenditure (\$0.7m above forecast)  
As part of WIAL's responsibility to manage noise impacts on the surrounding community, houses that are exposed to high noise levels may be acquired and removed if they cannot be effectively treated. One such house was acquired and written-off in 2021 with none being forecasted for the year. This is only expected to be a timing variance as the PSE4 forecast provides for two



house removals in future years. Other costs were materially in line with forecast.

- Regulatory depreciation (\$0.9m above forecast)  
WIAL's capital expenditure plans include replacing the baggage handling system and various buildings. PSE4 forecasts allowed for accelerated depreciation on these assets, reflecting their shortened useful lives. Application of this change was deferred in 2020 as consultation on capital expenditure was ongoing. The revised useful lives have subsequently been adjusted in the 2021 RAB, with a one-year catch up for 2020. Period-to-date depreciation is within 1% of forecast
- Indexed revaluation (\$0.3m above forecast)  
The March year-on-year CPI rate was 1.52%, closely aligning with WIAL's forecast assumptions.
- Regulatory tax allowance (\$2.1m below forecast)  
Refer to schedule 3a for detailed calculations of the tax allowance. Taxable profit was lower than forecast predominantly due to the variances in income and expenditure noted above plus higher actual tax depreciation and notional interest.

## Merger and Acquisition Expenses

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

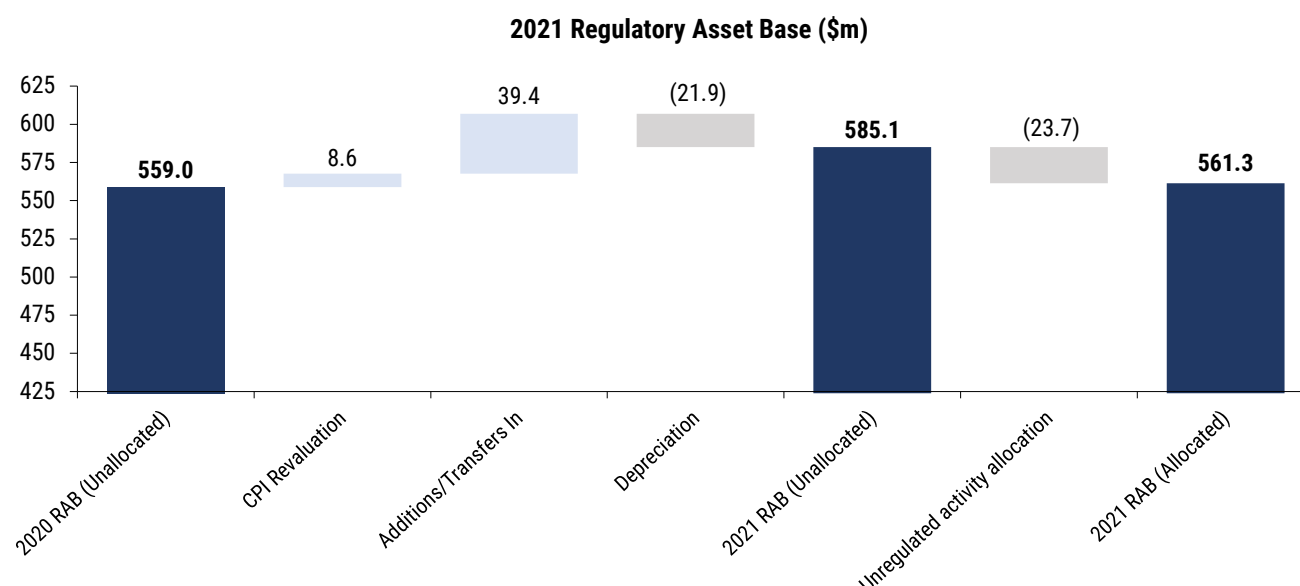
## SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

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

- Permanent differences - not deductible  
This represents 50% of entertainment expenditure which is non-deductible for tax purposes. Entertainment expenditure was allocated to the regulated business through the cost allocation methodology detailed in Schedule 10.
- Other temporary adjustments  
These adjustments are required as there is a timing difference between financial reporting recognition and deductibility under the tax rules. The adjustments were allocated to the regulated business through the cost allocation methodology detailed in Schedule 10:

