



WELLINGTON INTERNATIONAL AIRPORT LIMITED

SPECIFIED AIRPORT SERVICES

ANNUAL INFORMATION DISCLOSURE

FOR THE YEAR ENDED 31 MARCH 2015

Executive Summary

1. Introduction

Wellington International Airport Limited (**WIAL**) provides its Annual Disclosure and reporting of financial and service quality outcomes for the year ended 31 March 2015. This is WIAL's fifth Annual Disclosure under the Commerce Act information disclosure regime (**ID Regime**) which commenced following the publication of the Commerce Commission's Information Disclosure Determination in December 2010 (**Determination**).

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

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

WIAL took the decision to re-consult with its substantial customers in 2013, and new prices became effective for the pricing period 1 June 2014 to 31 March 2019 (Price Setting Event period PSE3). As a result this Annual Disclosure reports actual outcomes against forecasts prepared under PSE2 and PSE3. The forecasts set out in this Annual Disclosure comprise two months of PSE2 (from 1 April 2014 to 31 May 2014) and 10 months of PSE3 (from 1 June 2014 to 31 March 2015).

WIAL is seeking to deliver world class service and quality to its airline partners, travellers, and the many businesses and agencies that work at the airport. WIAL's success is intertwined with the Wellington region's growth and economy. To further this growth WIAL is investing in promoting airlines services, and in the appropriate infrastructure that provides quality facilities at prices that represent sound value for money.

2. Return on Investment

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

Year	WIAL's Post Tax Return on Investment	WIAL's Return on Investment excluding Revaluations	Commission's 75 th %ile Cost of Capital Published for WIAL	Impact on Revenue per annum	Cumulative Impact on Revenue ⁽¹⁾
2011	6.16%	5.14%	9.18%	\$17.2 million shortfall	\$23.7 million shortfall
2012	6.91%	5.44%	8.73%	\$10.4 million shortfall	\$37.0 million shortfall
2013	6.23%	5.43%	8.04%	\$10.5 million shortfall	\$49.3 million shortfall
2014	4.18%	6.63%	7.67%	\$19.8 million shortfall	\$70.7 million shortfall
2015	6.13%	6.05%	8.40%	\$12.4 million shortfall	\$83.1 million shortfall

(1) Shown in 2015 present value terms

The regulatory profit for the year has increased to \$25.2m (2014: \$18.0m profit). This provides a Return on Investment (ROI) of 6.13%.

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

As shown in the table above, the actual returns for 2015 and all years since the commencement of the ID Regime are below the cost of capital determinations released by the Commission for WIAL.

The revenue shortfalls in the table demonstrate that WIAL is not earning excessive profits and in fact is currently earning revenues well below the levels that would be derived from applying the Commission's input methodologies (IMs).

3. Service Quality and Investment

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

WIAL continues to rate highly in its ASQ (**Airport Service Quality**) survey scores, with an average domestic score of 4.1 in 2015 (2014: 4.1) and an average international score of 4.1 in 2015 (2014: 4.2). These compare extremely well against other airports around the world and WIAL is currently ranked the 2nd highest airport in Australasia¹ and in the top half in its worldwide peer group of airports with 5 to 15 million passengers per annum.

WIAL continues to consult with its airline customers and other stakeholders on operational matters. The TEAM WLG (an acronym for Together Everyone Achieves More) forum continues to operate well and focuses on service reliability, service performance and a review of ASQ results, as well as airport collaborative decision making as a model for improving passenger and aircraft operations.

WIAL continued to work closely with airlines to drive growth in travel and the opening of new markets. The Airport's focus on route development and its incentive scheme has supported the introduction of several international capacity increases, to the benefit of consumers and the economy:

- ➔ Jetstar began operating services between Wellington and Gold Coast (3 per week) in December 2014, reinstating a route that last operated in 2009. Internal passenger surveys had identified this route as being the most requested new destination, and so the airport in partnership with the city was particularly pleased to deliver this new route.
- ➔ Jetstar also commenced services to Melbourne (4 per week) in March on what was previously Wellington's most constrained and highest fare route. Jetstar's introduction has resulted in lower fares and more choice for passengers.
- ➔ Fiji Airways announced a direct Nadi service (2 per week) in December for commencement in June 2015. This service will provide a year-round Pacific Island holiday destination for residents, more travel choice for Wellington's large Pacific Island community, and a direct international link with West Coast United States.
- ➔ Sounds Air expanded its Wellington operation, including the addition of services to Taupo and Westport replacing services suspended by Air New Zealand.

In Schedule 15, WIAL comments on a number of initiatives that have been completed or are currently in progress to deliver further improvements in service quality. These include the following:

¹ Source: ACI ASQ yearly ranking Q2 2014 – Q1 2015

- ➔ The Terminal South Extension (**TSE**) development incorporating a 35 metre (6000sqm) extension of the main terminal to the south and redesign and expansion of the south and south-west piers is well underway. The TSE project will double the width of both southern piers, provide extra gate lounge space, increase the retail mix, double the number of toilets and provide more parking spaces for aircraft. These enhancements are in part due to the introduction of larger A320 aircraft in New Zealand. The TSE project is scheduled to be completed in mid-2016.
- ➔ The North Pier gate lounge has been reconfigured in order to provide a better passenger experience. The size of the waiting lounge has doubled and the Avsec screening point has been repositioned to create more queueing space and a more efficient passenger flow. New public toilets have been added to the lounge after the security point, including disabled access.
- ➔ WIAL, in conjunction with Auckland International Airport Limited (AIAL) have continued to engage in the Airport Collaborative Decision Making (**ACDM**) nationwide project with Airways Corporation (Airways), airlines and ground handlers. ACDM is an operational concept that is being advanced by the International Civil Aviation Organisation (ICAO), and is also supported by Airports Council International (ACI) and International Air Transport Association (IATA). ACDM is about aviation partners working together more efficiently and transparently resulting in operational efficiencies and enhanced traffic capacity. The concept is based upon the key stakeholders sharing operational information (often automatically from existing systems), into a common software platform, which provides all stakeholders with a common situational awareness of aircraft movement across a network. WIAL has finalised the Solution Discovery & Design phase in order to create a clear understanding of exactly how ACDM will work at WIAL with a direct link to process improvements. Airlines and ground handlers have been important stakeholders during this phase. AIAL is currently implementing the first stage of ACDM, with WIAL to follow.
- ➔ WIAL has established a new airport volunteer program in conjunction with Positively Wellington Tourism (**PWT**). The primary function of the 50 ambassadors is to facilitate passenger movements by checking for boarding passes, passports and departure cards and to provide direction and assistance. New information counters have also been placed at both International Arrivals and Departures.
- ➔ WIAL has created a computer based briefing for new pilots flying into Wellington. Operational restrictions that have been in place for decades have been rescinded as a result of this new training package. The briefing comprises of informative text, audio, high resolution photos and videos of the approaches to Wellington. An assessment is included to confirm the trainee understands the content. The training package is innovative and more customer friendly for

visiting operators and airlines. The content of the package has been developed in conjunction with the CAA Flight Inspectors. Many airlines have already used the new training package.

- ➔ WIAL has completed work to realign and strengthen Taxiway Alpha 2. This work has resulted in reduced runway occupancy times, increased safety and increased runway strength.
- ➔ WIAL completed the strengthening of the pedestrian subway below the runway. This has increased the seismic rating of the subway and has enabled increased loadings for aircraft.
- ➔ WIAL has implemented an online Health and Safety training package for all contractors working at the airport, including a presentation, several videos and a final online assessment to complete the training. A certificate is issued once questions are answered successfully.
- ➔ To ensure the TSE project is executed in a safe manner in a live operational environment close coordination between the project team, the contractor and the airfield operations team is of utmost importance. The safety campaign launched for the works was a finalist at the national health and safety awards.
- ➔ The Air Noise mitigation scheme to protect residents against future aircraft noise has progressed well and WIAL completed the development of the package last year. A live trial on selected properties is now being conducted, before the Quieter Homes package is progressively rolled out later this year to all home owners in the Air Noise Boundary.

