WELLINGTON INTERNATIONAL AIRPORT LIMITED

SPECIFIED AIRPORT SERVICES ANNUAL INFORMATION DISCLOSURE

FOR THE YEAR ENDING 31 MARCH 2013

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 2013. This is WIAL's third 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 looks forward to feedback from the Commission on this and previous years disclosures.

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 three years has been as follows:

Year	WIAL's Post Tax Return on Investment	WIAL's Return on Investment excluding Revaluations	Commission's 75th %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	$20.1 million shortfall
2012	6.91%	5.44%	8.73%	$10.4 million shortfall	$31.3 million shortfall
2013	6.23%	5.43%	8.04%	$10.5 million shortfall	$41.9 million shortfall

(1) SHOWN IN 2013 PRESENT VALUE TERMS

The return on investment 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 2013 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 airports services, undertaking investment and initiatives to address any areas of inadequate quality or concern and to facilitate passenger growth in future years.

WIAL continues to rate highly in its ASQ (**Airport Service Quality**) survey scores, with an average domestic score of 4.0 and an average international score of 4.1 for 2013. These compare extremely well against other airports around the world and WIAL is currently ranked the 3rd highest airport in Australasia and in the top quartile 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. In 2011 WIAL established a forum for airport stakeholders, namely TEAM WLG an acronym for Together Everyone Achieves More. TEAM WLG continues to meet monthly and focuses on service reliability, service performance including a review of ASQ results, as well as airport collaborative decision making as a model for improving passenger and aircraft processing. The meetings also assist in confirming responsibility for service interruptions and to consider whether process improvements are required.

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:

- The International Departure Fee at WIAL was removed from 1 April 2012 following the introduction of WIAL's new charges for the period 1 April 2012 to 31 March 2017 (**PSE2**). This has meant that passengers are no longer required to pay a separate departure fee prior to entering the international departures lounge, therefore improving the efficiency of processing times for international departing passengers and improving passenger service.

- The new car park and precinct layout is well under way, with improved drop off and pick up facilities, and is scheduled for substantial completion at the end of August 2013.

- Throughout the year phase one of the taxi relocation and layout has been completed with the implementation of the new taxi waiting area which includes improved facilities for drivers.

- The Terminal South Extension (**TSE**), which includes the design and expansion of the South West Pier (**SWP**) and associated apron and other works. The design phase for the TSE is currently in progress but is later than originally forecast. This delay was mainly due to extended airline consultation as set out in Schedule 6. WIAL notes that if completion of these projects is not achieved within a reasonable time period versus forecast then a wash up arrangement may apply as set out in consultation for PSE2.

  The main benefits of these capital works will be to improve terminal capacity and passenger amenity, improve departure lounges together with improved baggage handling capability and improved toilet facilities. These enhancements are in part due to the introduction of larger A320 aircraft in New Zealand.

- In response to the outcomes in the ASQ surveys and other feedback received, WIAL has completed a significant upgrade of the public toilet facilities on Level 1 of the Main Terminal Building and plans to address the waiting/departure gate lounge congestion as part of the TSE.

- Extension and improvement of the departure lounge at Gate 21.

- The installation of rear boarding stairs and vestibules to enable dual boarding (back and front doors) was requested by Air New Zealand and Jetstar for A320 operations. These works have been ongoing and were completed for Gate 22 in 2013.

- Mid-life refurbishment of the aerobridge on Gate 21 was completed in 2013. By ensuring a consistency of aerobridge functionality, this further enhances the airline's ability to maintain on time performance and efficiency.

- Ongoing improvements to the Baggage Handling System (**BHS**) including new safety enhancements.

- A new Airside Access Gate was operational in the year and included repositioning of the Cabin Services Gate from Freight Drive in late 2012. This new gate will provide improved airside access, efficiencies and security.

- The Ministry of Primary Industries (**MPI**) introduced a direct entry option to the international arrivals processing area in late 2012. This initiative permits MPI officials to direct certain New Zealand citizens to the arrivals exit without the further need for biosecurity intervention, thus speeding up processing times and reducing queues at the X-ray machines.

- As a result of queue monitoring and agency processing rates, the location of New Zealand Customs (**Customs**) emigration desks and the Avsec screening points were reversed at the entry to the international departures lounge in May 2012. This change provides a more spacious queuing area for X-ray screening, and allows passengers the ability to return to the main terminal area, such as to return any designated liquids, aerosol and gels (**LAGS**) material which would otherwise have been confiscated by Avsec staff at the X-ray screening point.

- During the year WIAL further developed its new website to ensure that flight information and gate lounge details were upfront and easy to access, along with contact details for customer service, feedback and maps. In late 2012 WIAL also developed a mobile phone website that displays direct flight and gate information. Mobile phone access of flight information now accounts for well over 20% of website usage.

- Upgrading the Flight Information Display system (**FIDs**) design to enhance the ability for passengers to find their flight times and departure gates.

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 to address identified concerns are undertaken on a continuous basis. Initiatives undertaken during the year have included the following:

- Baggage Delivery: TEAM WLG identified an improvement to the FIDs which indicates to passengers when their bag is expected to arrive. In parallel, the system will record the

performance of baggage delivery by the ground handler measuring the time between the arrival of the aircraft and delivery of the first and last bag.

- Queues at Domestic Screening: The processes were assessed and timing adjustments made to the way passengers were instructed to go to the gate lounge as well as the time prior to boarding that the Avsec screening point was staffed. Barriers were installed to better manage foot traffic and the lounge area was increased at Gate 21. This multi-agency effort resulted in passenger queues being reduced dramatically.

- Queues at International Secondary Screening: The processes were assessed and adjustments were made with all the agencies involved in international arrivals processing and baggage delivery. Two baggage reclaim carrousels are now used as standard for international arrivals with carrousels being allocated to alternate flights to spread the passenger distribution within the arrivals hall. New queuing barriers were installed and the screening point for MPI direct entry adjusted to negate all passengers having to queue, with only those passengers assessed as being of higher risk directed to the X-ray or search area. WIAL operations staff now also actively assist with queue management in this area. This has reduced the queuing time considerably for most arriving international passengers.

- International Diversions: From time to time, international flights are diverted from Christchurch or Auckland to Wellington. Passengers on board these flights were previously required to re-embark their aircraft due to regulatory requirements concerning separation of arrival and departing passengers. TEAM WLG members reviewed the processes involved and developed a solution whereby affected passengers are now treated as passengers in transit. Airline security programmes were adjusted to take into account the revised processing protocols so that passengers may remain in the international departure lounge at the same time as processing of other international departures, until either being cleared by Customs and MPI as a normal arrival or re-boarding their flight to their original destination.

Further initiatives reviewed and undertaken by WIAL in the year included:

- Reducing the incidence of aerobridge malfunctions: To reduce the incidence of operator error, a standardised training package has been developed for aerobridge operation. Furthermore access card readers were installed at the aerobridge so that only selected authorised personnel can access the aerobridge.

- Aerobridge refurbishment: A number of aerobridges have recently undergone significant refurbishment. An aerobridge was reinstalled, in conjunction with external passenger stairs to the apron, to enable airlines the choice of embarking passengers via the aerobridge or via the apron and mobile stairs to the aircraft (rear stair boarding).

- Baggage system faults: A significant number of daily faults were recorded with the BHS arising from the incorrect presentation of passenger bags on the conveyor belt system. This mostly arose from the self-service baggage drop facility. Pictorial signs were installed showing how bags should be presented at the baggage drop area for guidance to staff and passengers. This has reduced the incidence of bag read errors and improved the smooth running of the BHS.

