



**WELLINGTON INTERNATIONAL AIRPORT LIMITED**

**SPECIFIED AIRPORT SERVICES ANNUAL INFORMATION  
DISCLOSURE**

**FOR THE YEAR ENDING 31 MARCH 2012**

## 1. Introduction

Wellington International Airport Limited (**WIAL**) provides its annual information disclosure showing financial and service quality outcomes for the year ended 31 March 2012. This is its second 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, is for WIAL to provide sufficient information to enable interested persons to assess WIAL's performance over time and in comparison to Auckland International Airport Limited (**AIAL**) and Christchurch International Airport Limited (**CIAL**). The ability of the Commission and interested persons will improve over time as further information disclosures are published.

WIAL has prepared these disclosures in accordance with the input methodologies set out in the Determination. However, WIAL notes that it holds a different view to the Commission regarding two of its input methodologies, namely with respect to asset valuation and cost of capital. WIAL, AIAL, CIAL and Air NZ are currently undertaking a merits appeal of these methodologies. It is expected that the merits appeal will be heard in late 2012.

## 2. Relationship of the Disclosure to the Commerce Act Information Disclosure Regime

This annual disclosure comprises the final year of the 1 July 2007 to 31 March 2012 pricing period. Forecast information shown in this disclosure was therefore prepared before the ID Regime was contemplated and consequently may not be fully reflective of the current regulatory requirements. For example WIAL did not prepare operating cost forecasts for the cost categories now required by the Determination and certain aspects of the forecast did not extend for the 10 year period required to be disclosed by the Determination.

WIAL considers that the impact, and success, of the ID Regime will therefore become apparent in future years as further annual information disclosures are published, and in turn how these relate to price setting disclosures completed after commencement of the new regime.

## 3. Current and Future Investment

WIAL is committed to providing an appropriate quality of service to all users of its airports services, undertaking investment required to address any areas of inadequate quality or concern and to facilitate passenger growth in future years.

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

- Proposed redesign and expansion of the South West Pier to improve passenger amenity and departure lounges due to the introduction of larger A320 aircraft.
- Installation of stairs and vestibules to Gates 16 and 21 to enable dual boarding (back and front doors), which was requested by Air New Zealand and Jetstar for their A320 operations.
- Expansion of the Baggage Handling System to accommodate the introduction of the domestic A320's and allow for forecast growth.

- Redesign of the aircraft apron layout to accommodate A320 aircraft on Gates 10 and 11. This was developed with Air NZ and implemented in October 2011 to meet the A320 aircraft introduction.
- An extension to the main terminal car park top deck was commissioned in October 2011 providing an additional 232 car park spaces. In doing so an equivalent number of car park spaces on the ground level are now undercover and provide an improved level of service.
- Enhancement of the Western Apron, including completion of a new hanger in 2011 which is available for maintenance and improved taxi lane and apron parking.
- Facilitation for the New Zealand Customs Service (**NZ Customs**) to install SmartGate kiosks for international passenger arrivals.
- Facilitation for Biosecurity New Zealand to introduce a direct exit option from their international arrivals processing area.
- Relocation of the NZ Customs emigration desks and the New Zealand Aviation Security Service (**Avsec**) screening points.

As illustrated above, WIAL believes that airports require almost continual improvement and adaption of their infrastructure and services. WIAL considers that it is critical that the regulatory regime in New Zealand continues to support such investment.

WIAL continually reviews the quality of service it provides to customers including commissioning of passenger surveys and through a collaborative decision making approach introduced in meetings with stakeholders including airlines and Government agencies. Service quality improvements and the investment required to achieve these are developed where quality concerns are identified.

#### 4. Return on Investment

As set out in Schedule 1, WIAL's financial returns for the two years of annual information disclosures have been as follows:

Year	WIAL's Post Tax Return on Investment	WIAL's Return on Investment excluding Revaluations	Commission's 75 <sup>th</sup> %ile Cost of Capital Published for WIAL	Impact on Revenue per annum
2011	6.16%	5.14%	9.18%	\$17.2 million shortfall
2012	6.91%	5.44%	8.73%	\$10.4 million shortfall

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 noted in the table above, the actual ex post returns of 6.16% in 2011 and 6.91% in 2012 are below the cost of capital determination released by the Commission for WIAL for these years.