WIAL also continually reviews the quality of service it provides to its passengers and customers including commissioning of passenger surveys and through a collaborative decision making approach in meetings with its stakeholders including airlines and Government agencies. Service quality improvements are assessed on a continuous basis. Initiatives undertaken during the year have included the following:

- ➔ The Aerodrome Emergency Plan is required by the Civil Aviation Authority to be tested (full practical exercise) at least two yearly. The main objectives of the exercise conducted November 2014 were to confirm draft procedures that have been refined over the past 18 months; test communications systems between agencies and between on-site locations; further familiarise staff (particularly on airport stakeholders,) with the Coordinated Incident Management System (CIMS). The exercise went well and all the training objectives were met.
- ➔ With an increased Ebola threat in 2015, Health Authorities have been working closely with Airport Stakeholders to increase awareness and refine agreed response protocols. The Quarantine/Public Health response plan is being executed at WIAL. The purpose of this plan is to ensure a coordinated and appropriate response to potential outbreaks of contagious diseases at the airport. Ministry of Health Officials commenced screening at airports some time ago, with Customs Officials identifying those that have travelled to or from affected

areas, as well as Airlines taking an increased awareness of passengers who are ill in-flight. Since the introduction of measures put in place to monitor the threat from Ebola, Wellington Airport stakeholders have successfully managed a number of incidents in conjunction with Regional Public Health.

- ➔ WIAL recently implemented a new business continuity plan (**BCP**). While integrated with the Aerodrome Emergency Plan (AEP), the BCP outlines a separate set of processes to manage a significant disruption to normal business activity. The AEP deals with declared emergencies; the BCP is designed to manage business disruptions
- ➔ WIAL has upgraded its website for an improved and more intuitive user experience. The mobile site has also been redesigned during the year ensuring passengers have easy access to flight information and important announcements.
- ➔ A reliable IT network is one of the key pieces of airport infrastructure that is critical to the successful operation of an airport. WIAL has enhanced the capability, resilience and efficiency of our existing core network so that it has adequate capacity for current and future traffic requirements as well as resilience in the event of failure of one of its key components.
- ➔ WIAL has upgraded its CCTV platform to provide more extensive, high-resolution coverage to its various stakeholders to assist with operational matters.
- ➔ Existing FID screens are progressively being refreshed with larger units to assist readability.
- ➔ WIAL continues to enhance travelers' experiences with innovative and well received installations. A new Smaug display in the Main Terminal Building was installed prior to the final movie in the Hobbit trilogy. These sculptures have elevated the airport's profile internationally through social and broadcast media coverage.

4. Contact Person

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

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Tidy cursor position and sheet scaling

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

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

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

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

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4	<u>REPORT ON REGULATORY ASSET BASE ROLL FORWARD</u>
5	<u>REPORT ON RELATED PARTY TRANSACTIONS</u>
6	<u>REPORT ON ACTUAL TO FORECAST EXPENDITURE</u>
7	<u>REPORT ON SEGMENTED INFORMATION</u>
8	<u>CONSOLIDATION STATEMENT</u>
9	<u>REPORT ON ASSET ALLOCATIONS</u>
9	<u>REPORT ON ASSET ALLOCATIONS (2010)</u>
9	<u>REPORT ON ASSET ALLOCATIONS (2009)</u>
10	<u>REPORT ON COST ALLOCATIONS</u>
11	<u>REPORT ON RELIABILITY MEASURES</u>
12	<u>REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES</u>
13	<u>REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES</u>
14	<u>REPORT ON PASSENGER SATISFACTION INDICATORS</u>
15	<u>REPORT ON OPERATIONAL IMPROVEMENT PROCESSES</u>
16	<u>REPORT ON ASSOCIATED STATISTICS</u>
17	<u>REPORT ON PRICING STATISTICS</u>
23	<u>REPORT ON INITIAL REGULATORY ASSET BASE VALUE</u>

Disclosure Template Guidelines for Information Entry

Internal consistency check

OK

Templates

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

Data entry cells and calculated cells

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

Validation settings on data entry cells

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

Data entry cells for text entries

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

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

Data entry cells that contain conditional formatting

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

a) Internal consistency checks

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

Schedule 4, cells N110:N118, J30;

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

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

b) Conditionally disclosed information

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

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

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

Schedule 6 comparison of actual and forecast expenditures

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

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

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

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

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2015

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref Version 2.0

(\$000 unless otherwise specified)

1a: Return on Investment

		CY-2 *	CY-1 *	Current Year CY
	for year ended	31 Mar 13	31 Mar 14	31 Mar 15
Return on Investment (ROI)				
Regulatory profit / (loss)		27,073	18,040	25,184
less Notional interest tax shield		1,166	975	1,084
Adjusted regulatory profit		25,907	17,065	24,100
Regulatory investment value		415,821	408,443	393,091
ROI—comparable to a post tax WACC (%)		6.23%	4.18%	6.13%
Post tax WACC (%)		7.06%	6.69%	7.42%
ROI—comparable to a vanilla WACC (%)		6.51%	4.42%	6.41%
Vanilla WACC (%)		7.34%	6.93%	7.70%

Commentary on Return on Investment

WIAL has provided commentary on its return on investment in the Executive Summary accompanying these Annual Disclosures.

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

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2015

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)

ref Version 2.0

(\$000 unless otherwise specified)

1b: Notes to the Report

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

RAB value - previous year	388,095
Debt leverage assumption (%)	17%
Cost of debt assumption (%)	5.87%
Notional deductible interest	3,873
Tax rate (%)	28.0%
Notional interest tax shield	1,084

1b(ii): Regulatory Investment Value

Regulatory asset base value - previous year	388,095
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		Assets Commissioned— RAB Value (\$000)	Proportion of Year Available (%)	Proportionate Regulatory Value
Commissioned Projects				
	Gates	340	90%	306
	Apron	827	100%	827
	Other Airfield (including Clearway)	612	60%	367
	Movement Areas	2,825	75%	2,119
	North Terminal Development - domestic pax facilitation	1,579	25%	395
	Operational Compliance Works	579	25%	145
				—
				—
				—
plus	Other assets commissioned	2,164	50%	1,082
plus	Adjustment for merger, acquisition or sale activity			—
less	Asset disposals	489	50%	244
	RAB investment	8,437		
	RAB proportionate investment			4,996

Regulatory investment value	393,091
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Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2015**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT**

ref Version 2.0

2a: Regulatory Profit

Income		(\$000)	
	Landing and parking charges	36,076	
	Terminal charges	23,754	
	Counter charges	677	
	Noise mitigation charges	2,213	
	Lease, rental and concession income	4,002	
	Other operating revenue	—	
	Net operating revenue		66,722
	Gains / (losses) on sale of assets	(19)	
	Other income	—	
	Total regulatory income		66,703
Expenses			
	Operational expenditure:		
	Corporate overheads	3,267	
	Asset management and airport operations	11,662	
	Asset maintenance	2,223	
	Total operational expenditure		17,152
	Operating surplus / (deficit)		49,551
	Regulatory depreciation		13,810
plus	Indexed revaluation	325	
plus	Non-indexed revaluation	—	
	Total revaluations		325
	Regulatory Profit / (Loss) before tax & allowance for long term credit spread		36,066
less	Allowance for long term credit spread		135
	Regulatory Profit / (Loss) before tax		35,931
less	Regulatory tax allowance		10,747
	Regulatory Profit / (Loss)		25,184

Commentary on Regulatory Profit

The regulatory profit has increased from the previous year to \$25.2m (2014: \$18.0m), providing a Return on Investment (ROI) of 6.13%. WIAL has provided further commentary on its regulatory profit in the Executive Summary accompanying these Annual Disclosures.