Temporary Adjustments	Current Period	Prior Period
HR provisions/accruals	519	(1,849)
Prepayments	(1,358)	1,916
Audit fees	93	(70)
Doubtful debt provisions	760	(735)
<b>Total Adjustments</b>	<b>14</b>	<b>(738)</b>

## SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD



The opening balance of the 2021 regulatory asset base (RAB) has been rolled forward from the prior-year closing RAB without adjustment. Movements recognised in the RAB during the year are as follows:

- CPI indexed revaluations  
Assets were revalued using the CPI index of 1.52%, based on inflation indexations published by Statistics New Zealand for the quarter ending March 2021 vs March 2020.
- Assets commissioned  
\$36.5m of unallocated assets (\$34.1m allocated) were commissioned during the period and are recognised in the RAB at cost.

Asset Category	Allocated Value Commissioned (\$m)
Runway overlay	12.1
Airfield maintenance & development	6.4
International departures screening extension	4.8
Passenger check-in & baggage-drop upgrades	3.5
New Integrated Operations Control centre	2.3
Security & access controls	1.1
IT hardware & systems	0.9
Terminal building upgrades	0.8
Electric charging for ground service equipment	0.8
Baggage system maintenance	0.4
Airport operations team & fire service equipment	0.4
Fire & other safety systems	0.3
Other operating items	0.3
<b>Total</b>	<b>34.1</b>

- Assets acquired from a related party  
When the use of an existing asset changes between regulated and unregulated activities, it is transferred in or out of the RAB accordingly. In 2021, WIAL transferred \$2.8m of unallocated assets (\$1.6m allocated) into the RAB. This is related to the completion of extended International Departures Screening and WIAL's Integrated Operations Control room, utilizing part of the Hotel structure. These assets were previously classified as assets held for future use and a corresponding \$2.8m disposal is therefore recognised in schedule 4b(vii).
- Non-Standard Depreciation  
WIAL's capital expenditure plans include replacing the baggage handling system and various buildings. Accelerated depreciation has been applied to the impacted assets on a straight-line basis, reflecting their shortened useful lives. The impact of this change is disclosed in schedule 4b(ii).
- Standard Depreciation  
Excluding the above, standard straight-line depreciation methods have been applied to the opening RAB based on WIAL's original 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 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.

## 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 2021 Annual Report which is available on [www.wellingtonairport.co.nz](http://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 \$1.8m below forecast, while the period-to-date spend is now \$6.6m above forecast.

Commentary on significant variances is provided below:

Projects	Commentary on variance
Cargo Hub	This project covers construction of a new Cargo Facilitation Area. Minimal external costs have been incurred to-date but WIAL continues to progress planning. The first stage of construction is still expected in PSE4, replacing the earthquake prone Air NZ cargo building with a new expandable facility.
8MPPA Terminal	Construction of the extended terminal has been deferred until PSE5/PSE6, reflecting Covid-19 impacts on passenger growth and operational capacity. The costs incurred to date are for initial planning and design.
Miramar South School	This project covers the 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 secured earlier than the forecast of 2024. 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.
Runway Overlay	This project was completed in 2021 at a lower-than-expected cost. The reduction in international flights provided a longer overnight working window providing significant efficiencies.
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. This is planned for 2022.
Other Capital Expenditure <sup>1</sup>	Period-to-date spend for other capital expenditure is within 1.5% of forecast. The variance for the year is predominantly due to cashflow timing for the International Departures Screening extension (IDS), with the forecast including most of the spend in 2020 rather than 2021. However, the total IDS project spend is in line with forecast.

<sup>1</sup> 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

Actual operating expenditure for the year was \$0.7m above forecast. As part of WIAL's responsibility to manage noise impacts on the surrounding community, houses that are exposed to high noise levels may be acquired and removed if they cannot be effectively treated. One such house was acquired and written-off in 2021 with none being forecasted for the year. This is only expected to be a timing variance as the PSE4 forecast provides for two house removals in future years. Other costs were materially in line with forecast.

Period-to-date spend is tracking closely to forecast, being within +1.7% after two years.

### Risk allocation adjustments

Due to material uncertainty in passenger forecasts in the Covid-19 environment, WIAL's PSE4 pricing included a volume risk-share with airlines.

In line with WIAL's Price Setting Event Disclosures, the revenue surplus/shortfall resulting from actual vs forecast passengers will be calculated at the end of PSE4. The balance will be treated as a closing carry-forward adjustment for PSE4.

## SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

The segmented outcomes in schedule 7 produce the following post-tax returns on investment (ROI) for each regulated activity:

Segment	Actual Post-Tax ROI
Specified passenger terminal	0.0%
Airfield	1.7%
Aircraft and freight	4.7%
<b>Total</b>	<b>1.3%</b>

The 2021 ROI for specified terminal and aircraft activities was low, reflecting reduced passenger charges in the Covid-19 environment while the RAB for the segments has grown. The ROI for Aircraft & Freight activities was comparatively higher as lease revenues are less impacted by passenger volumes and the RAB for this segment reduced slightly from prior-year.

## SCHEDULE 8: CONSOLIDATION STATEMENT

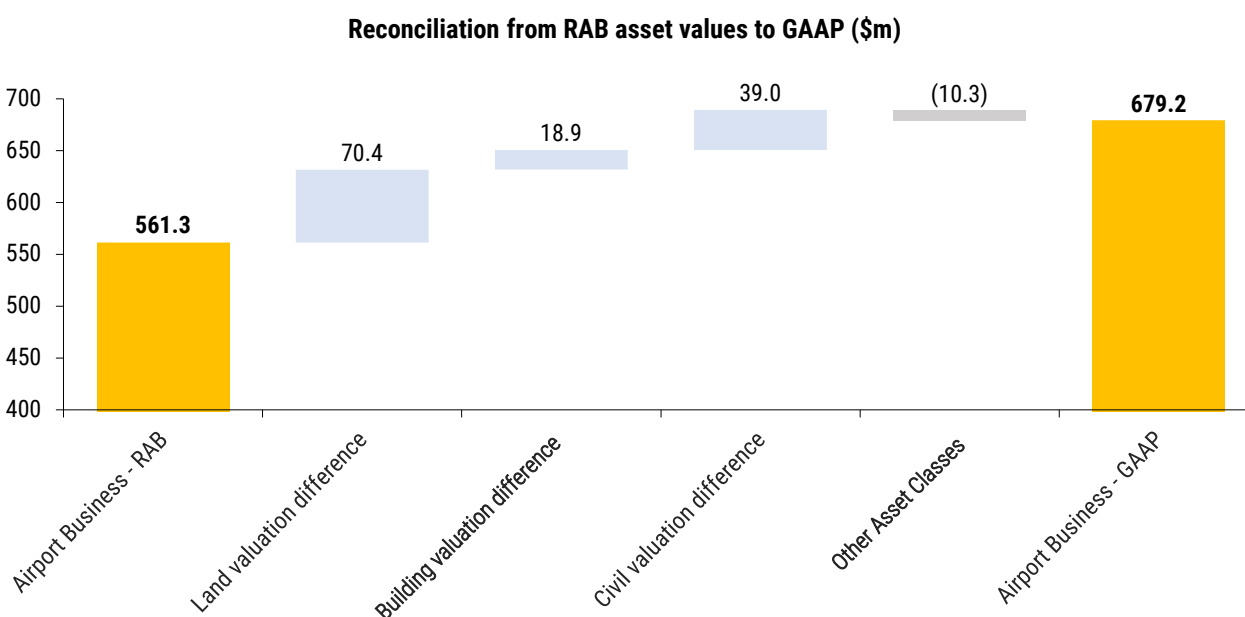
### Operational expenditure

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.

As shown in schedule 8a, the value of airport business PPE is 22.4% lower in the RAB when compared that reported in WIAL's financial reporting under GAAP.



Note the GAAP figures in the chart above exclude work in progress and therefore differ from the figures reported in schedule 8a.

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**  
 RAB land 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**

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

## **SCHEDULE 10: REPORT ON COST ALLOCATIONS**

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The cost 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 and terminal floor space). For 2021, allocated airport business expenditure is equivalent to 68.6% of total operating expenditure excluding the airport's hotel business (2020: 68.5%).

## **SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

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There were 27 reportable occurrences during this reporting period:

- 19 related to the baggage sortation system on departure;
- 6 related to contact stand/aerobridge faults; and
- 2 related to the supply of fixed electrical ground power.

Of these interruptions, only one resulted in an OTP delay for airlines.

### **Baggage sortation system**

WIAL recognises that the baggage system is reaching the end of its useful life and considers a high proportion of outages in recent years to be contributable to ageing equipment. Replacement of the system is forecast to commence near the end of PSE4.

However, 6 of the interruptions in 2021 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.