The increase in regulatory revenue required each year should WIAL have achieved the Commission's cost of capital would have been \$17.2 million in 2011 and \$10.4 million in 2012.

**5. Contact Person**

The contact person for this disclosure is:

Martin Harrington  
Chief Financial Officer  
PO Box 14175  
Wellington 6241  
DDI: 04-385-5105  
Mobile: 021 625 284  
Email: [mharrington@wellingtonairport.co.nz](mailto:mharrington@wellingtonairport.co.nz)



Tidy cursor position and sheet scaling

Set sheet protection

Remove sheet protection

## Specified Airport Services Information Disclosure Requirements Information Templates for Schedules 1–17

Company Name	Wellington International Airport Limited
Disclosure Date	31 August 2012
Disclosure Year (year ended)	31 March 2012
Pricing period starting year (year ended) <sup>1</sup>	31 March 2008

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

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

## Table of Contents

Schedule	Description
1	<a href="#">REPORT ON RETURN ON INVESTMENT</a>
2	<a href="#">REPORT ON THE REGULATORY PROFIT</a>
3	<a href="#">REPORT ON THE REGULATORY TAX ALLOWANCE</a>
4	<a href="#">REPORT ON REGULATORY ASSET BASE ROLL FORWARD</a>
5	<a href="#">REPORT ON RELATED PARTY TRANSACTIONS</a>
6	<a href="#">REPORT ON ACTUAL TO FORECAST EXPENDITURE</a>
7	<a href="#">REPORT ON SEGMENTED INFORMATION</a>
8	<a href="#">CONSOLIDATION STATEMENT</a>
9	<a href="#">REPORT ON ASSET ALLOCATIONS</a>
9	<a href="#">REPORT ON ASSET ALLOCATIONS (2010)</a>
9	<a href="#">REPORT ON ASSET ALLOCATIONS (2009)</a>
10	<a href="#">REPORT ON COST ALLOCATIONS</a>
11	<a href="#">REPORT ON RELIABILITY MEASURES</a>
12	<a href="#">REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES</a>
13	<a href="#">REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES</a>
14	<a href="#">REPORT ON PASSENGER SATISFACTION INDICATORS</a>
15	<a href="#">REPORT ON OPERATIONAL IMPROVEMENT PROCESSES</a>
16	<a href="#">REPORT ON ASSOCIATED STATISTICS</a>
17	<a href="#">REPORT ON PRICING STATISTICS</a>
23	<a href="#">REPORT ON INITIAL REGULATORY ASSET BASE VALUE</a>

## Disclosure Template Guidelines for Information Entry

Internal consistency check

OK

*Templates*

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

*Data entry cells and calculated cells*

Data entered into this workbook may be entered only into the data entry cells. Data entry cells are the bordered, unshaded areas in each template. Under no circumstances should data be entered into the workbook outside a data entry cell.

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

*Validation settings on data entry cells*

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

*Data entry cells for text entries*

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

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

*Data entry cells that contain conditional formatting*

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

*a) Internal consistency checks*

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

Schedule 4, cells N110:N118, J30;

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

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

*b) Conditionally disclosed information*

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

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

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

*Schedule 6 comparison of actual and forecast expenditures*

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

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

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

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

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2012**

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

ref Version 2.0

(\$000 unless otherwise specified)

**1a: Return on Investment**

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

**Commentary on Return on Investment**

WIAL has provided commentary on its return on investment in the report accompanying these annual disclosures.