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

Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2015**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)**

ref Version 2.0

(\$000 unless otherwise specified)

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

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

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

562

Attribution Rate (%) 23.99%

Allowance for long term credit spread 135

2b(ii): Financial Incentives

(\$000)

Pricing incentives	1,561
Other incentives	—
Total financial incentives	1,561

2b(iii): Rates and Levy Costs

(\$000)

Rates and levy costs	1,077
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2b(iv): Merger and Acquisition Expenses

(\$000)

Merger and acquisition expenses	—
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Justification for Merger and Acquisition Expenses

N/A

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2015**SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE**

ref Version 2.0

3a: Regulatory Tax Allowance

(\$000)

Regulatory profit / (loss) before tax

35,931

plus Regulatory depreciation

13,810

Other permanent differences—not deductible

29 *

Other temporary adjustments—current period

360 *

14,199

less Total revaluations

325

Tax depreciation

7,909

Notional deductible interest

3,873

Other permanent differences—non taxable

— *

Other temporary adjustments—prior period

(361) *

11,746

Regulatory taxable income (loss)

38,384

less Tax losses used

—

Net taxable income

38,384

Statutory tax rate (%)

28.0%

Regulatory tax allowance

10,747

* Workings to be provided

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

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

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

- Other permanent differences - not deductible - 50% of entertainment expenditure is non-deductible expenditure for tax purposes and this adjustment represents the allocated share of the total non-deductible expenditure in WIAL's 2015 tax return. Entertainment expenditure was allocated to the regulated cost base following application of the cost allocation processes detailed in Schedule 10. The aeronautical share of entertainment expenses was applied to the tax adjustment in WIAL's tax calculation schedule for the 2015 financial year - comprising a company cost of \$43,692 multiplied by a 66.47% aeronautical share of this expense.
- Other temporary adjustments current period - these comprise year end accruals for human resource costs (annual leave, bonus provision and ACC levies) that are not deductible in the year they are accrued. These amounts represent the amounts allocated to the aeronautical business - comprising a company accrual of \$495,834 multiplied by a 72.55% aeronautical share of this expense.
- Other temporary adjustments prior period - these comprise the human resource year end accruals as described above for the previous year.

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

3b(ii): Tax Depreciation Roll-Forward

(\$000)

Opening RAB (Tax Value)

178,194

plus Regulatory tax asset value of additions

8,885

less Regulatory tax asset value of disposals

165

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

—

less Tax depreciation

7,909

plus Other adjustments to the RAB tax value

43

Closing RAB (tax value)

179,047

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

(\$000)

Tax losses (regulated business)—prior period

—

plus Current year tax losses

—

less Tax losses used

—

Tax losses (regulated business)

—

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Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2015**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD**

ref Version 2.0

		Unallocated RAB *		RAB
		(\$000)	(\$000)	(\$000)
6				
7				
8	RAB value—previous disclosure year		401,869	388,095
9	less			
10	Regulatory depreciation		14,670	13,810
11	plus			
12	Indexed revaluations	337		325
13	Non-indexed revaluations	—		—
14	Total revaluations		337	325
15	plus			
16	Assets commissioned (other than below)	9,456		8,925
17	Assets acquired from a regulated supplier	—		—
18	Assets acquired from a related party	—		—
19	Assets commissioned		9,456	8,925
20	less			
21	Asset disposals (other)	489		489
22	Asset disposals to a regulated supplier	—		—
23	Asset disposals to a related party	—		—
24	Asset disposals		489	489
25				
26	plus Lost and found assets adjustment		—	—
27				
28	Adjustment resulting from cost allocation			102
29				
30	RAB value †		396,502	383,149

CommentaryAsset Disposals

Asset disposals in the current year relate to the disposal of certain Bridge Street houses on the airport perimeter as part of the LUMINS noise mitigation programme.

Cost Allocation Adjustment

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

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

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

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

	Unallocated RAB	RAB
	(\$000)	(\$000)
Standard depreciation	14,670	13,810
Non-standard depreciation	—	—
Regulatory depreciation	14,670	13,810

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Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2015**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)**

ref Version 2.0

(\$000 unless otherwise specified)

4b(ii): Non-Standard Depreciation Disclosure

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

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

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

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

CPI at CPI reference date—previous year (index value)	1,192
CPI at CPI reference date—current year (index value)	1,193
Revaluation rate (%)	0.08%

	Unallocated RAB	RAB
RAB value—previous disclosure year	401,869	388,095
less Revalued land	—	—
less Assets with nil physical asset life	45	38
less Asset disposals	489	489
less Lost asset adjustment	—	—
Indexed revaluation	337	325

4b(v): Works Under Construction

	Unallocated works under construction	Allocated works under construction
Works under construction—previous disclosure year	9,581	8,762
plus Capital expenditure	16,295	13,299
less Asset commissioned	9,456	8,925
less Offsetting revenue	—	—
plus Adjustment resulting from cost allocation	—	—
Works under construction	16,420	13,136

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

ref Version 2.0

4b(vi): Capital Expenditure by Primary Purpose

Capacity growth	8,876	
plus Asset replacement and renewal	4,423	
Total capital expenditure		13,299

4b(vii): Asset Classes

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
RAB value—previous disclosure year	108,147	121,949	140,615	17,384	388,095
less Regulatory depreciation	—	4,709	6,163	2,938	13,810
plus Indexed revaluations	91	102	118	15	325
plus Non-indexed revaluations	—	—	—	—	—
plus Assets commissioned	396	5,183	2,082	1,263	8,925
less Asset disposals	—	—	483	6	489
plus Lost and found assets adjustment	—	—	—	—	—
plus Adjustment resulting from cost allocation	(1)	(2)	46	59	102
RAB value	108,633	122,523	136,215	15,778	383,149

* Corresponds to values in RAB roll forward calculation.

4b(viii): Assets Held for Future Use

	Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
Assets held for future use—previous disclosure year	7,096	2,788	74	267	10,076
plus Assets held for future use—additions ¹	622	842	99	(6)	1,360
less Transfer to works under construction	—	—	—	—	—
less Assets held for future use—disposals	—	—	—	—	—
Assets held for future use ²	7,718	3,630	173	261	11,437

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

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

Highest rate of finance applied (%)

6.34%

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SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref Version 2.0

5(i): Related Party Transactions

(\$000)

Net operating revenue	7
Operational expenditure	2,967
Related party capital expenditure	—
Market value of asset disposals	—
Other related party transactions	—

5(ii): Entities Involved in Related Party Transactions

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

5(iii): Related Party Transactions

Entity Name	Description of Transaction	Average Unit Price (\$)	Value (\$000)
HRL Morrison & Co	Consultancy fees	—	7
Wellington City Council	Property rates	—	955
Z Energy Limited	Lease of land (revenue)	—	7
Z Energy Limited	Petrol purchases	—	9
Wellington International Airport Limited	Asset transfers from regulated activities to unregulated activities	—	—
Wellington International Airport Limited - Key Management Personnel	Short term employee benefits for the allocation of Key Management Personnel - includes Directors and Executive Management	143	1,995

Commentary on Related Party Transactions

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

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SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref Version 2.0

6a: Actual to Forecast Expenditure

(\$000)

Expenditure by Category	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Capacity growth	8,876	15,337	(42.1%)	8,876	15,337	(42.1%)
Asset replacement and renewal	4,423	23,079	(80.8%)	4,423	23,079	(80.8%)
Total capital expenditure	13,299	38,416	(65.4%)	13,299	38,416	(65.4%)
Corporate overheads	3,267	3,606	(9.4%)	3,267	3,606	(9.4%)
Asset management and airport operations	11,662	12,818	(9.0%)	11,662	12,818	(9.0%)
Asset maintenance	2,223	2,392	(7.0%)	2,223	2,392	(7.0%)
Total operational expenditure	17,152	18,816	(8.8%)	17,152	18,816	(8.8%)
Key Capital Expenditure Projects						
Marine Protection	280	842	(66.8%)	280	842	(66.8%)
Gates	318	797	(60.1%)	318	797	(60.1%)
Aprons	119	926	(87.1%)	119	926	(87.1%)
Movement Areas	1,327	4,619	(71.3%)	1,327	4,619	(71.3%)
Operational Compliance Works	570	2,909	(80.4%)	570	2,909	(80.4%)
Other Airside Works	–	109	(100.0%)	–	109	(100.0%)
Other Airfield (including Clearway)	–	1,751	(100.0%)	–	1,751	(100.0%)
Terminal South Extension - Terminal	7,305	11,787	(38.0%)	7,305	11,787	(38.0%)
Terminal South Extension - Southern Apron	–	4,570	(100.0%)	–	4,570	(100.0%)
North Terminal Development - Domestic Passenger Facilitation	1,571	2,040	(23.0%)	1,571	2,040	(23.0%)
Noise Mitigation Works	395	2,383	(83.4%)	395	2,383	(83.4%)
Other capital expenditure	1,415	5,683	(75.1%)	1,415	5,683	(75.1%)
Total capital expenditure	13,299	38,416	(65.4%)	13,299	38,416	(65.4%)

Explanation of Variances

Actual capital expenditure was below forecast in the year ended 31 March 2015 (2015) (\$13.3m actual compared to a forecast of \$38.4m). The main reason for the underspend is the delay in commencement of the Terminal South Extension (TSE) project. In addition, several projects are dependent on this project and consequently have also been delayed. WIAL remains committed to progressing each of the specified projects within PSE3 but was unable to do so during the year for the reasons noted below:

Capital Expenditure - Capacity Growth

Terminal South Extension

The majority of the actual capital expenditure in 2015 relates to the design and construction of the TSE project. The forecast for TSE was broken down into separate terminal and apron elements but these have subsequently been combined due to the interdependencies between the two elements of the project.