4. Contact Person

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

Martin Harrington
Chief Financial Officer
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Specified Airport Services Information Disclosure Requirements
Information Templates
for
Schedules 1–17

Company Name	Wellington International Airport Limited
Disclosure Date	11 July 2013
Disclosure Year (year ended)	31 March 2013
Pricing period starting year (year ended) [1]	31 March 2013

[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 (Annual Disclosure)
Version 2.0. Prepared 25 January 2012

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Disclosure Template Guidelines for Information Entry

Internal consistency check | OK

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

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

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

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

Data entry cells that contain conditional formatting
A limited number of data entry cells may change colour or disappear from view in response to data entries (including date entries) made in the workbook. This feature has been implemented to highlight data being entered that is not internally consistent with other data currently entered, and to hide data entry cells for conditionally disclosed information when the determination does not require the data be disclosed.
a) Internal consistency checks
To assist with data entry, the shading of the following data entry cells will change if the cell content becomes inconsistent with data elsewhere in the template:
Schedule 4, cells N110:N118, J30;
Schedule 7, cells K8:K14, K16:K18, K20, K22, K24, K26, K28, K30, K32.
Should such inconsistency be identified, the shading of the internal consistency check cell C4 at the top of the Guidelines worksheet will also change and the check cell will show "Error" instead of "OK".
b) Conditionally disclosed information
The determination allows in some circumstances that data do not need to be disclosed. Accordingly, the following cells are conditionally formatted to disappear from view (the borders are removed and the interior of the cells takes on the colour of the template background) in some circumstances:
Schedule 1, cells F9:F12, F14:F15, F17:F18, G9:G12, G14:G15, G17:G18;
In schedule 1, the column F cells listed above disappear if the determination does not require Part 4 disclosure in respect of year CY – 2 (CY is the current disclosure year). Similarly, the column G cells disappear if disclosure in 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: **Wellington International Airport Limited**
For Year Ended: **31 March 2013**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

Version 2.0

($000 unless otherwise specified)

1a: Return on Investment

		CY-2 *	CY-1 *	Current Year CY
Return on Investment (ROI)	*for year ended*	**31 Mar 11**	**31 Mar 12**	**31 Mar 13**
Regulatory profit / (loss)		25,985	29,727	27,073
less Notional interest tax shield		1,396	1,240	1,166
Adjusted regulatory profit		24,589	28,487	25,907
Regulatory investment value		398,873	412,211	415,821
ROI—comparable to a post tax WACC (%)		6.16%	6.91%	6.23%
Post tax WACC (%)		8.19%	7.75%	7.06%
ROI—comparable to a vanilla WACC (%)		6.51%	7.21%	6.51%
Vanilla WACC (%)		8.54%	8.06%	7.34%

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 2013

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

57	RAB value - previous year	415,173
58	Debt leverage assumption (%)	17%
59	Cost of debt assumption (%)	5.90%
60	Notional deductible interest	4,164
61	Tax rate (%)	28%
62	Notional interest tax shield	1,166

1b(ii): Regulatory Investment Value

64	Regulatory asset base value - previous year	415,173

	Commissioned Projects	Assets Commissioned—RAB Value ($000)	Proportion of Year Available (%)	Proportionate Regulatory Value
66	Gates	198	78%	154
67	Aprons	20	92%	18
68	Baggage System - Stage 2	49	75%	37
69	LUMINS Property Acquisitions	962	50%	481
70	*plus* Other assets commissioned	3,961	50%	1,981
71	*plus* Adjustment for merger, acquisition or sale activity	–	–	–
72	*less* Asset disposals	4,047	50%	2,024
73	RAB investment	1,144		
74	RAB proportionate investment			648
75				
76	Regulatory investment value			415,821

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Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2013

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

Version 2.0

2a: Regulatory Profit

			($000)
Income			
	Landing and parking charges	32,620	
	Terminal charges	26,707	
	Counter charges	1,062	
	Noise mitigation charges	2,182	
	Lease, rental and concession income	4,214	
	Other operating revenue		
	Net operating revenue		66,785
	Gains / (losses) on sale of assets	432	
	Other income	–	
	Total regulatory income		67,217
Expenses			
	Operational expenditure:		
	Corporate overheads	3,891	
	Asset management and airport operations	14,544	
	Asset maintenance	1,169	
	Total operational expenditure		19,605
Operating surplus / (deficit)			47,613
	Regulatory depreciation		14,204
plus	Indexed revaluation	3,526	
plus	Non-indexed revaluation	–	
	Total revaluations		3,526
Regulatory Profit / (Loss) before tax & allowance for long term credit spread			36,935
less	Allowance for long term credit spread		(3)
Regulatory Profit / (Loss) before tax			36,937
less	Regulatory tax allowance		9,864
Regulatory Profit / (Loss)			27,073

Commentary on Regulatory Profit

WIAL has provided commentary on its regulatory profit in the Executive Summary accompanying these Annual Disclosures. The regulatory profit has decreased from last year to $27.073m (2012: $29.727m).

As noted earlier, the 2013 year represents the first year of the new pricing period effective from 1 April 2012 to 31 March 2017 (Price Setting Event 2 or PSE2). The pricing period included a change in the pricing structure for airlines and consequently the income classifications reported in Schedule 2 have changed from last year.

These changes include:

- Removal of the International Departure Fee, which is no longer paid by passengers to WIAL but is instead recovered from the airlines;
- An allocation of the historic aggregated passenger charge into separate landing, terminal, counter and parking charges; and
- The introduction of noise mitigation charges to fund house acquisitions and noise insulation works for dwellings close to the airport.

Commentary on operational expenditure is provided in Schedule 6.

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2013**

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)
						225	28	(263)

	(10)
Attribution Rate (%)	28%
Allowance for long term credit spread	(3)

2b(ii): Financial Incentives

		($000)
Pricing incentives	2,130	
Other incentives	(145)	
Total financial incentives		1,985

2b(iii): Rates and Levy Costs

	($000)
Rates and levy costs	1,208

2b(iv): Merger and Acquisition Expenses

	($000)
Merger and acquisition expenses	–

Justification for Merger and Acquisition Expenses

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2013**

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

Version 2.0

3a: Regulatory Tax Allowance

					($000)
		Regulatory profit / (loss) before tax			36,937
	plus	Regulatory depreciation	14,204		
		Other permanent differences—not deductible	14	*	
		Other temporary adjustments—current period	367	*	
					14,585
	less	Total revaluations	3,526		
		Tax depreciation	8,282		
		Notional deductible interest	4,164		
		Other permanent differences—non taxable	–	*	
		Other temporary adjustments—prior period	321	*	
					16,293
		Regulatory taxable income (loss)			35,229
	less	Tax losses used	–		
		Net taxable income			35,229
		Statutory tax rate (%)	28.0%		
		Regulatory tax allowance			9,864

** 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 difference non-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 2013 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 2013 financial year - comprising a company cost of $20,246 multiplied by 68.24% 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 $519,114 multiplied by 70.57% 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)	($000)
		Opening RAB (Tax Value)	185,024	
	plus	Regulatory tax asset value of additions	3,074	
	less	Regulatory tax asset value of disposals	2,495	
	plus	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	1,080	
	less	Tax depreciation	8,282	
	plus	Other adjustments to the RAB tax value	2,226	
		Closing RAB (tax value)		180,627

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

			($000)	($000)
		Tax losses (regulated business)—prior period	–	
	plus	Current year tax losses	–	
	less	Tax losses used	–	
		Tax losses (regulated business)		–

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2013**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

Version 2.0

ref		Unallocated RAB * ($000)	Unallocated RAB * ($000)	RAB ($000)	RAB ($000)
8	**RAB value—previous disclosure year**		427,888		415,173
9	*less*				
10	**Regulatory depreciation**		14,819		14,204
11	*plus*				
12	Indexed revaluations	3,635		3,526	
13	Non-indexed revaluations	–		–	
14	**Total revaluations**		3,635		3,526
15	*plus*				
16	Assets commissioned (other than below)	3,594		3,088	
17	Assets acquired from a regulated supplier	–		–	
18	Assets acquired from a related party	2,947		2,103	
19	**Assets commissioned**		6,541		5,191
20	*less*				
21	Asset disposals (other)	4,048		4,047	
22	Asset disposals to a regulated supplier	–		–	
23	Asset disposals to a related party	–		–	
24	**Asset disposals**		4,048		4,047
25					
26	*plus* **Lost and found assets adjustment**		–		–
27					
28	**Adjustment resulting from cost allocation**				63
29					
30	**RAB value †**		419,198		405,702

31 **Commentary**

32 **Asset Transfers**
33 Several changes of asset use occurred in 2013 and the asset transfers ("Assets acquired from a related party" above) represent adjustments to the asset base to recognise
34 these changes. The major components of the assets transferred into the regulated asset base were as follows:
35
36 • Relocation of WIAL's corporate office to an area on the second floor of the Main Terminal Building (MTB). This area was previously recorded as a commercial asset and
37 therefore not included in the Regulatory Asset Base (RAB). A share of the corporate office asset value is apportioned to the aeronautical asset base.
38 • Conversion of an area in the MTB formerly used for landside duty free retail, but is now a passenger waiting area and partly apportioned to the aeronautical asset base.
39
40 **Asset Disposals**
41 In 2013, a number of houses adjoining the airport perimeter on Bridge Street were sold and removed. Whilst the buildings were sold, the land has been retained and
42 remains within the aeronautical asset base. The buildings were sold at market value and are recorded as asset disposals in the year.
43
44 Two of the Bridge Street properties were acquired and disposed of within 2013 and consequently an adjustment to the calculation of the indexed revaluations for 2013 is
45 required. This calculation presumes that all assets disposed of are included in the opening RAB and should therefore be deducted from the RAB value before the indexed
46 revaluation is determined. This is not correct for the two Bridge Street properties acquired during the year and consequently the disposal value of these two properties has
47 not been deducted from the opening RAB value in the calculation of the indexed revaluation.
48
49 **Cost Allocation Adjustment**
50 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
51 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
52 base during the year.
53
54