### **Contact stands and aerobridges**

5 of the 6 incidences were minor faults that were quickly resolved in an average of 35 minutes. The OTP delay was caused by an aerobridge faulting (auto-levelling) during passenger disembarkation for an arriving flight. The aerobridge could not be reset and the aircraft had to be towed to another available stand to continue with the turnaround, resulting in a 38 minute delay to the outgoing flight.

### **Fixed Electrical Ground Power (FEGP)**

One of the ground power outages was minor and was resolved after 3hrs. However, the second outage impacted eight units on the southern pier that could not be used for 8 days and 14 hours due to power spiking. This was eventually traced to a pinched power cable

that had resulted from Air New Zealand contractors working on South-West Pier upgrades. No aircraft delays resulted as diesel ground power units were used as an alternative measure.

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

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### **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) Determinations.

### **Runway**

WIAL's runway capacity varies depending on the direction of use (runway 16 or 34) and weather conditions. During the FY21 busy hour, there were 27 movements which is below runway 16 capacity in all conditions, but above runway 34 capacity in poor weather conditions (IMC).

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)**

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Reported utilisation rates are low across most indicators, as there were no international services at WIAL during the 2021 busy hour.

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 material changes in the classification of floor spaces from the previous disclosure year.

#### SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

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This information is not available for the year, as ASQ surveys were suspended by WIAL in response to Covid-19.

WIAL has continued to monitor passenger satisfaction and feedback received including through social media channels, frontline staff and alternative surveys.

Below is a summary of key findings for 2021:

- The airport has a strong Net Promoter Score of 51.6, with 6 in 10 customers being promoters of the airport. The proportion of customers giving a 10 out of 10 rating has increased from 35% to 44% since 2019; and those rating the airport as 'excellent' has increased from 38% to 51%. Drivers for positive perceptions include good internal layout and navigation; and recent upgrades and improvements in the terminal.
- 94% of passengers agree the airport is easy to travel through.
- 90% of customers give a good or excellent rating for "Providing a safe, clean and hygienic environment during Covid-19".
- 88% give a good or excellent rating for "Providing a nice welcoming terminal atmosphere".
- 88% give a good or excellent rating for "Comfort of waiting areas", this has improved significantly since 2019.
- Staff interactions are rated positively; customers who engage with an Ambassador are more likely to mention good customer service.
- Our lowest rated aspect is travel time between Wellington Airport and the CBD with 29% giving a poor rating.
- Only 5% of customers are feeling more negative about the Airport recently, and the main driver for this is the lack of public transport.
- While around 70-75% of customers highly rate the quality and variety of retail, food and beverage, there is room for improvement with around 20-25% giving these aspects a poor rating.
- Customer service is rated strongly for information kiosk ambassadors and carparking staff, but could be improved for security, retail and food & beverage staff.

## SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

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### 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)
- Quarterly Airside safety meetings
- Quarterly Landside safety meetings
- Airspace safety meeting (twice a year)
- Airport security meeting (twice a year)

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
- UPKEEP – 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
- Runway sensors – real time runway friction information for pilots to enhance safety

### 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.

WIAL is an approved 'green' airport according to the Ministry of Health and WIAL adheres to the Infection Prevention Protocols. Almost all of the airport stakeholders are vaccinated and there is strong collaboration that ensures a seamless and safe transition through Covid alert levels if and when required.

## SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

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### 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.

### 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 allocated to unregulated activities, they are excluded from this disclosure.



WIAL resized its staff numbers during the year to reflect the large reduction in passengers, resulting in a reduction of 27.7 FTE reported in schedule 16 compared with prior-year.

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**

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

As WIAL agreed with airlines to hold prices flat for two years until 31 March 2021, new charges for PSE4 are applicable from 1 April 2021 onwards.

The charges applied in 2021 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](http://www.wellingtonairport.co.nz)).

There were only 162 international passengers in 2021, spread over 2 landings. This has resulted in a high average charge per international passenger, due to the MCTOW charges that applied under the PSE3 price structure.

The pricing methodology for PSE4 has considered previous feedback from the Commission, and views from airlines based on discussions throughout PSE3. The components of the price structure are described below.

### **Price Structure Simplification**

Airline feedback featured a view that a simplification of the price structure would be welcomed. WIAL has converted airfield and terminal charges into a per passenger charge.