Capital expenditure for TSE was \$7.3m actual compared to \$16.4m across the two TSE key capital expenditure projects in the PSE3 forecast. This was mainly the result of the additional time taken to consult with airline stakeholders and partly due to time taken to procure the best contractor. Both of these steps will ensure a better outcome for all stakeholders. The project had been expected to enter the construction phase in August 2014 but construction actually began in December 2014. The total cost estimate for the project is still expected to be in line with the PSE3 forecast and the project is now expected to be completed by mid-2016.

North Terminal Development – Domestic Passenger Facilitation

The North Pier reconfiguration work was completed in January 2015 for \$1.6m actual compared to the \$2.0m forecast for the year.

Noise Mitigation Works

Capital expenditure for LUMINS acquisitions was \$2.0m below forecast. The forecast provided for the acquisition of six houses, however acquisitions are dependent on home owners offering their properties for sale. Two properties were purchased by WIAL's noise mitigation subsidiary WANT Limited for \$0.9m in 2015, however as the buildings were removed and written off within the same year the building value is not included in the capital expenditure of \$0.4m.

Capital Expenditure - Asset Replacement and Renewal

Marine Protection

Capital expenditure was \$0.6m below forecast in 2015. The 2015 forecast included the manufacture and deployment of over 100 Akmons as part of a two year programme. The 2015 and 2016 forecast works have now been combined into a single project to take advantage of identified efficiencies. This project is now expected to commence in 2016.

Gates

Capital expenditure in 2015 was \$0.5m below forecast. The forecast included a provision for upgrading a substantial proportion of the asphalted areas to concrete hardstand, however this work has been deferred pending further pavement investigation works.

Aprons

Capital expenditure in 2015 was \$0.8m below forecast. The forecast provided for expenditure on the Eastern Apron. The Eastern Apron works will now be addressed as part of the Southern Apron development design (within the TSE project) to enable the most efficient method of delivery.

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

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

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

ref Version 2.0

Explanation of Variances (continued)

Movement Areas

Capital expenditure in 2015 was \$3.3m below forecast in 2015. The forecast provided for capital works to enhance stubway Bravo 8 and Bravo 9. This project has been delayed to align with other works associated with the TSE and Southern Apron projects and is now expected to commence in 2016. During 2015, WIAL completed work to realign and strengthen Taxiway Alpha 2. This work has resulted in reduced runway occupancy times, increased safety and improved taxiway strengthening.

Operational Compliance Works

Capital expenditure in 2015 was \$2.3m below forecast. This category included provision for upgrading the pedestrian subway. This project was completed well under the forecast budget of \$1.8m. This has increased the seismic rating of the subway and has enabled increased loadings for aircraft.

Other Airfield (including Clearway)

Capital expenditure in 2015 was \$1.8m below forecast in 2015. The Clearway project was completed earlier than expected in 2014, enabling increased payload for certain aircraft operating out of Wellington.

Other capital expenditure in 2015 included:

The planned upgrading of the CCTV system, core IT network upgrades and upgrade of WIAL's intranet. The variance to forecast is primarily due to timing differences where projects have commenced later than expected and also due to cost savings.

Operational Expenditure

Total operational expenditure for 2015 was \$17.2m compared to a forecast of \$18.8m. The variance of \$1.6m to forecast primarily relates to the expenditure for noise mitigation activities.

The PSE3 forecast assumed that a total of six properties would be acquired by WANT Ltd under the LUMINS programme, with an associated write-down of \$1.4m due to the disposal of the residential dwellings. As only two properties were purchased during 2015, the actual write-down and disposal costs were \$0.7m. In addition, \$0.4m in insulation expenditure was forecast for 2015 however this has yet to commence due to further testing of trial houses.

6b: Forecast Expenditure

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended)

31 March 2015

Expenditure by Category

	Pricing Period Starting Year	Pricing Period Starting Year + 1	Pricing Period Starting Year + 2	Pricing Period Starting Year + 3	Pricing Period Starting Year + 4
for year ended	31 Mar 15	31 Mar 16	31 Mar 17	31 Mar 18	31 Mar 19
Capacity growth	15,337	28,664	—	3,562	8,943
Asset replacement and renewal	23,079	11,321	14,273	15,464	4,221
Total forecast capital expenditure	38,416	39,985	14,273	19,026	13,164
Corporate overheads	3,606	3,770	3,998	4,081	3,895
Asset management and airport operations	12,818	13,532	13,147	13,556	13,044
Asset maintenance	2,392	2,842	2,917	2,487	2,549
Total forecast operational expenditure	18,816	20,143	20,062	20,124	19,488

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
for year ended	31 Mar 15	31 Mar 16	31 Mar 17	31 Mar 18	31 Mar 19
Marine Protection	842	518	1,053	900	550
Gates	797	201	412	55	61
Aprons	926	949	1,234	336	37
Movement Areas	4,619	1,041	824	10,559	183
Operational Compliance Works	2,909	—	1,423	—	367
Other Airside Works	109	99	101	79	61
Other Airfield (including Clearway)	1,751	—	—	—	—
Relocation AFS/ Airside Operations	—	—	4,769	—	—
MAGS / Guard Lights	—	2,081	—	—	—
Runway Capacity Utilisation Improvements	—	—	—	2,198	—
Southern Apron Development (Stage 2)	—	—	—	1,364	6,944
Terminal South Extension - Terminal	11,787	20,138	—	—	—
Terminal South Extension - Southern Apron	4,570	7,132	—	—	—
Main Terminal Building - Central Hall	—	1,394	—	—	—
Main Terminal Building - Building Flow	—	—	—	—	3,333
North Terminal Development - Domestic Passenger Facilitation	2,040	—	—	—	—
Noise Mitigation Works	2,383	2,491	1,569	1,633	—
Other capital expenditure	5,683	3,942	2,888	1,902	1,629
Total forecast capital expenditure	38,416	39,985	14,273	19,026	13,164

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Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2015**SCHEDULE 7: REPORT ON SEGMENTED INFORMATION**

ref Version 2.0

		(\$000)			
		Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
6					
7					
8	Landing and parking charges	–	36,076	–	36,076
9	Terminal charges	23,754	–	–	23,754
10	Counter charges	677	–	–	677
11	Noise mitigation charges	–	2,213	–	2,213
12	Lease, rental and concession income	1,761	179	2,062	4,002
13	Other operating revenue	–	–	–	–
14	Net operating revenue	26,192	38,468	2,062	66,722
15					
16	Gains / (losses) on asset sales	–	(19)	–	(19)
17	Other income	–	–	–	–
18	Total regulatory income	26,192	38,449	2,062	66,703
19					
20	Total operational expenditure	7,578	9,028	546	17,152
21					
22	Regulatory depreciation	7,571	5,874	365	13,810
23					
24	Total revaluations	118	192	15	325
25					
26	Allowance for long term credit spread	42	89	4	135
27					
28	Regulatory tax allowance	4,024	6,421	302	10,747
29					
30	Regulatory profit/ loss	7,095	17,230	860	25,184
31					
32	Regulatory investment value	140,818	234,113	18,159	393,091

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

Commentary on Segmented InformationSpecified Passenger Terminal and Airfield Activities

The segmented outcomes above produce ROI's of 5.0% (2014: 8.5%) for the specified passenger terminal activity and 7.4% (2014: 2.2%, 8.6% excluding the non-indexed revaluation) for the airfield activity. In WIAL's view, these returns are consistent with the forecast outcome from the price setting approach taken by WIAL for PSE3 after allowing for actual revaluations being lower than forecast.