** 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*
55 *represents the value of these assets after applying this cost allocation. Neither value includes land held for future use or works under construction.*
56 *† RAB to correspond with the total assets value disclosed in schedule 9 Asset Allocations.*

57 **4b: Notes to the Report**

58 **4b(i): Regulatory Depreciation**

		Unallocated RAB ($000)	RAB ($000)
61	Standard depreciation	14,819	14,204
62	Non-standard depreciation	–	–
63	**Regulatory depreciation**	14,819	14,204

64

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2013**

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)				1,164
	CPI at CPI reference date—current year (index value)				1,174
	Revaluation rate (%)				0.86%
		Unallocated RAB		**RAB**	
	RAB value—previous disclosure year		427,888		415,173
less	Revalued land	–		–	
less	Assets with nil physical asset life	1,322		1,303	
less	Asset disposals	3,426		3,425	
less	Lost asset adjustment	–		–	
	Indexed revaluation		3,635		3,526

4b(v): Works Under Construction

		Unallocated works under construction		Allocated works under construction	
	Works under construction—previous disclosure year		1,585		1,468
plus	Capital expenditure	10,407		8,670	
less	Asset commissioned	6,541		5,191	
less	Offsetting revenue	–		–	
plus	Adjustment resulting from cost allocation				–
	Works under construction		5,451		4,947

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2013**

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

ref *Version 2.0*

4b(vi): Capital Expenditure by Primary Purpose

110		Capacity growth	2,418	
111	*plus*	Asset replacement and renewal	6,252	
112		Total capital expenditure		8,670

4b(vii): Asset Classes

			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
115		RAB value—previous disclosure year	121,356	129,102	149,419	15,296	415,173
116	*less*	Regulatory depreciation	–	5,750	6,159	2,295	14,204
117	*plus*	Indexed revaluations	1,043	1,100	1,253	130	3,526
118	*plus*	Non-indexed revaluations	–				–
119	*plus*	Assets commissioned	340	85	3,688	1,078	5,191
120	*less*	Asset disposals	–	–	4,044	3	4,047
121	*plus*	Lost and found assets adjustment	–	–	–	–	–
122	*plus*	Adjustment resulting from cost allocation	67	(57)	87	(33)	63
123		RAB value	122,806	124,480	144,244	14,173	405,702

** Corresponds to values in RAB roll forward calculation.*

4b(viii): Assets Held for Future Use

			Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
126		Assets held for future use—previous disclosure year	7,159	1,323	(65)	(52)	8,496
127	*plus*	Assets held for future use—additions[1]	418	747	117	(57)	991
128	*less*	Transfer to works under construction	–	–	–	–	–
129	*less*	Assets held for future use—disposals	600	129	78	(10)	642
130		Assets held for future use[2]	6,977	1,941	(26)	(99)	8,845

[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.

131 *[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' .*

132		Highest rate of finance applied (%)	6.96%

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Regulated Airport	Wellington International Airport Limited
For Year Ended	31 March 2013

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 2.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	6
Operational expenditure	2,661
Related party capital expenditure	2,103
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 and executives
Z Energy Limited	50% owned by 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	–	92
Wellington City Council	Property rates	0.0071	1,034
Z Energy Limited	Lease of land and property	–	6
Wellington International Airport Limited	Asset transfers from unregulated activities to regulated activities	–	2,103
Wellington International Airport Limited - Key Management Personnel	Short term employee benefits for the allocation of Key Management Personnel - includes Directors and Executive Management	133,441	1,535

Commentary on Related Party Transactions

The average unit price for rates is the average local authority rates charge per dollar of rating capital value for WIAL's properties.
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).

Regulated Airport
For Year Ended

Wellington International Airport Limited
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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	2,418	12,229	(80.2%)	2,418	12,229	(80.2%)
Asset replacement and renewal	6,252	10,290	(39.2%)	6,252	10,290	(39.2%)
Total capital expenditure	8,670	22,519	(61.5%)	8,670	22,519	(61.5%)
Corporate overheads	3,891	3,881	0.3%	3,891	3,881	0.3%
Asset management and airport operations	14,544	16,411	(11.4%)	14,544	16,411	(11.4%)
Asset maintenance	1,169	2,595	(54.9%)	1,169	2,595	(54.9%)
Total operational expenditure	19,605	22,887	(14.3%)	19,605	22,887	(14.3%)
Key Capital Expenditure Projects						
Sea Protection Structures	449	661	(32.1%)	449	661	(32.1%)
Gates	275	671	(59.0%)	275	671	(59.0%)
Aprons	278	538	(48.3%)	278	538	(48.3%)
Creation of Additional AC Stands	–	733	(100.0%)	–	733	(100.0%)
Movement Areas	615	463	32.8%	615	463	32.8%
Fire Rescue and Operating Appliances	612	1,794	(65.9%)	612	1,794	(65.9%)
Southern Apron Development	6	904	(99.3%)	6	904	(99.3%)
MTB Development - Stage 1 (Baggage Hall)	581	6,723	(91.4%)	581	6,723	(91.4%)
MTB Development - Stage 1A (Toilet Refurbishment)	671	1,333	(49.7%)	671	1,333	(49.7%)
Baggage Hall - Stage 1	79	–	Not defined	79	–	Not defined
Baggage Hall - Stage 2	72	308	(76.6%)	72	308	(76.6%)
MTB Development - Stage 2 (Terminal Extension)	21	427	(95.1%)	21	427	(95.1%)
South West Pier Redevelopment	26	997	(97.4%)	26	997	(97.4%)
LUMINS Property Acquisitions	962	1,537	(37.4%)	962	1,537	(37.4%)
Other capital expenditure	4,023	5,431	(25.9%)	4,023	5,431	(25.9%)
Total capital expenditure	8,670	22,519	(61.5%)	8,670	22,519	(61.5%)

Explanation of Variances

Explanation of variances greater than 10% are required in Schedule 6. As 2013 is the first year of the new pricing period PSE2 the variances for the current period are the same as those for the period to date.

Capital Expenditure - Capacity Growth

Actual capital expenditure was substantially below forecast. WIAL remains committed to progressing each of the specified projects but was unable to do so efficiently during 2013 for the reasons noted below.

The main variance is in relation to the proposed capital works for the Terminal South Extension (TSE), South West Pier (SWP) and associated apron and other works - $0.6m (actual) compared to $7.6m (forecast). The design phase for the TSE is currently in progress. The concept design (consistent with the 2030 Master Plan) for extension and the redesign of the SWP was circulated to stakeholders for comment in January 2011. This consultation was expected to take 6 months, however as a result of their feedback in November 2011 a revised concept design document was not issued until May 2012.

Detailed consultation with Air New Zealand concerned the redevelopment of the initial phase of these works, comprising the Southern Apron. WIAL's proposed design to enhance the apron capacity and efficiency included a key requirement that turboprop aircraft would be pushed back from aircraft gates, rather than powering out as currently occurs. Consultation took a longer period of time than WIAL forecast in pricing consultation and consequently the Southern Apron project was not commenced in 2013. WIAL considered that the push back of turboprops was required to optimise the efficient use of WIAL's constrained apron layout and space. Initially there was some concern that push back was not possible but it was confirmed that push back is in operation at other airports worldwide for turboprops and the aircraft manufacturer also confirmed that this is permissible. The next stage is detailed design of the terminal building.

The delay in commencement of this project has led to a consequent delay in the majority of the other capacity growth projects as design of the requirements for each of these is linked to the apron design. Consequently only minimal expenditure was incurred on the following projects:

- MTB Development - Stage 1 (Baggage Hall) ($0.6m actual, $6.7m forecast)
- Baggage Hall - Stage 2 ($0.1m actual, $0.3m forecast)
- MTB Development - Stage 2 (Terminal Extension) ($20k actual, $0.4m forecast)
- SWP Redevelopment ($26k actual, $1.0m forecast)

WIAL notes that if completion of these projects is not achieved within a reasonable time period of forecast then a wash up arrangement may apply as set out in consultation for PSE2. This arrangement would result in WIAL providing a pricing credit in the next pricing period.

The remaining capacity growth project which shows actual expenditure below forecast is the MTB Development - Stage 1A (Toilet Refurbishment) project. This project has now been completed (in the first quarter of 2014). The project forecast also included monies for development of temporary facilities during the construction period and for refurbishment of Level 0 toilets. Neither of these were required - it is currently expected that the Level 0 toilet refurbishment is included in the TSE project.