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



Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

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

ref Version 2.0

(\$000 unless otherwise specified)

## 1b: Notes to the Report

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

RAB value - previous year	407,142
Debt leverage assumption (%)	17%
Cost of debt assumption (%)	6.40%
Notional deductible interest	4,430
Tax rate (%)	28.0%
Notional interest tax shield	1,240

## 1b(ii): Regulatory Investment Value

Regulatory asset base value - previous year	407,142
---	---------

	Assets Commissioned— RAB Value (\$000)	Proportion of Year Available (%)	Proportionate Regulatory Value
<b>Commissioned Projects</b>			
Northern Pier Terminal and Western Gate Expansion	559	75%	419
Airfield Pavement Maintenance Programme	1,296	38%	490
Western Hangar	7,663	50%	3,832
[Commissioned Project 4]			—
[Commissioned Project 5]			—
[Commissioned Project 6]			—
[Commissioned Project 7]			—
[Commissioned Project 8]			—
[Commissioned Project 9]			—
plus Other assets commissioned	5,684	50%	2,842
plus Adjustment for merger, acquisition or sale activity			—
less Asset disposals	5,028	50%	2,514
RAB investment	10,175		
RAB proportionate investment			5,069
Regulatory investment value			412,211

Page 2

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2012**

**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT**

ref Version 2.0

**2a: Regulatory Profit**

**Income**

(\$000)

Passenger service charge	47,263	
MCTOW charge	430	
International departure fee	7,343	
Counter charges	440	
Lease, rental and concession income	4,214	
Other operating revenue	—	
Net operating revenue		59,690
Gains / (losses) on sale of assets	—	
Other income	1,530	
Total regulatory income		61,220

**Expenses**

Operational expenditure:		
Corporate overheads	5,298	
Asset management and airport operations	8,432	
Asset maintenance	1,857	
Total operational expenditure		15,587

**Operating surplus / (deficit)**

45,633

Regulatory depreciation		13,779
-------------------------	--	--------

plus Indexed revaluation	6,308	
plus Non-indexed revaluation	—	
Total revaluations		6,308

**Regulatory Profit / (Loss) before tax & allowance for long term credit spread**

38,162

less Allowance for long term credit spread		(3)
--	--	-----

**Regulatory Profit / (Loss) before tax**

38,165

less Regulatory tax allowance		8,437
-------------------------------	--	-------

**Regulatory Profit / (Loss)**

29,727

**Commentary on Regulatory Profit**

Commentary on the operational expenditure incurred by WIAL is provided in Schedule 6.

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)**

ref Version 2.0

**2b: Notes to the Report**

(\$000 unless otherwise specified)

**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	442
Other incentives	93
Total financial incentives	535

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

(\$000)

Rates and levy costs	988
----------------------	-----

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

(\$000)

Merger and acquisition expenses	—
---------------------------------	---

**Justification for Merger and Acquisition Expenses**

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

## SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref Version 2.0

## 3a: Regulatory Tax Allowance

(\$000)

Regulatory profit / (loss) before tax		38,165
plus Regulatory depreciation	13,779	
Other permanent differences—not deductible	20	*
Other temporary adjustments—current period	321	*
		14,120
less Total revaluations	6,308	
Tax depreciation	10,763	
Notional deductible interest	4,430	
Other permanent differences—non taxable	—	*
Other temporary adjustments—prior period	651	*
		22,151
Regulatory taxable income (loss)		30,133
less Tax losses used	—	
Net taxable income		30,133
Statutory tax rate (%)	28.0%	
Regulatory tax allowance		8,437

\* 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 differences detailed in this Schedule above were determined as follows:

- 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 2012 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 2012 financial year - comprising a total company cost of \$29,000 times 68.84% aeronautical share of this expense.
- Temporary adjustments current period - these comprise human resource year end accruals (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 regulated business cost base - comprising a company accrual of \$428,000 times 74.85% aeronautical share of this expense.
- Temporary adjustments prior period - these comprise the human resource year end accruals as described above for the previous year.

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

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

(\$000)

Opening RAB (Tax Value)	179,492	
plus Regulatory tax asset value of additions	11,451	
less Regulatory tax asset value of disposals	621	
plus Regulatory tax asset value of assets transferred from/(to) unregulated asset base	3,893	
less Tax depreciation	10,763	
plus Other adjustments to the RAB tax value	1,572	
Closing RAB (tax value)		185,024

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

(\$000)