Aircraft & Freight Activities

This segment produces an ROI of 4.7% (2014: 1.6%, 6.4% excluding the non-indexed revaluation). WIAL confirms that rental levels for individual tenants are established via commercially negotiated agreements, following receipt of advice from valuers and negotiations with tenants or prospective tenants. Valuers, in forming their advice establish commercial valuations of the properties which reflect their expectation of market rental levels.

Regulated Airport
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SCHEDULE 8: CONSOLIDATION STATEMENT

ref Version 2.0

8a: CONSOLIDATION STATEMENT

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	(\$000) Airport Company– GAAP
Net income	66,703	19	66,722	41,588	108,310
Total operational expenditure	17,152	–	17,152	9,724	26,876
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	49,551	19	49,570	31,864	81,434
Depreciation	13,810	(807)	13,003	3,207	16,210
Revaluations	325	(325)	–	371	371
Tax expense	10,747	(16,287)	(5,541)	4,295	(1,246)
Net operating surplus / (deficit) before interest	25,319	16,788	42,108	24,733	66,841
Property plant and equipment	383,149	133,023	516,272	228,250	744,522

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

		Regulatory / GAAP Adjustments *
Description of Regulatory / GAAP Adjustment	Affected Line Item	
Adjustment of regulatory depreciation to align with GAAP	Depreciation	(807)
Indexed revaluations of regulated assets applied in accordance with the Input Methodology	Revaluations	(325)
The regulatory tax calculation excludes consideration of deferred tax however this must be included in the GAAP financial statements	Tax expense	(16,287)
Differences arising from valuation approaches required by Input Methodology	Property plant & equipment	133,023

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

Commentary on the Consolidation Statement

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

Depreciation

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

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

Revaluations

The regulatory asset base is rolled forward by CPI indexing in accordance with the Determination.

Tax Expense

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

Property, Plant and Equipment

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

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

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

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

(\$000)

Asset Allocators

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

ref Version 2.0

Asset Allocators (cont)

	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
63			[Select one]		
64			[Select one]		
65			[Select one]		
66			[Select one]		
67			[Select one]		
68			[Select one]		
69			[Select one]		
70			[Select one]		
71			[Select one]		
72			[Select one]		
73			[Select one]		
74			[Select one]		
75			[Select one]		
76			[Select one]		
77			[Select one]		
78			[Select one]		
79			[Select one]		
80			[Select one]		
81			[Select one]		
82			[Select one]		
83			[Select one]		
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85			[Select one]		
86			[Select one]		
87			[Select one]		
88			[Select one]		
89			[Select one]		
90			[Select one]		
91			[Select one]		
92			[Select one]		
93			[Select one]		
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124			[Select one]		
125			[Select one]		
126			[Select one]		
127			[Select one]		
128			[Select one]		

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

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SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref Version 2.0

9b: Notes to the Report

9b(i): Changes in Asset Allocators

			Effect of Change (\$000)		
			CY-1	Current Year	CY+1
			31 Mar 14	(CY) 31 Mar 15	31 Mar 16
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	-	-	-
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	-	-	-
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	-	-	-
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	-	-	-
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	-	-	-
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	-	-	-
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	-	-	-

Commentary on Asset Allocations

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

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SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref Version 2.0

10a: Cost Allocations

(\$000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	–	–	–	–	–	–
Costs not directly attributable	1,500	1,649	118	3,267	4,391	7,658
Asset Management and Airport Operations						
Directly attributable operating costs	291	5,129	26	5,446	–	5,446
Costs not directly attributable	4,798	1,201	217	6,216	875	7,092
Asset Maintenance						
Directly attributable operating costs	–	796	9	805	–	805
Costs not directly attributable	989	252	177	1,418	365	1,782
Total directly attributable costs	291	5,925	35	6,251	–	6,251
Total costs not directly attributable	7,287	3,102	511	10,900	5,631	16,531
Total operating costs	7,578	9,027	546	17,151	5,631	22,782

Cost Allocators

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

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Regulated Airport
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Wellington International Airport Limited
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SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref Version 2.0

10b: Notes to the Report

10b(i): Changes in Cost Allocators

			Effect of Change (\$000)		
			CY-1	Current Year (CY)	CY+1
			31 Mar 14	31 Mar 15	31 Mar 16
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

Commentary on Cost Allocations

Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2015**SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 2.0

6	Runway	Number	Total Duration	
			Hours	Minutes
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	–	–	–
9	Airlines/Other	1	–	33
10	Undetermined reasons	–	–	–
11	Total	1	–	33
12	Taxiway			
13	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	Remote stands and means of embarkation/disembarkation			
19	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	2	3	46
21	Airlines/Other	–	–	–
22	Undetermined reasons	–	–	–
23	Total	2	3	46
24	Contact stands and airbridges			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	–	–	–
27	Airlines/Other	–	–	–
28	Undetermined reasons	–	–	–
29	Total	–	–	–
30	Baggage sortation system on departures			
31	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	5	8	56
33	Airlines/Other	8	21	06
34	Undetermined reasons	2	–	48
35	Total	15	30	50
36	Baggage reclaim belts			
37	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	On-time departure delay			
43	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	4	1	20
45	Airlines/Other	5	1	42
46	Undetermined reasons	1	–	28
47	Total	10	3	30

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Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2015**SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)**

ref Version 2.0

Fixed electrical ground power availability (if applicable)

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

0.0065%

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

Commentary concerning reliability measuresProcess for Determining Responsibility for Interruptions

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

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

The number and duration of on time departure delays decreased during 2015 to 10 flights and a total duration of 3 hours and 30 minutes (2014: 16 flights and a duration of 7 hours and 51 minutes). It should be noted that 2 of these on-time departure delays were due to an airline's aircraft becoming immobilised on the runway. Of the remainder, the Baggage Handling System event caused delays to 7 aircraft in total, 4 aircraft (cumulative total of 1 hour and 20 minutes) related to one event that arose from a faulty stop switch which was only discovered during the recovery process from a routine stoppage; 2 aircraft were delayed when an emergency lanyard was pulled but could not be reset, and 1 aircraft was delayed when the baggage belt stopped working. The remaining event occurred when a ground handling agent damaged an in ground electrical socket preventing a ground power unit from being removed, consequently blocking the departure path of the aircraft it was used to service.

Process to Consider Requirement for Operational Improvements

The interruptions are discussed with participants at the TEAM WLG meetings (an acronym for Together Everyone Achieves More).

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

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

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Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2015**SCHEDULE 12: REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES**

ref Version 2.0

Runway

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

Taxiway

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

Aircraft parking stands

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

		Contact stand—airbridge	Contact stand—walking	Remote stand—bus
Air passenger services	International	8	—	—
	Domestic jet	12	—	1
	Domestic turboprop	—	13	2
Total parking stands		20	13	3

Busy periods for runway movements

	Date
Runway busy day	14 November 2014
Runway busy hour start time (day/month/year hour)	12 Sep 2014 8 a.m.

Aircraft movements

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

		Contact stand—airbridge	Contact stand—walking	Remote stand—bus	Total
Air passenger services	International	15	—	—	15
	Domestic jet	84	—	—	84
	Domestic turboprop	—	183	—	183
	Total	99	183	—	282
Other (including General Aviation)					31
Total aircraft movements during the runway busy day					313

Number of aircraft runway movements during the runway busy hour

30

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

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

Runway

WIAL's runway capacity varies depending on the direction of use of the runway (namely runway 16 or 34) and weather conditions. WIAL's busy hour demand was assessed at 30 movements per hour. The 30 movements is below available capacity in clear weather conditions (VMC conditions) but exceeds available capacity when weather conditions are poor (IMC conditions).