Capital Expenditure - Asset Replacement and Renewal

The main project variances are as follows:

- Sea Protection Structures ($0.2m below forecast) - upgrade of the Breakwater at the Southern end of the runway was delayed. It is now underway and will be completed in 2014.
- Gates ($0.3m below forecast) - the forecasted expenditure was for enhancement of gates surrounding the South and South West piers. This work was deferred until after resolution of the Southern Apron project design referred to above. This scheduling of works is appropriate as otherwise WIAL risks incurring expenditure unnecessarily if it is not undertaken in a manner consistent with the larger apron design project.
- Aprons ($0.3m below forecast) - some miscellaneous works were completed however the main forecast provision was for expenditure on the Eastern apron. This project is subject to the Southern Apron development design.
- Other Airside Works ($0.7m below forecast) - the forecast expenditure included a project to review the layout of the trolley bus wires at the Northern end of the runway. This work was deferred pending further work on the prospective runway extension.
- Movement Areas ($0.3m above forecast) - capital works to enhance stubway Bravo 9 were brought forward into 2013. WIAL considered that early completion of these works enhances the efficient use of the runway.
- Fire rescue and operating appliances ($2.2m below forecast) - the forecast provided for the replacement of two fire appliance vehicles in 2013. This did not occur due to a longer than anticipated tender process. The appliances have now been purchased and are scheduled for delivery by the end of 2013.

• LUMINS property acquisitions ($0.6m below forecast) - the forecast provided for the acquisition of seven houses during 2013. However, this acquisition is dependent on home owners offering their property for sale to WIAL and only two houses were offered for sale.
• Other capital works - a number of works forecast for 2013 did not occur or completion was delayed until 2014. The most significant of these projects were:

- Information technology ($1m below forecast) - whilst a large number of projects were achieved several were still in progress at the end of 2013 or delayed until 2014 for operational reasons. These included the planned enhancement of WIAL's data warehouse, implementation of gate allocation software, upgrading of the CCTV system and upgrade of the safety management software. The safety management software is now in operation (since June 2013). The CCTV and gate allocation projects are now underway in 2014.
- The forecast provided for aerobridges 16 and 17 to be upgraded ($0.5m). These upgrades are now planned for 2014.
- Modest enhancements for the North Pier have been postponed pending consideration of the optimum utilisation of the MTB.
- The forecast included provision for the installation of Movement Area Guidance Signage (MAGS) to assist pilot guidance ($0.8m). This expenditure is dependent on an Airways led project which was commenced in 2013 and is still in progress.
- A provision for the installation of additional fire hydrants was not utilised due to the delay in resolution of the Southern Apron design ($0.6m).
- WIAL's 2030 Master Plan identified the long term requirement for further land to be acquired in Coutts Street, Rongotai. No properties were offered for sale by their owners in 2013.

These projects were partly offset by two projects that were not included in WIAL's forecast:

- Relocation of the corporate office for WIAL with a transfer to the RAB of a share of the assets for the new office location (transfer value $2.1m); and
- Existing assets for a passenger waiting area in the main terminal hall which was formerly used as a retail area and excluded from the RAB ($0.8m).

Operational Expenditure - Asset Management and Airport Operations
Expenditure is below forecast due to cost reductions from three main sources:

• "Cost Out" Programme – passenger numbers were below forecast in the early part of 2013. As a consequence, WIAL instituted a cost management programme to manage essential and non-essential expenditure. This resulted in the saving and deferral of certain expenditure, provided that safety or service quality levels were not compromised. This included repairs and maintenance and service expenditure and WIAL expects to incur much of the deferred expenditure in 2014, in addition to the normal forecast maintenance requirements for that year.
• Insurance – WIAL achieved a significant saving during its 2012 insurance renewal ($0.3m). This was possible due to improved insurance market conditions following the Christchurch earthquakes and strong competition between insurance brokers.
• LUMINS – the forecast provided for a loss on disposal of certain Bridge Street houses as part of WIAL's noise mitigation initiatives. The forecast provided for WIAL to acquire and dispose of seven houses in 2013 ($0.5m), in addition to the disposal of properties already owned by WIAL. Whilst all the properties owned by WIAL were sold, only two of the seven forecast properties were purchased and disposed. This acquisition is dependent on owners approaching WIAL to purchase their property.

Operational Expenditure - Asset Maintenance
This cost reduction was primarily due to WIAL's "Cost Out" programme noted above where certain non-essential expenditure was deferred. Again, this was provided that safety or service quality levels were not compromised and WIAL expects to incur much of the deferred expenditure in 2014, in addition to the normal forecast maintenance requirements for that year.

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.*

Regulated Airport For Year Ended: **Wellington International Airport Limited** — **31 March 2013**

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

Version 2.0

6b: Forecast Expenditure

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended): 31 March 2013

Expenditure by Category	for year ended	Pricing Period Starting Year 31 Mar 13	Pricing Period Starting Year + 1 31 Mar 14	Pricing Period Starting Year + 2 31 Mar 15	Pricing Period Starting Year + 3 31 Mar 16	Pricing Period Starting Year + 4 31 Mar 17
Capacity growth		12,229	17,385	2,352	–	–
Asset replacement and renewal		10,290	8,066	11,128	8,294	6,936
Total forecast capital expenditure		22,519	25,451	13,480	8,294	6,936
Corporate overheads		3,881	2,773	2,794	3,217	3,209
Asset management and airport operations		16,411	11,850	13,979	13,882	14,661
Asset maintenance		2,595	2,681	3,275	3,386	3,000
Total forecast operational expenditure		22,887	17,303	20,048	20,485	20,869

Key Capital Expenditure Projects	for year ended	Pricing Period Starting Year 31 Mar 13	Pricing Period Starting Year + 1 31 Mar 14	Pricing Period Starting Year + 2 31 Mar 14	Pricing Period Starting Year + 3 31 Mar 16	Pricing Period Starting Year + 4 31 Mar 17
Sea Protection Structures		661	205	522	369	–
Gates		671	292	271	139	88
Aprons		538	552	45	82	290
Creation of Additional AC Stands		733	–	–	–	465
Movement Areas		463	657	193	157	378
Operational Compliance Works		–	–	1,981	–	–
Residential Acquisitions		–	–	538	1,104	–
Relocation AFS / Airside Operations		–	645	2,081	2,787	–
Taxiway Compliance and Realignment of Calabar Road		–	–	–	–	2,208
Fire Rescue and Operating Appliances		1,794	1,996	646	–	113
Southern Apron Development		904	1,942	–	–	–
MTB Development - Stage 1 (Baggage Hall)		6,723	4,602	–	–	–
MTB Development - Stage 1A (Toilet Refurbishment)		1,333	–	–	–	–
Baggage Hall - Stage 1		–	–	–	–	–
Baggage Hall - Stage 2		308	3,199	–	–	–
MTB Development - Stage 2 (Terminal Extension)		427	2,641	2,352	–	–
South West Pier Redevelopment		997	4,057	–	–	–
LUMINS Property Acquisitions		1,537	826	1,693	1,735	1,779
Other capital expenditure		5,431	3,839	3,157	1,921	1,616
Total forecast capital expenditure		22,519	25,451	13,480	8,294	6,936

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2013**

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref *Version 2.0*

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Landing and parking charges	–	32,620	–	32,620
Terminal charges	26,707	–	–	26,707
Counter charges	1,062	–	–	1,062
Noise mitigation charges	–	2,182	–	2,182
Lease, rental and concession income	1,862	379	1,974	4,214
Other operating revenue	–	–	–	–
Net operating revenue	29,630	35,180	1,974	66,785
Gains / (losses) on asset sales	–	432	–	432
Other income	–	–	–	–
Total regulatory income	29,630	35,613	1,974	67,217
Total operational expenditure	7,062	12,216	327	19,605
Regulatory depreciation	7,522	6,345	336	14,204
Total revaluations	1,274	2,090	162	3,526
Allowance for long term credit spread	(1)	(1)	(0)	(3)
Regulatory tax allowance	4,835	4,708	321	9,864
Regulatory profit/ loss	11,487	14,435	1,152	27,073
Regulatory investment value	147,670	249,200	18,951	415,821

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

Commentary on Segmented Information

Specified Passenger Terminal and Airfield Activities

The segmented outcomes above produce ROI's of 7.7% (2012: 9.8%) for the specified passenger terminal activity and 5.8% (2012: 5.6%) 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 the pricing period commencing on 1 April 2012. This is explained further in WIAL's Price Setting Event Disclosure for PSE2 (available on WIAL's website www.wellingtonairport.co.nz).