### **Exempt Passengers**

The price structure exempts infants (under 2 years old), transit passengers (those travelling on the same aircraft without leaving the lounge), positioning crew, and diverted international passengers (not processed by customs). The volume of exempts totals around 1.3% of the domestic and 1.2% of all international passengers; the PSE4 forecasts assume these proportions remain unchanged.

### **Transfer Passengers**

WIAL was interested in airline views of the merits of incorporating discounts or exemptions for transfer passengers, the definition of transfer passengers (within airline, between airlines, timeframe between connecting flights), and the ability of airlines to be able to provide accurate counts of transfer volumes for charging purposes. Accurate information regarding the transfer volumes is still not visible to WIAL and therefore Transfer discounts have not been adopted in PSE4.

### **Peak Pricing**

The introduction of peak pricing has supported a reduction in movements during the peak (to the shoulder) and an upgauging of aircraft, resulting in more efficient use of the runway. The Commence Commission in their review of Wellington Airport's pricing was notably supportive of the peak pricing mechanism. WIAL has retained the current definition of the peak time period, being 07:45-08:45 and 18:15-19:15 weekdays, and the shoulder time period applying 30 minutes either side of the peak.

WIAL has continued the application of increased charges during the peak but with a simplified price structure calculated on a per movement basis (replacing the current mix of MCTOW and movement charge). The charge is fixed throughout PSE4 at \$20.00 during the peak and \$10.00 during the shoulder. With no relative increase in peak pricing proposed, the forecast assumes the current proportions of peak, shoulder and off peak flying remain unchanged over PSE4.

For unscheduled movements, the peak charge is proposed to equal a MCTOW charge consistent with a scheduled aircraft of the same MCTOW (assuming 80% load factor), while general aviation (aircraft less than two tonnes) will face a higher fixed charge.

### **Parking**

WIAL has retained free parking during off-peak and when airlines operate reasonable turn times (60 mins for domestic, 120 mins for international/unscheduled), encouraging the efficient use of apron space during the peak (06:00-10:00 and 16:00-20:00 weekdays). Charges per (part) hour were set based on FY19 values escalated by CPI over PSE4.

### **Incentive Arrangements**

Given the possible material & uncertain impact of Covid-19 on domestic and international passenger volumes and the resulting revenue shortfall carry forward adjustment, the published growth incentive programme will not continue for the remainder of PSE4.

However, WIAL expects to enter into commercial incentive agreements with some airlines to support the recovery of passenger demand. These agreements have previously included both financial and non-financial incentives, the value of which cannot be reliably forecast due to dependency on commercial negotiations. These incentives are treated as a commercial (non-regulated) expense and are excluded from the determination of airline pricing.

# 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 2021.

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 historical non-financial information in Schedules 11 to 13 and 15 to 17 pursuant to clause 2.4(1) of the Determination complies, in all material respects, with the Determination.

## Qualified opinion

In our opinion, except for the matter set out in our basis for qualified opinion:

- Subject to clause 2.6(3), the historical non-financial information in Schedule 14 to clause 2.4(1) of the Determination complies, in all material respects, with the Determination.

## Basis for qualified opinion

Subject to clause 2.6(3) and pursuant to clause 2.4(1), Schedule 14 is required to be prepared as part of the Airport Disclosure Schedules by the Determination. For the year ended 31 March 2021, the Company did not include information in Schedule 14 for the quarters ended 30 September, 31 December and 31 March. We are therefore unable to express a reasonable assurance opinion that Schedule 14 complies, in all material respects, with the Determination. A formal exemption letter dated 31 March 2020 was obtained from the Commerce Commission in respect of the quarter ended 30 June 2020, and our opinion is not qualified in respect of this quarter.

## Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to Schedules 1 to 17 of the Airport Services Information Disclosure Schedules for the regulatory year ended 31 March 2021 ('the Airport Disclosure Schedules'), prepared by the 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 non-compliance and plan and perform the engagement to obtain reasonable assurance that the Airport Disclosure Schedules are free from material misstatement or non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express an 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 and non-compliance

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

Misstatements or non-compliance, including omissions, within the Airport Disclosure Schedules are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the Airport Disclosure Schedules.

## 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

Directors' of 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 directors determine is necessary to enable the preparation of the Airport Disclosure Schedules that is free from material misstatement or non-compliance 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.

A handwritten signature of the KPMG firm, written in a stylized, cursive font.

KPMG  
Wellington

30 August 2021