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

WIAL is working with the airlines, Airways Corporation (Airways) and other stakeholders to implement measures to manage the prospective congestion to ensure appropriate changes to facilities that could increase runway movement capacity are identified and implemented. In 2015, WIAL continued to work with stakeholders to deliver works which may increase runway capacity. This includes the initiative of Airport Collaborative Decision Making (ACDM).

WIAL implemented a new PSE3 price schedule for the pricing period 1 June 2014 to 31 March 2019. This is consistent with the pricing methodology developed for PSE2, including peak period congestion pricing and parking charges to encourage the efficient use of facilities and scarce resources, incentivising aircraft operators to utilise runway slots in peak periods for the greatest number of passengers possible. Details of WIAL's pricing schedule and the rationale for this approach are set out in WIAL's Price Setting Event Disclosure for PSE3 (available on WIAL's website www.wellingtonairport.co.nz).

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 there were no aerobridges out of service.

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For Year Ended

Wellington International Airport Limited
31 March 2015

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

ref Version 2.0

		International terminal	Domestic terminal	Common area [†]
6	Outbound (Departing) Passengers			
7	Landside circulation (outbound)			
8	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	N/A	N/A	25 Jan 2015 4 p.m.
9	Floor space (m ²)	N/A	N/A	2,276
10	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,104
11	Utilisation (busy hour passengers per 100m ²)	N/A	N/A	49
12				
13	Check-in			
14	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	25 Jan 2015 4 p.m.
15	Floor space (m ²)	N/A	N/A	1,250
16	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	883
17	Utilisation (busy hour passengers per 100m ²)	N/A	N/A	71
18	Baggage (outbound)			
19	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	25 Jan 2015 4 p.m.
20	Make-up area floor space (m ²)	N/A	N/A	2,791
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	703
23	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,104
24	Utilisation (% of processing capacity)	N/A	N/A	29%
25	* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
26	Passport control (outbound)			
27	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	15 Jun 2014 3 p.m.		
28	Floor space (m ²)	210		
29	Number of emigration booths and kiosks	5		
30	Notional capacity during the passenger busy hour (passengers/hour) *	575		
31	Passenger throughput during the passenger busy hour (passengers/hour)	609		
32	Utilisation (busy hour passengers per 100m ²)	290		
33	Utilisation (% of processing capacity)	106%		
34				
35	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
36	Security screening			
37	Passenger busy hour for security screening—start time (day/month/year hour)	15 Jun 2014 3 p.m.	4 Jul 2014 8 a.m.	
38	Facilities for passengers excluding international transit & transfer			
39	Floor space (m ²)	263	181	
40	Number of screening points	2	4	
41	Notional capacity during the passenger busy hour (passengers/hour) *	540	1,080	
42	Passenger throughput during the passenger busy hour (passengers/hour)	609	724	
43	Utilisation (busy hour passengers per 100m ²)	232	400	
44	Utilisation (% of processing capacity)	113%	67%	
45	Facilities for international transit & transfer passengers			
46	Floor space (m ²)	N/A		
47	Number of screening points	N/A		
48	Notional capacity during the passenger busy hour (passengers/hour)*	N/A		
49	Estimated passenger throughput during the passenger busy hour (passengers/hour)	N/A		
50	Utilisation (busy hour passengers per 100m ²)	N/A		
51	Utilisation (% of processing capacity)	N/A		
52				
53	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
54				

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Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2015

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

ref Version 2.0

		International terminal	Domestic terminal	Common area [†]
61	Airside circulation (outbound)			
62	Passenger busy hour for airside circulation (outbound)—start time			
63	(day/month/year hour)	15 Jun 2014 3 p.m.	4 Jul 2014 8 a.m.	
64	Floor space (m ²)	762	591	
65	Passenger throughput during the passenger busy hour (passengers/hour)	609	1,006	
66	Utilisation (busy hour passengers per 100m ²)	80	170	
67				
68	Departure lounges			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	15 Jun 2014 3 p.m.	4 Jul 2014 8 a.m.	
70	Floor space (m ²)	1,184	1,453	
71	Number of seats	489	568	
72	Passenger throughput during the passenger busy hour (passengers/hour)	609	1,006	
73	Utilisation (busy hour passengers per 100m ²)	51	69	
74	Utilisation (passengers per seat)	1.2	1.8	
75	Inbound (Arriving) Passengers			
76	Airside circulation (inbound)			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	13 Mar 2015 2 p.m.	1 Mar 2015 5 p.m.	N/A
79	Floor space (m ²)	1,401	591	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	500	993	N/A
81	Utilisation (busy hour passengers per 100m ²)	36	168	N/A
82	Passport control (inbound)			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	13 Mar 2015 2 p.m.		
85	Floor space (m ²)	329		
86	Number of immigration booths and kiosks	7		
87	Notional capacity during the passenger busy hour (passengers/hour) *	662		
88	Passenger throughput during the passenger busy hour (passengers/hour)	500		
89	Utilisation (busy hour passengers per 100m ²)	152		
90	Utilisation (% of processing capacity)	76%		
91	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
92	Landside circulation (inbound)			
93	Passenger busy hour for landside circulation (inbound)—start time			
94	(day/month/year hour)	N/A	N/A	27 Oct 2014 2 p.m.
95	Floor space (m ²)	N/A	N/A	2,276
96	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,059
97	Utilisation (busy hour passengers per 100m ²)	N/A	N/A	47
98	Baggage reclaim			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	13 Mar 2015 2 p.m.	1 Mar 2015 5 p.m.	
100	Floor space (m ²)	536	1,081	
101	Number of reclaim units	2	2	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	3,600	3,600	
103	Bags processed during the passenger busy hour (bags/hour)*	350	556	
104	Passenger throughput during the passenger busy hour (passengers/hour)	500	794	
105	Utilisation (% of processing capacity)	10%	15%	
106	Utilisation (busy hour passengers per 100m ²)	93	73	
107	* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
108	Bio-security screening and inspection and customs secondary inspection			
109	Passenger busy hour for bio-security screening and inspection and			
110	customs secondary inspection—start time (day/month/year hour)	13 Mar 2015 2 p.m.		
111	Floor space (m ²)	550		
112	Notional MAF secondary screening capacity during the passenger busy hour	760		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	500		
115	Utilisation (% of processing capacity)	66%		
116	Utilisation (busy hour passengers per 100m ²)	91		
117	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
118	Arrivals concourse			
119	Passenger busy hour for arrivals concourse—start time (day/month/year hour)	N/A	N/A	27 Oct 2014 2 p.m.
120	Floor space (m ²)	N/A	N/A	962
121	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,059
122	Utilisation (busy hour passengers per 100m ²)	N/A	N/A	110

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

ref Version 2.0

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

Commentary concerning capacity utilisation indicators for Passenger Terminal Activities

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

Passenger Data

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

Baggage Reclaim

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

- For international passengers - an average of 0.7 bags for each international passenger; and
- For domestic passengers - an average of 0.7 bags.

• These figures cover all passengers, including those who only travel with carry-on baggage.

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

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

Determination of Capacities

WIAL capacities were determined as follows:

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

Comment on Baggage (outbound) Utilisation

The utilisation statistic of 29% above provides the proportion of technical capacity that is utilised by bags loaded on the outbound baggage belts.

Terminal Floor Areas

WIAL has made some minor adjustments to the terminal floor space allocations in 2015 following a review of changes to the terminal during the year. These include the upgrades to the North Pier security and gate lounge area.