Aircraft & Freight Activities

This segment produces an ROI of 6.08% (2012: 9.30%). 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: **Wellington International Airport Limited**
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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	67,217	–	67,217	39,574	106,791
Total operational expenditure	19,605	–	19,605	8,566	28,171
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	47,613	–	47,613	31,007	78,620
Depreciation	14,204	(1,069)	13,135	2,882	16,017
Revaluations	3,526	(3,526)	–	20,791	20,791
Tax expense	9,864	(13,013)	(3,149)	4,095	946
Net operating surplus / (deficit) before interest	27,071	10,556	37,626	44,822	82,448
Property plant and equipment	405,702	124,441	530,143	209,324	739,467

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

($000)

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
Adjustment of regulatory depreciation to align with GAAP.	Depreciation	(1,069)
Recognition of the difference between the change in MVEU valuation of land adopted in WIAL's 2013 financial statements and the indexed revaluations of regulated assets applied in accordance with the Input Methodology.	Revaluations	(3,526)
The regulatory tax calculation excludes consideration of deferred tax however this must be included in the GAAP financial statements.	Tax expense	(13,013)
Differences arising from valuation approaches required by Input Methodology.	Property plant & equipment	124,441

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

Commentary on the Consolidation Statement

Depreciation
WIAL notes that the regulatory depreciation for civil works assets and building assets will vary from that used in GAAP financial reporting over time. This is due to:

• 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.

WIAL did not revalue the regulated assets for GAAP financial reporting in 2013.

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 Market Value Alternative Use (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.

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2013

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref *Version 2.0*

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	88	108,834	8,091	117,012		117,012
Assets not directly attributable	1,752	3,885	156	5,793	1,891	7,684
Total value land				122,805		
Sealed Surfaces						
Directly attributable assets	410	118,237	4,062	122,709		122,709
Assets not directly attributable	596	1,092	82	1,771	852	2,623
Total value sealed surfaces				124,480		
Infrastructure and Buildings						
Directly attributable assets	81,846	4,221	6,064	92,131		92,131
Assets not directly attributable	47,862	3,954	297	52,113	10,035	62,148
Total value infrastructure and buildings				144,244		
Vehicles, Plant and Equipment						
Directly attributable assets	11,494	987	28	12,509		12,509
Assets not directly attributable	730	868	65	1,664	717	2,381
Total value vehicles, plant and equipment				14,173		
Total directly attributable assets	93,837	232,279	18,246	344,361		344,361
Total assets not directly attributable	50,940	9,799	601	61,341	13,496	74,836
Total assets	144,777	242,078	18,847	405,702	13,496	419,198

Asset Allocators

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Shared land	Value of directly allocated land	Proxy Cost Allocator	Direct usage of land considered reasonable indicator of use of shared land	Land classified with shared business line code
Non land shared assets	Value of directly allocated assets	Proxy Cost Allocator	Direct usage of other assets considered reasonable indicator of use of shared assets	Non land assets classified with shared business line code
Shared terminal land	Floor area for terminal activities	Causal Relationship	Floor areas used by regulated and unregulated activities provides a clear allocator of land use	Land classified with terminal common business line code
Shared terminal non land assets	Value of directly allocated terminal assets	Causal Relationship	Value of investment in regulated and unregulated terminal facilities considered reasonable indicator for allocation of shared terminal facilities	Non land assets classified with terminal common business line code

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2013

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 2.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

($000)

			Effect of Change		
				Current Year	
			CY-1	(CY)	CY+1
Asset category			31 Mar 12	31 Mar 13	31 Mar 14
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 changes to cost and asset bases during the year.

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2013

SCHEDULE 10: REPORT ON COST ALLOCATIONS

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	1,759	1,972	160	3,891	1,427	5,318
Asset Management and Airport Operations						
Directly attributable operating costs	444	9,223	50	9,717		9,717
Costs not directly attributable	4,159	623	45	4,827	3,187	8,014
Asset Maintenance						
Directly attributable operating costs	–	326	2	328		328
Costs not directly attributable	700	71	70	841	284	1,125
Total directly attributable costs	444	9,550	52	10,046		10,046
Total costs not directly attributable	6,618	2,666	275	9,559	4,899	14,458
Total operating costs	7,062	12,216	327	19,605	4,899	24,503

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.
Other corporate administration costs	Costs previously allocated to activities	Proxy Cost Allocator	These costs are allocated in proportion to direct and causal costs allocated to regulated and unregulated activities. Level of costs incurred in a particular year are considered appropriate indicator for the activities undertaken in that year.	Non employee costs incurred for operation of the corporate office.

Regulated Airport: **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

($000)

			Effect of Change		
			CY-1 31 Mar 12	Current Year (CY) 31 Mar 13	CY+1 31 Mar 14
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

While the methodology is unchanged the allocation factors, such as building value, were amended as a result of changes to cost and asset bases during the year.

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SCHEDULE 11: REPORT ON RELIABILITY MEASURES

ref *Version 2.0*

ref		Number	Total Duration Hours		Minutes
6	**Runway**				
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible				
8	Airports	–	–		–
9	Airlines/Other	–	–		–
10	Undetermined reasons	–	–		–
11	Total	–	–	:	–
12	**Taxiway**				
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible				
14	Airports	–	–		–
15	Airlines/Other	1	1		8
16	Undetermined reasons	–	–		–
17	Total	1	1	:	08
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	–	–		–
21	Airlines/Other	–	–		–
22	Undetermined reasons	–	–		–
23	Total	–	–	:	–
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	8	17		43
33	Airlines/Other	2	12		41
34	Undetermined reasons	–	–		–
35	Total	10	30	:	24
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	–	–		–
45	Airlines/Other	2	1		14
46	Undetermined reasons	–	–		–
47	Total	2	1	:	14
48					

Regulated Airport	**Wellington International Airport Limited**
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SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref *Version 2.0*

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

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

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

57

58 **Commentary concerning reliability measures**

59 **Process for Determining Responsibility for Interruptions**

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

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

66

67 The number and duration of on time departure delays reduced in 2013 to 2 flights and a duration of 1 hour and 14 minutes (2012: 6 flights and a duration
68 of 2 hours and 23 minutes).

69 **Process to Consider Requirement for Operational Improvements**

70 The interruptions are discussed with participants at the TEAM WLG meetings (refer also to Schedule 15) which were held monthly in 2013. TEAM WLG
71 is an acronym for Together Everyone Achieves More, and is a forum for airport stakeholders which was established, and first met in April 2011.

72

73 TEAM WLG focuses on service reliability, service performance and a review of ASQ results, as well as airport collaborative decision making as a model
74 for improving passenger and aircraft processing. The meetings assist in confirming responsibility for interruptions and to consider whether process
75 improvements are required. The meetings also provide an opportunity for collaborative decision making on the nature and timing of major capital
76 projects, thus improving the quality of capital spending.

77

78

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
79 *reliability. If interruptions are categorised as "occurring for undetermined reasons", the reasons for inclusion in this category must be disclosed.*

80

Regulated Airport: **Wellington International Airport Limited**
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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)	1,945		
	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)	1,900		
	Width (m)	23		
	Status	Full length	[Select one]	[Select one]
	Number of links	11		

Aircraft parking stands

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

		Contact stand–airbridge	Contact stand–walking	Remote stand–bus
Air passenger services	International	8	–	–
	Domestic jet	11	1	–
	Domestic turboprop	–	13	3
Total parking stands		19	14	3

Busy periods for runway movements

	Date
Runway busy day	21 March 2013
Runway busy hour start time (day/month/year hour)	18 Sep 2012 8 a.m.

Aircraft movements

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

		Contact stand–airbridge	Contact stand–walking	Remote stand—bus	Total
Air passenger services	International	16	–	–	16
	Domestic jet	85	–	–	85
	Domestic turboprop	–	180	–	180
	Total	101	180	–	281
Other (including General Aviation)					53
Total aircraft movements during the runway busy day					334

Number of aircraft runway movements during the runway busy hour	32

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

Busy Day and Hour Information

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

Runway

WIAL's runway capacity varies depending on the direction of use of the runway (namely runway 16 or 34) and weather conditions. WIAL's busy hour demand was assessed at 32 movements per hour (2012: 34 movements per hour). The 32 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 congestion of its runway will increase in the future as aircraft movements grow to accommodate the forecast increase in passengers although WIAL also 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 addition, WIAL has capital initiatives in place that are intended to assist with runway movement capacity. In 2013, these works included capital works on Bravo 8 and Bravo 9 installation which will assist aircraft movements.

WIAL implemented a new price structure for the pricing period 1 April 2012 to 31 March 2017, which incorporates peak period or congestion charging and seeks to incentivise 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 PSE2 (available on WIAL's website www.wellingtonairport.co.nz).

Aircraft Parking Stands

WIAL has 12 aircraft stands available with aerobridge services. 5 of the 8 WIAL parking stands adjacent to the North Pier are available for international aircraft, and for domestic use when not required for international services. 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 one (domestic) aerobridge was out of service for planned works. This gate was however in use and a contact-stand was used. These are available as follows:

- For international aircraft during daily international operating periods of 6am to 8am, 2pm to 4pm and 11pm to 1am.
- For domestic aircraft at all other times.