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SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref Version 2.0

6 Survey organisation

7 Survey organisation used

ACI

8 If "Other", please specify

10 Passenger satisfaction survey score

11 (average quarterly rating by service item)

12 Domestic terminal

Quarter for year ended	1 30 Jun 14	2 30 Sep 14	3 31 Dec 14	4 31 Mar 15	Annual average
Ease of finding your way through an airport	4.3	4.3	4.3	4.4	4.3
Ease of making connections with other flights	4.0	4.3	4.2	4.3	4.2
Flight information display screens	4.2	4.2	4.2	4.3	4.2
Walking distance within and/or between terminals	4.1	4.1	4.1	4.2	4.2
Availability of baggage carts/trolleys	3.8	3.9	3.9	4.0	3.9
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.3	4.3	4.3	4.4	4.3
Availability of washrooms/toilets	3.9	3.9	3.9	4.0	3.9
Cleanliness of washrooms/toilets	4.0	3.9	3.9	4.0	3.9
Comfort of waiting/gate areas	3.5	3.5	3.5	3.6	3.5
Cleanliness of airport terminal	4.1	4.2	4.1	4.2	4.1
Ambience of the airport	3.9	4.0	3.9	4.0	4.0
Security inspection waiting time	4.4	4.4	4.4	4.4	4.4
Check-in waiting time	4.5	4.5	4.5	4.4	4.5
Feeling of being safe and secure	4.4	4.5	4.4	4.5	4.4
Average survey score	4.1	4.1	4.1	4.2	4.1

29 International terminal

Quarter for year ended	1 30 Jun 14	2 30 Sep 14	3 31 Dec 14	4 31 Mar 15	Annual average
Ease of finding your way through an airport	3.9	4.1	3.9	4.2	4.0
Ease of making connections with other flights	N/A	N/A	N/A	N/A	—
Flight information display screens	3.9	3.9	4.1	4.2	4.0
Walking distance within and/or between terminals	4.2	4.2	4.1	4.3	4.2
Availability of baggage carts/trolleys	3.6	3.8	3.8	4.0	3.8
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.4	4.0	4.3	4.4	4.3
Availability of washrooms/toilets	3.9	3.9	3.9	4.1	4.0
Cleanliness of washrooms/toilets	4.2	4.1	4.1	4.1	4.1
Comfort of waiting/gate areas	3.6	3.5	3.5	3.7	3.6
Cleanliness of airport terminal	4.3	4.3	4.2	4.2	4.3
Ambience of the airport	4.1	3.8	3.8	4.0	3.9
Passport and visa inspection waiting time	4.3	4.5	4.3	4.6	4.4
Security inspection waiting time	4.3	4.3	4.3	4.5	4.4
Check-in waiting time	4.2	3.8	3.9	4.2	4.0
Feeling of being safe and secure	4.4	4.4	4.3	4.5	4.4
Average survey score	4.1	4.0	4.0	4.2	4.1

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

48 Commentary concerning report on passenger satisfaction indicators

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

WIAL continues to rate highly in its ASQ scores, with an average domestic score of 4.1 and an average international score of 4.1 (based on those survey categories identified in Schedule 14) for 2015.

54 Domestic

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

58 International

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

65 Accuracy of Passenger Data to Prepare Utilisation Indicators

Refer to the comments in Schedule 13.

66 Location of Survey Fieldwork Documentation

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

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

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2015

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref Version 2.0

Disclosure of the operational improvement process

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

- Identify measures available to either reduce the likelihood of service losses which have caused significant disruption or on time delays from reoccurring; or to better manage the impact of service losses so as to reduce their impact;
 - Confirm the responsibility for service interruptions as required; and
 - Review quarterly passenger satisfaction surveys to identify where remedial action is required by the airport, airlines or border agencies.
- WIAL is committed to maintaining and improving service quality for its customers and enhancing the airport's facilities in response to customer feedback and changes in demand.

Service Quality Monitoring

ASQ

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

Team WLG Meetings

TEAM WLG meetings continued to be held in 2015, as detailed in Schedule 11. The TEAM WLG forum focuses on service reliability, service performance and a review of ASQ results, as well as airport collaborative decision making as a model for improving passenger and aircraft processing. During the year there were 3 meetings held. The meetings are supported by a TEAM WLG magazine. The latest issue has been circulated to 500 airport stakeholders and their staff.

ACDM

ACDM is an operational concept that is being advanced by the International Civil Aviation Organisation (ICAO), and is also supported by Airports Council International (ACI) and the International Air Transport Association (IATA). ACDM is about aviation partners working together more efficiently and transparently resulting in operational efficiencies and enhanced traffic capacity. WIAL has finalised the Solution Discovery & Design phase in order to create a clear understanding of exactly how A-CDM will work at WIAL with a direct link to process improvements. Airlines and ground handlers have been important stakeholders during this phase. Auckland Airport is currently implementing the first stage of ACDM, with WIAL to follow.

Other stakeholder engagement meetings at WIAL

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

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

A new forum which has recently started is the airline allocation meeting. In this meeting aircraft gate allocation and check-in desk allocation is being discussed and agreed. This meeting is initiated because more airlines are sharing WIAL's facilities and coordination on the use of common use terminal equipment is required.

Weekly meetings with stakeholders are being held for the Terminal South Extension project (see below). These meetings will ensure safe and efficient passenger processes during the construction stages of this major project.

Operational Improvement Initiatives

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

Terminal South Extension

The Terminal South Extension ("TSE") development incorporating a 35 metre (6000sqm) extension of the main terminal to the south and redesign and expansion of the south and south-west piers is well underway. The TSE project will double the width of both southern piers, provide extra gate lounge space, increase the retail mix, double the number of toilets and provide more parking spaces for aircraft. The TSE project is scheduled to be completed in mid-2016.

North Pier Reconfiguration

The North Pier gate lounge has been reconfigured in order to provide a better passenger experience. The size of the waiting lounge has doubled and the Avsec screening point has been repositioned to create more queueing space and a more efficient passenger flow. New public toilets have been added to the lounge after the security point, including disabled access.

WIAL Ambassadors Programme

WIAL has established a new airport volunteer program in conjunction with Positively Wellington Tourism ("PWT"). The primary function of the 50 ambassadors is to facilitate passenger movements by checking boarding passes, passports and departure cards and to provide direction and assistance. New information counters have been placed at both International Arrivals and Departures.

Pilot Briefing Package

WIAL has created a computer based briefing for new pilots flying into Wellington. Operational restrictions that have been in place for decades have been rescinded as a result of this new training package. The briefing comprises of informative text, audio, high resolution photos and videos of the approaches to Wellington. An assessment is included to confirm the trainee understands the content. The training package is innovative and more customer friendly for visiting operators and airlines. The content of the package has been developed in conjunction with the CAA Flight Inspectors. Many airlines have already used the new training package.

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

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SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES (cont)

ref Version 2.0

Disclosure of the operational improvement process

Airside Operator Licensing and Airside Vehicle Permit

WIAL has implemented an Airside Operator Licensing (AOL) and Airside Vehicle Permit (AVP) scheme as part of the airport's Safety Management System. All operators on the airfield have to be licensed and their vehicles registered. The system helps the airport to vet and monitor companies whilst vastly reducing the administration time involved for both the airport and the applicant.

Taxiway Alpha 2 Realignment

WIAL has completed work to realign and strengthen Taxiway Alfa 2. This work has resulted in reduced runway occupancy times, increased safety and increased runway strength.

Pedestrian Subway

WIAL completed the strengthening of the pedestrian subway below the runway. This has increased the seismic rating of the subway and has enabled increased loadings for aircraft.

Online Health and Safety Training

WIAL has implemented an online Health and Safety training package for all contractors working at the airport, including a presentation, several videos and a final online assessment to complete the training. A certificate is issued once questions are answered successfully.

Works Safety Officers

To ensure the TSE project is executed in a safe manner in a live operational environment close coordination between the project team, the contractor and the airfield operations team is of utmost importance. Three additional work safety officers (bringing WIAL's total WSO resources to four) have been recruited as part of the operations team to assist in ensuring that the TSE construction project is executed in a safe manner with minimal impact to airline operations.

Passenger Experience

WIAL continues to enhance travelers experience with innovative and well received installations. A new Smaug display in the Main Terminal Building was installed prior to the final move in the Hobbit trilogy. These sculptures have elevated the airport's profile internationally through social and broadcast media coverage.

Bi-Annual Exercise

The Aerodrome Emergency Plan is required by the Civil Aviation Authority to be tested (full practical exercise) at least two yearly. The main objectives of the exercise conducted November 2014 were to confirm draft procedures that have been refined over the past 18 months; test communications systems between agencies and between on-site locations; further familiarise staff (particularly on airport stakeholders,) with the Coordinated Incident Management System ("CIMS"). The exercise went well and all the training objectives were met.

Pandemic Emergency Response

With an increased Ebola threat in 2015, Health Authorities have been working closely with Airport Stakeholders to increase awareness and refine agreed response protocols. The Quarantine/Public Health response plan is being executed at WIAL. The purpose of this plan is to ensure a coordinated and appropriate response to potential outbreaks of contagious diseases at the airport. Ministry of Health Officials commenced screening at airports some time ago, with Customs Officials identifying those that have travelled to or from affected areas, as well as Airlines taking an increased awareness of passengers who are ill in-flight. Since the introduction of measures put in place to monitor the threat from Ebola, Wellington Airport stakeholders have successfully managed a number of incidents in conjunction with Regional Public Health.

Emergency Management

WIAL recently implemented a new business continuity plan ("BCP"). While integrated with the Aerodrome Emergency Plan ("AEP"), the BCP outlines a separate set of processes to manage a significant disruption to normal business activity. The AEP deals with declared emergencies; the BCP is designed to manage business disruptions

Website (www.wellingtonairport.co.nz)

WIAL has upgraded its website for an improved and more intuitive user experience. The mobile site has also been redesigned during the year ensuring passengers have easy access to flight information and important announcements.

Core IT network upgrade

A reliable IT network is one of the key pieces of airport infrastructure that is critical to the successful operation of an airport. WIAL has enhanced the capability, resilience and efficiency of our existing core network so that it has adequate capacity for current and future traffic requirements as well as resilience in the event of failure of one of its key components.

CCTV Platform Upgrade

Wellington airport has upgraded its CCTV platform to provide more extensive, high-resolution coverage to its various stakeholders to assist with operational matters.

FIDS enhancements

Existing FID screens are progressively being refreshed with larger units to assist readability.

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

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SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref Version 2.0

16a: Aircraft statistics

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

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

[illegible]

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SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)

ref Version 2.0

(ii) Domestic air passenger services—the total number and MCTOW of landings of flights by aircraft type during disclosure year

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Airbus A320	8,891	636,581
Boeing 737-300	3,474	196,177
Boeing 737-800	13	1,027
Boeing 767-300	3	557
Total	12,381	834,342

(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)
Aerospatiale AT72-600	1,920	44,160
Aerospatiale AT72-500	1,809	41,245
Beech 200 Superking Air	28	159
Jetstream 31	4	28
Cessna 208 Caravan	4,576	18,047
Convair CV-580	175	4,223
Bombardier Q300	11,415	222,593
Beechcraft 1900D	6,370	49,492
Fairchild SA 226 SA 227 Metro 3	19	138
Piper PA-31	38	121
Total	26,354	380,206

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Regulated Airport
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SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

ref Version 2.0

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

	Total number of landings	Total MCTOW (tonnes)
Air passenger service aircraft less than 3 tonnes MCTOW	516	850
Freight aircraft	317	4,951
Military and diplomatic aircraft	291	16,897
Other aircraft (including General Aviation)	3,986	15,906

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

	Total number of landings	Total MCTOW (tonnes)
Total	46,600	1,468,766

16b: Terminal access

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

	Contact stand—airbridge	Contact stand—walking	Remote stand—bus	Total
International air passenger service movements	5,510	—	—	5,510
Domestic jet air passenger service movements	24,762	—	—	24,762

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

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers [†]	2,337,233	388,741	2,725,974
Outbound passengers [†]	2,344,853	386,452	2,731,305
Total (gross figure)	4,682,086	775,193	5,457,279
less estimated number of transfer and transit passengers		—	—
Total (net figure)			5,457,279

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

16d: Airline statistics

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

[illegible]

Regulated Airport
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SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref Version 2.0

Airline statistics (cont)

Domestic

International

16e: Human Resource Statistics

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
Number of full-time equivalent employees	26.3	47.5	1.1	74.9
Human resource costs (\$000)				6,606

Commentary concerning the report on associated statistics

WIAL received monthly business volume data as follows:

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

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

Regulated Airport
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ref Version 2.0

17a: Components of Pricing Statistics

	((\$000))
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	4,473
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	21,257
Net operating charges from airfield activities relating to international flights	10,355
Net operating charges from specified passenger terminal activities relating to domestic passengers	20,813
Net operating charges from specified passenger terminal activities relating to international passengers	3,618
	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,473,208
Number of domestic passengers on flights of 30 tonnes MCTOW or more	3,205,409
Number of international passengers	775,193
	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	380,100
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	834,342
Total MCTOW of international flights	215,615

17b: Pricing Statistics

	Average charge (\$ per passenger)	Average charge (\$ per tonne MCTOW)
Average charge from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	3.04	11.77
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	6.63	25.48
Average charge from airfield activities relating to international flights	13.36	48.03
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from specified passenger terminal activities	4.45	4.67
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	9.95	18.03

Commentary on Pricing Statistics

WIAL's charges for the first two months of the year (from 1 April 2014 to 31 May 2014) were set as part of the PSE2 consultation which was completed in February 2012 for prices effective 1 April 2012 to 31 March 2017. In July 2013, WIAL announced that it would re-consult with its substantial customers, this led to new PSE3 prices being effective from 1 June 2014 to 31 March 2019. These charges apply for the last 10 months of the year (from 1 June 2014 to 31 March 2015). The Schedule of Charges for the PSE3 pricing period are available on WIAL's website (www.wellingtonairport.co.nz).

For the 2015 disclosures the aircraft weight and passenger statistics were derived from the Airways and airline data provided to WIAL as described in Schedule 16.

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

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

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

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

- WIAL's total average charge per international passenger is between the average charges disclosed by Auckland and Christchurch airports in their 2014 Annual Disclosures.
- WIAL's average charge per tonne is considerably higher than those disclosed by both Auckland and Christchurch airports for jet aircraft. This is inconsistent with the average passenger charge and reflects the difference in the aircraft types using the three airports. In particular, both Auckland and Christchurch airports are serviced by wide body long haul aircraft which do not operate at WIAL. These aircraft have a significantly higher weight per passenger seat compared to the smaller aircraft operating at WIAL. This increases the relative volume of chargeable MCTOW and results in an average charge per tonne at Auckland and Christchurch airports that is below that at WIAL.

WIAL notes that it is continuing to progress commercial discussions with its major airlines to put in place a long term commercial contract to address the noise mitigation activities at the airport. It is currently proposed that the implementation of this contract would replace the noise mitigation or LUMINS charges currently set out in WIAL's Schedule of Charges. A commercial agreement will provide benefit to the airlines by smoothing out the cost of the noise mitigation programme over a longer period than the current 5 yearly aeronautical price resets, in line with the timeline for the noise mitigation programme.

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

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

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

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



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

Schedule 20 – Certification for Disclosed Information

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

Tim Brown

Director
20 August 2015

Keith Sutton

Director
20 August 2015



Independent reasonable assurance report

To the directors of Wellington International Airport Limited

We have performed an engagement to provide reasonable assurance in relation to Schedules 1 to 17 for the regulatory year ended 31 March 2015 ('the Airport Disclosure Schedules'), prepared by Wellington International Airport Limited ('the Company') in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (the 'Determination').

Directors' responsibility for the Airport Disclosure Schedules

The Directors of the Company are responsible for preparation of the Airport Disclosure Schedules in accordance with the Determination, and for such internal controls as the directors determine is necessary to enable the preparation of Airport Disclosure Schedules that are free from material misstatement.

Auditor's responsibility

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

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE (NZ) 3000) and Standard on Assurance Engagements 3100 Compliance Engagements (SAE 3100) issued by the External Reporting Board. These standards require that we comply with ethical requirements and plan and perform our engagement to provide reasonable assurance about whether the Airport Disclosure Schedules have been prepared in all material respects in accordance with the Determination.

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

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

Use of this report

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

**Scope and inherent limitations**

Because of the inherent limitations of a reasonable assurance engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected. The opinion expressed in this report has been formed on the above basis.

As permitted by Clause 2.6(3) of the Determination we have relied on records that have been sourced from a third party in respect of certain non-financial information. For these items, our procedures were limited to confirming that the information in the Airport Disclosure Schedules agreed to the third party records provided to us.

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

Opinion

In our opinion:

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

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

Our engagement was completed on the 20th of August 2015 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'KPMG'.

Wellington