Regulated Airport	**Wellington International Airport Limited**
For Year Ended	**31 March 2013**

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

Version 2.0

ref	Outbound (Departing) Passengers	International terminal	Domestic terminal	Common area †
7	**Landside circulation (outbound)**			
8	Passenger busy hour for landside circulation (outbound)—start time			
9	(day/month/year hour)	N/A	N/A	7 Sep 2012 7 p.m.
10	Floor space (m^2)	N/A	N/A	2,291
11	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,108
12	Utilisation (busy hour passengers per $100m^2$)	N/A	N/A	48
13	**Check-in**			
14	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	7 Sep 2012 7 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	886
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	7 Sep 2012 7 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	621
23	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,108
24	Utilisation (% of processing capacity)	N/A	N/A	26%
25	** Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.*			
26	**Passport control (outbound)**			
27	Passenger busy hour for passport control (outbound)—start time			
28	(day/month/year hour)	8 Oct 2012 3 p.m.		
29	Floor space (m^2)	210		
30	Number of emigration booths and kiosks	5		
31	Notional capacity during the passenger busy hour (passengers/hour) *	638		
32	Passenger throughput during the passenger busy hour (passengers/hour)	500		
33	Utilisation (busy hour passengers per $100m^2$)	238		
34	Utilisation (% of processing capacity)	78%		
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)	8 Oct 2012 3 p.m.	7 Oct 2012 7 p.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) *	440	1,100	
42	Passenger throughput during the passenger busy hour (passengers/hour)	500	722	
43	Utilisation (busy hour passengers per $100m^2$)	190	399	
44	Utilisation (% of processing capacity)	114%	66%	
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			
50	(passengers/hour)	N/A		
51	Utilisation (busy hour passengers per $100m^2$)	N/A		
52	Utilisation (% of processing capacity)	N/A		
53	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
54				

Regulated Airport: **Wellington International Airport Limited**
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SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 1)

Version 2.0

ref		International terminal	Domestic terminal	Common area †
62	**Airside circulation (outbound)**			
63	Passenger busy hour for airside circulation (outbound)—start time			
64	(day/month/year hour)	8 Oct 2012 3 p.m.	29 Sep 2012 8 a.m.	
65	Floor space (m²)	762	571	
66	Passenger throughput during the passenger busy hour (passengers/hour)	500	960	
67	Utilisation (busy hour passengers per 100m²)	66	168	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	8 Oct 2012 3 p.m.	29 Sep 2012 8 a.m.	
70	Floor space (m²)	1,184	1,370	
71	Number of seats	469	521	
72	Passenger throughput during the passenger busy hour (passengers/hour)	500	960	
73	Utilisation (busy hour passengers per 100m²)	42	70	
74	Utilisation (passengers per seat)	1.1	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)	28 Jan 2013 2 p.m.	28 Sep 2012 5 p.m.	N/A
79	Floor space (m²)	1,448	571	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	571	962	N/A
81	Utilisation (busy hour passengers per 100m²)	39	168	N/A
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	28 Jan 2013 2 p.m.		
85	Floor space (m²)	329		
86	Number of immigration booths and kiosks	7		
87	Notional capacity during the passenger busy hour (passengers/hour) *	603		
88	Passenger throughput during the passenger busy hour (passengers/hour)	571		
89	Utilisation (busy hour passengers per 100m²)	174		
90	Utilisation (% of processing capacity)	95%		
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	15 Feb 2013 2 p.m.
95	Floor space (m²)	N/A	N/A	2,291
96	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,104
97	Utilisation (busy hour passengers per 100m²)	N/A	N/A	48
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	28 Jan 2013 2 p.m.	28 Sep 2012 5 p.m.	
100	Floor space (m²)	536	1,085	
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)*	400	673	
104	Passenger throughput during the passenger busy hour (passengers/hour)	571	962	
105	Utilisation (% of processing capacity)	11%	19%	
106	Utilisation (busy hour passengers per 100m²)	107	89	
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)	28 Jan 2013 2 p.m.		
111	Floor space (m²)	550		
112	Notional MAF secondary screening capacity during the passenger busy hour	750		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	571		
115	Utilisation (% of processing capacity)	76%		
116	Utilisation (busy hour passengers per 100m²)	104		
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	15 Feb 2013 2 p.m.
120	Floor space (m²)	N/A	N/A	962
121	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,104
122	Utilisation (busy hour passengers per 100m²)	N/A	N/A	115

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

ref *Version 2.0*

	International terminal	Domestic terminal	Common area †
Total terminal functional areas providing facilities and service directly for passengers			
Floor space (m^2)	N/A	N/A	19,203
Number of working baggage trolleys available for passenger use at end of disclosure year	N/A	N/A	550

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.

As noted in Schedule 15, two baggage reclaim carrousels are now used as standard for international arrivals with carrousels being allocated to alternate flights to improve passenger distribution within the arrivals hall. This is facilitated by the use of moveable walls that temporarily extend the international arrivals hall.

Determination of Capacities

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 30 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter (for conventional counters) and 27 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate (for SmartGates).
- Security screening - advised by Airbiz. Determined from number of screening stations multiplied by passengers per hour as advised by Avsec. International - 2 stations at 220 passengers/hour and domestic - 4 stations at 275 passengers/hour.
- Departure lounges number of seats - determined from physical count by WIAL operations staff. There was no new seating installed in the current year other than temporary seating in the Cube area outside International Departures.
- Passport control (inbound) - advised by Airbiz following receipt of Customs advice that for:
  - a conventional counter - 50 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter; and
  - a SmartGate biometric gate - 27 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 300 passenger per hour per screening station and the assumption that 20% of passengers are assessed.

Comment on Baggage (outbound) Utilisation

The utilisation statistic of 26% above provides the proportion of technical capacity that is utilised by bags loaded on the outbound baggage belts. WIAL notes that it is experiencing congestion in other parts of the process to handle outbound baggage which means that practical capacity is below the technical capacity. Limiting factors include a lack of storage space in the baggage sortation hall to hold bags taken off the baggage belt and possible limitations in airline resources to take bags off the baggage belts.

WIAL completed some enhancements to the baggage handling facilities during the year, primarily operational improvements.
WIAL is also consulting with airlines on further enhancement of the baggage hall and associated facilities. This enhancement may also be required to accommodate the proposed upgrading of the Avsec screening machines scheduled for 2014.

Terminal Floor Areas

WIAL has made adjustments to the terminal floor space allocations in 2013 following a detailed review with Airbiz. The adjustments comprise:

- An increase in Landside Circulation (inbound and outbound) and a decrease in Check-in due to the surrender of an Air New Zealand and Virgin check-in counters which slightly overlapped into circulation space.
- A minor adjustment to Airside Circulation (outbound) to allocate further space leading to the aerobridge at Gate 28.
- A minor adjustment to International Departure Lounges (outbound) to remove a small area that is occupied by vending machines and is therefore allocated to commercial space.
- A minor adjustment to Airside Circulation (inbound) to allocate further space leading from the aerobridge at Gate 28 to the arrivals ramp.

Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators.

† *For functional components which are normally shared by passengers on international and domestic aircraft.*

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SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 2.0*

Survey organisation

Survey organisation used	ACI
If "Other", please specify	Performed by DKMA

Passenger satisfaction survey score
(average quarterly rating by service item)

Domestic terminal — *Quarter for year ended*	**1 30 Jun 12**	**2 30 Sep 12**	**3 31 Dec 12**	**4 31 Mar 13**	**Annual average**
Ease of finding your way through an airport	4.3	4.1	4.2	4.1	4.2
Ease of making connections with other flights	4.3	4.2	4.1	4.3	4.2
Flight information display screens	4.2	4.0	4.2	4.0	4.1
Walking distance within and/or between terminals	4.1	3.7	4.1	4.0	4.0
Availability of baggage carts/trolleys	4.0	3.8	3.9	3.9	3.9
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.3	4.1	4.2	4.3	4.2
Availability of washrooms/toilets	3.9	3.9	3.5	3.5	3.7
Cleanliness of washrooms/toilets	3.9	3.9	3.6	3.7	3.8
Comfort of waiting/gate areas	3.6	3.3	3.4	3.5	3.4
Cleanliness of airport terminal	4.2	4.1	4.0	4.1	4.1
Ambience of the airport	4.0	3.8	3.9	3.9	3.9
Security inspection waiting time	4.3	4.0	4.2	4.3	4.2
Check-in waiting time	4.4	4.1	4.4	4.5	4.4
Feeling of being safe and secure	4.3	4.2	4.3	4.3	4.3
Average survey score	4.1	3.9	4.0	4.0	4.0

International terminal — *Quarter for year ended*	**1 30 Jun 12**	**2 30 Sep 12**	**3 31 Dec 12**	**4 31 Mar 13**	**Annual average**
Ease of finding your way through an airport	4.2	3.9	4.3	3.9	4.1
Ease of making connections with other flights	4.0	4.1	N/A	N/A	4.0
Flight information display screens	4.0	3.8	4.2	4.0	4.0
Walking distance within and/or between terminals	4.3	3.8	4.3	4.2	4.1
Availability of baggage carts/trolleys	4.1	4.0	3.9	3.8	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.5	4.1	4.5	4.1	4.3
Availability of washrooms/toilets	4.2	3.8	4.0	3.6	3.9
Cleanliness of washrooms/toilets	4.1	3.9	4.1	3.8	4.0
Comfort of waiting/gate areas	3.9	3.6	4.0	3.7	3.8
Cleanliness of airport terminal	4.4	4.2	4.4	4.2	4.3
Ambience of the airport	4.1	3.9	4.3	4.0	4.1
Passport and visa inspection waiting time	4.4	4.0	4.5	4.2	4.3
Security inspection waiting time	4.6	3.7	4.5	4.3	4.3
Check-in waiting time	4.4	3.8	4.4	4.2	4.2
Feeling of being safe and secure	4.6	4.4	4.7	4.4	4.5
Average survey score	4.3	3.9	4.3	4.0	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.

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 for 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 4.0 and an average international score of 4.1 for 2013.

Service enhancements undertaken or underway that respond to some of the survey outcomes are detailed in Schedule 15.

Domestic
Initiatives are underway to address the lower rated areas particularly in respect of the washroom and comfort of waiting/departure gate areas. In 2013, WIAL upgraded the toilet facilities on Level 1 of the Main Terminal Building. WIAL has also been consulted with its major stakeholders with regard to the TSE project, which includes improvements to the SWP, redesign of the departure gate lounges, improved baggage handling capability and additional toilet facilities. WIAL has been consulting with its major airlines for over 12 months on this project and is currently finalising the design phase of these developments in conjunction with its airlines and other stakeholders. Refer to Schedule 15 for further detail.

International
International passengers were asked to provide a score for "ease of making connections with other flights". WIAL notes that there were insufficient responses for two of the four quarterly surveys in 2013 as there were insufficient passengers that connected from other flights to enable a statistically representative average score to be calculated by the ASQ programme manager DKMA. This occurrence is because passengers largely travel direct to/from WIAL. DKMA therefore did not provide an average score for this survey question in these quarters, and the average survey score for these quarters is adjusted to exclude this measure.

WIAL has received an exemption from the Commission to not publish this score where it is not able to be provided by DKMA.

Accuracy of Passenger Data to Prepare Utilisation Indicators
Refer to the comments in Schedule 13.

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: **Wellington International Airport Limited**
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SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref | *Version 2.0*

Disclosure of the operational improvement process

During 2013 WIAL continued to focus on maintaining and improving service quality for its customers and enhancing WIAL's facilities to respond to customer feedback and changes in demand. 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.

Service Quality Monitoring Undertaken by WIAL

The service quality monitoring and operational improvement processes undertaken by WIAL in 2013 are detailed below:

• ASQ quarterly surveys of passengers for 2013 as detailed in Schedule 14. In response to the outcomes in the ASQ surveys and other feedback received, WIAL has completed a significant upgrade of the public toilet facilities on Level 1 of the Main Terminal Building and plans to address the waiting/departure gate lounge congestion as part of the TSE.
• Airline consultation and discussions are ongoing. The most significant capital consultation during 2013 was in relation to the proposed TSE and SWP extension. The design phase for the TSE is currently in progress and the status of the capital consultation is set out in Schedule 6. This work is required in part following an increase in passenger volumes due to the introduction of the A320s which has increased waiting/departure gate lounge congestion. The TSE design also accommodates more than double the existing toilet capacity and to undertake refurbishment of the toilets on Level 0.
• Monthly TEAM WLG meetings are being held in 2013, which as detailed earlier focus 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.
• The 2030 Master Plan was issued as a final document in January 2010 after over 18 months of consultation with airport stakeholders. The Master Plan identified that efficient use of WIAL's highly constrained site is imperative to accommodate forecast growth in passengers and aircraft movements. It continues to fulfil a number of requirements, including:

- A road map or guide for investment by WIAL and other stakeholders;
- A planning strategy for input into local, regional and national plans; and
- A platform for stakeholder and community engagement.

To ensure that the Master Plan remains current WIAL has committed to reviewing this at least every five years. Consequently WIAL has now commenced work on its next Master Plan with the target of finalising the plan around mid-2014.
• WIAL commenced capital works on its car park and precinct roading in 2013. This was undertaken following the commissioning of a number of surveys and studies regarding landside vehicle access and drop off facilities. These concluded that kerb drop off was at or near capacity and identified that the previous system was inefficient in part due to a significant portion of non-airport vehicles using the airport as a thorough fare.
• The SKIDATA car park system continues to be enhanced to enable WIAL to better understand customer profiles, peak demand requirements and congestion. This system provides data for all visitors to the airport as well as travelling passengers.
• WIAL commenced discussions with Airways in mid-2011 concerning the implementation of an Airport Collaborative Decision Making (ACDM) system, as an extension to their Air Traffic Management Collaborative Arrivals Manager system. An ACDM project was initiated in March 2012, facilitated by Airways and incorporates airports and airlines at a national network level. WIAL is an active participant in this forum. ACDM is primarily used to make management of aircraft more efficient, but also to maximise available terminal and airspace capacity, improve on time performance and reduce aircraft fuel burn. The nationwide project was temporarily suspended while Airways undertook major restructuring of its business, but has now recommenced. During this hiatus period WIAL undertook further assessment of its Airport Operations Database to be used as a local platform for ACDM, and conducted software upgrades and further enhancements which will underpin the data required as part of the information sharing process.

Service Quality Enhancements Implemented following Surveys and Feedback from Customers

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

• The International Departure Fee at WIAL was removed from 1 April 2012; with the introduction of WIAL's new Schedule of Charges effective on that date. This has meant that passengers are no longer required to pay a separate departure fee prior to entering the International departures lounge, therefore improving the efficiency of processing times for international departing passengers and improving passenger service. This action was taken in response to feedback received from passengers and similar developments at other airports.
• The new car park and precinct layout is well under way and scheduled for substantial completion in August 2013. This will provide a number of service improvements:

- Significantly increase the drop off and pick up facilities;
- Provide taxi and public vehicle streams for more efficient drop off;
- Significantly shorten the route to the drop-off by providing vehicle access direct to the terminal;
- Remove non-airport traffic from the drop off area to promote safety and efficiency;
- Improve safety for all traffic flows; and
- Provide improved way finding signage.

• TSE development including redesign and expansion of the SWP. The cost of the project is included in the capital expenditure forecasts for PSE2 and is scheduled to be undertaken in 2013 and 2014.
• Extension and improvement of the departure lounge at Gate 21.
• The installation of Rear Boarding Stairs and Vestibules to enable dual boarding (back and front doors) was requested by Air New Zealand and Jetstar for A320 operations. These works were completed for Gate 22 in 2013. The construction of direct access to the terminal from these aircraft gates enhances the operators ability to achieve on time performance and improves gate efficiency by enabling more aircraft types to utilise the gates (which were previously exclusively for jet operations).
• Mid-life refurbishment of the aerobridges on Gate 21 was completed in 2013. By ensuring a consistency of aerobridge functionality, this further enhances operator's ability to maintain on time performance and efficiency.
• Ongoing improvements of the Baggage Handling System (BHS) including safety enhancements.

• WIAL is in consultation with Avsec and its airlines, working collaboratively to programme and deliver a schedule of replacement of new Hold Baggage Screening Explosive Detection X-ray equipment. Due for completion by the end of 2013, the project allows for WIAL's baggage handling operations to remain European Civil Aviation Conference (ECAC) compliant and allows for a continued level of efficiency of the BHS.
• In conjunction with Airways, WIAL has worked to facilitate the optimal location of the proposed new control tower which replaces its old tower and provides Airways with an improved location. Design commenced during the reporting period and construction is targeted for completion in mid-2015.
• As part of the ongoing development of the airport, WIAL has scheduled the removal of certain buildings on the Western Apron, returning some of the building area to apron space to encourage its use by small and private operators who are currently utilising the Eastern Apron. This will enable more efficient use of the Eastern Apron.
• The new Airside Access Gate was constructed in 2013 and included repositioning of the Cabin Services Gate from Freight Drive in late 2012. This new gate will provide improved airside access, efficiencies and security.
• The Ministry of Primary Industries (MPI) introduced a direct entry option to the International Arrivals processing area in late 2012. This initiative permitted MPI officials to direct certain New Zealand citizens to the arrivals exit without the further need for Biosecurity intervention, thus speeding up processing times and reducing queues at the X-ray machines.
• As a result of queue monitoring and agency processing rates, the location of Customs emigration desks and the Avsec screening points were reversed at the entry to the international departures lounge in May 2012. This change provides a more spacious queuing area for X-ray screening, and allows passengers the ability to return to the main terminal area, such as to return any designated liquids, aerosol and gels (LAGS) material which would otherwise have been confiscated by Avsec staff at the X-ray screening point.

Requirement for Process Improvement
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.

As noted in Schedule 11, TEAM WLG was established, and first met in April 2011. The forum focuses on service reliability, service performance and 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 10 meetings held.

During 2013, TEAM WLG have reviewed and made improvements in the following areas:

• Baggage Delivery: ASQ results indicated that passenger perception for baggage delivery at WIAL was below average. However, there was no reliable system to verify this or to assess whether the short walking distance to the arrivals carrousel contributed to this perception. As a consequence TEAM WLG instigated the BIC (Baggage Input Console) project. This project identified an improvement to the Flight Information Displays (FIDs) which now indicates to passengers when their bag is anticipated to arrive. In parallel, the system will record the performance of baggage delivery by the ground handler measuring time between the arrival of the aircraft and delivery of the first bag and the last bag.
• Queues at Domestic Screening: Although reported in a positive light in the ASQ surveys there was evidence of at times lengthy queues leading into some domestic security screening points. The processes were assessed and timing adjustments made to the way passengers were instructed to go to the gate lounge as well as the time prior to boarding that the Avsec screening point was staffed. Barriers were installed to better manage foot traffic and the lounge area was increased at Gate 21. This multi-agency effort resulted in passenger queues being reduced dramatically.
• Queues at International Secondary Screening: Although shown in a positive light in the ASQ surveys there was evidence of at times lengthy queues at the international secondary processing area upon arrival. The processes were assessed and adjustments were made with all the agencies involved in international arrivals processing and baggage delivery. Two baggage reclaim carrousels are now used as standard for international arrivals with carrousels being allocated to alternate flights to spread the passenger distribution within the arrivals hall. New queuing barriers were installed and the screening point for MPI direct entry adjusted to negate all passengers having to queue, with only those passengers assessed as being of higher risk directed to the X-ray or search area. WIAL operations staff now also actively assist with queue management in this area. This has reduced the queuing time considerably for most arriving international passengers.
• LAGS: A high number of LAGS were being confiscated at the international screening point. A concerted effort was made by TEAM WLG members in drawing attention to the LAGS requirements at terminal concessionaires and the food court area where bottled water was being sold. There was a noted positive effect as a result of this initiative.
• International Diversions: From time to time, international flights are diverted from Christchurch or Auckland to Wellington. Passengers aboard these flights are often required to re-embark their aircraft due to regulatory requirements concerning separation of arrival and departing passengers. TEAM WLG members reviewed the processes involved and developed a solution whereby affected passengers are now treated as passengers in transit. Airline security programmes were adjusted to take into account the revised processing protocols so that passengers may remain in the international departure lounge at the same time as processing of other international departures, until either being cleared by Customs/MPI as a normal arrival or re-boarding their flight to their original destination.

Other initiatives reviewed and undertaken by WIAL included:

• Reducing the incidence of aerobridge malfunctions: To reduce the incidence of operator error, a standardised training package has been developed for aerobridge operation. Furthermore access card readers were installed at the aerobridge so only selected authorised personnel can access the aerobridge cab. Future competency testing will be linked to the ability to access the aerobridge and activate the controls.
• Aerobridge refurbishment: A number of aerobridges have recently undergone significant refurbishment. This included dismantling the aerobridges and transporting them off-site to undertake the refurbishment programme. The aerobridge was reinstalled in conjunction with external passenger stairs to the apron to permit airlines the choice of embarking passengers via the aerobridge or via the apron and mobile stairs to the aircraft (rear stair boarding).
• Baggage system faults: A significant number of daily faults were recorded with the BHS arising from the incorrect presentation of a passenger bag on the conveyor belt system. This mostly arose from the self-service baggage drop facility. Pictorial signs were installed showing how bags should be presented at the baggage drop area for guidance to staff and passengers. This has reduced the incidence of bag read errors and improved the smooth running of the BHS.

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Airbus A320	1,093	84,161
Boeing 737-800	1,786	141,124
Total	2,879	225,285

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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

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Airbus A320	5,760	434,880
Boeing 737-300	7,000	434,513
Boeing 737-800	7	553
Boeing 777-300	2	689
Total	12,769	870,635

(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	3,783	83,226
Cessna 208	4,180	15,844
Convair 580 CIB	189	4,561
Bombardier Q300	11,008	214,700
Cessna F406	34	144
Beechcraft 1900D	7,957	61,786
Piper PA-31	109	346
Fairchild Metro 4B	2	15
Jetstream 31	19	134
Jetstream 32	104	764
Total	27,385	381,520

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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	593	958
Freight aircraft	629	9,430
Military and diplomatic aircraft	365	17,239
Other aircraft (including General Aviation)	9,115	37,627

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

	Total number of landings	Total MCTOW (tonnes)
Total	53,735	1,542,695

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	5,761	–	–	5,761
Domestic jet air passenger service movements	25,538	–	–	25,538

** 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†	2,319,387	362,793	2,682,180
Outbound passengers†	2,327,493	363,949	2,691,442
Total (gross figure)	4,646,880	726,742	5,373,622
less estimated number of transfer and transit passengers		–	–
Total (net figure)			5,373,622

† 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

Domestic	International
Air New Zealand Limited	Air New Zealand Limited
Jetstar Airways Limited	Jetconnect Limited
Air Nelson Limited	Virgin Australia Airlines (NZ) Limited
Mount Cook Airline Limited	
Eagle Airways Limited	
air2there.com (2008) Limited	
Golden Bay Air Limited	
Air Chathams Limited	
Sounds Air Travel & Tourism Limited	

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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	46	1	73
Human resource costs ($000)				5,522

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: **Wellington International Airport Limited**
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SCHEDULE 17: REPORT ON PRICING STATISTICS

ref *Version 2.0*

17a: Components of Pricing Statistics

	($000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	3,292
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	20,077
Net operating charges from airfield activities relating to international flights	11,099
Net operating charges from specified passenger terminal activities relating to domestic passengers	23,714
Net operating charges from specified passenger terminal activities relating to international passengers	4,047

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,549,817
Number of domestic passengers on flights of 30 tonnes MCTOW or more	3,092,613
Number of international passengers	**726,742**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	381,520
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	870,635
Total MCTOW of international flights	225,285

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	2.12	8.63
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	6.49	23.06
Average charge from airfield activities relating to international flights	15.27	49.27

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	5.11	5.57

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	10.14	20.84

Commentary on Pricing Statistics

WIAL's charges for 2013 are detailed in WIAL's Schedule of Charges (available on WIAL's website www.wellingtonairport.co.nz).

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.

The new schedule of charges implemented by WIAL from 1 April 2012 has been structured so that over the five year pricing period average revenue for each category of passenger will become similar to reflect common use of the facilities. This distinguishes from the previous approach for the PSE1 pricing period where charges were distinguished between groups of passengers. 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.

The redesign of WIAL's charging structure has resulted in some changes in the average revenues per tonne and passenger from those disclosed in prior years with key impacts as follows:

- Airfield charge per international passenger - this has increased from prior years disclosures reflecting the intention in PSE2 to recover NPV=0 for the airfield activity. This objective was not sought in PSE1 with revenues for airfield activities not producing a required return (this was compensated by an over recovery in the terminal activity such that the return was recovered overall).
- Terminal charges per international passenger - this decreased substantially following removal of the international departure fee and realignment of the NPV recoveries as explained above.
- Airfield charge per tonne of landed weight - this increase is again due to the realignment of the NPV recovery for airfield activities.

The total revenue per international passengers decreased from prior years while the total revenue per domestic passengers increased. This reflects the transitioning of the charges in PSE2 which will result in passengers paying similar charges to reflect their use of WIAL's facilities.

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 2012.
- 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 hold 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.

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

Schedule 20 – Certification for Disclosed Information

We, David Newman 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 in all material respects complies with that determination.

David Newman
Director
11 July 2013

Keith Sutton
Director
11 July 2013

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 2013 ('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 third parties in respect of certain non-financial information. We have also relied on the independent expert valuer who has prepared a Market Value Alternative Use land valuation in accordance with the Determination. 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 or achievable. We have no obligation to update our report for any subsequent changes that affect the 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 11 July 2013 and our opinion is expressed as at that date.

KPMG

Wellington