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

Page 5

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

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

ref Version 2.0

		Unallocated RAB *		RAB
		(\$000)	(\$000)	(\$000)
6				
7				
8	RAB value—previous disclosure year		425,385	407,142
9	less			
10	Regulatory depreciation		14,232	13,779
11	plus			
12	Indexed revaluations	6,585		6,308
13	Non-indexed revaluations	—		—
14	Total revaluations		6,585	6,308
15	plus			
16	Assets commissioned (other than below)	14,833		14,397
17	Assets acquired from a regulated supplier	—		—
18	Assets acquired from a related party	903		806
19	Assets commissioned		15,736	15,203
20	less			
21	Asset disposals (other)	1		1
22	Asset disposals to a regulated supplier	—		—
23	Asset disposals to a related party	5,586		5,028
24	Asset disposals		5,587	5,028
25				
26	plus Lost and found assets adjustment		—	—
27				
28	Adjustment resulting from cost allocation			5,328
29				
30	RAB value <sup>†</sup>		427,888	415,173

## Commentary

## Asset Transfers

Several changes of asset use occurred in 2012 and the asset transfers represent adjustments to the asset base to recognise the changes in use. The major components of the assets transferred out of the regulated asset base were as follows:

- Removal of the former Qantas domestic passenger lounge following ending of the lease agreement. The agreement then in force required the lounge activity to be classified as an aeronautical activity. These assets are now excluded from the regulated asset base.
- Removal of escalator and steps connecting the main terminal building level 1 to level 2.

## Cost Allocation Adjustment

WIAL's allocation methodology for the allocation of common assets to regulated and non-regulated assets has not changed from the previous year. The allocation methodology is detailed in Schedule 9.

While the methodology is unchanged the allocation factors, such as floor area, were amended as a result of changes to the asset base during the year.

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

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

## 4b: Notes to the Report

## 4b(i): Regulatory Depreciation

	Unallocated RAB	RAB
	(\$000)	(\$000)
Standard depreciation	14,232	13,779
Non-standard depreciation	—	—
Regulatory depreciation	14,232	13,779

Page 6

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

## 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)	1,146
CPI at CPI reference date—current year (index value)	1,164
Revaluation rate (%)	1.57%

	Unallocated RAB	RAB
RAB value—previous disclosure year	425,385	407,142
less Revalued land	—	—
less Assets with nil physical asset life	553	536
less Asset disposals	5,587	5,028
less Lost asset adjustment	—	—
Indexed revaluation	6,585	6,308

## 4b(v): Works Under Construction

	Unallocated works under construction	Allocated works under construction
Works under construction—previous disclosure year	2,739	2,684
plus Capital expenditure	16,890	16,420
less Asset commissioned	15,736	15,203
less Offsetting revenue	—	—
plus Adjustment resulting from cost allocation		(2,433)
Works under construction	1,585	1,468

Page 7

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

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

ref Version 2.0

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

Capacity growth	8,432	
plus Asset replacement and renewal	7,988	
Total capital expenditure		16,420

## 4b(vii): Asset Classes

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
RAB value—previous disclosure year	119,275	129,233	146,117	12,516	407,142
less Regulatory depreciation	—	6,186	5,877	1,715	13,779
plus Indexed revaluations	1,870	2,025	2,218	194	6,308
plus Non-indexed revaluations	—	—	—	—	—
plus Assets commissioned	366	3,940	6,647	4,250	15,203
less Asset disposals	196	63	4,763	6	5,028
plus Lost and found assets adjustment	—	—	—	—	—
plus Adjustment resulting from cost allocation	40	154	5,076	58	5,328
RAB value	121,355	129,102	149,419	15,296	415,173

\* Corresponds to values in RAB roll forward calculation.

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

	Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
Assets held for future use—previous disclosure year	7,036	675	(62)	(52)	7,721
plus Assets held for future use—additions <sup>1</sup>	385	683	—	104	1,172
less Transfer to works under construction	—	—	—	—	—
less Assets held for future use—disposals	366	35	3	0	398
Assets held for future use <sup>2</sup>	7,055	1,323	(65)	52	8,496

<sup>1</sup> Holding Costs, Net Revenues, and Tracking Revaluations entries in the 'Assets held for future use—additions' line relate to the value incurred during the disclosure year.<sup>2</sup> Each category value shown in the 'Assets held for future use' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year'.

Highest rate of finance applied (%) 7.03%

Page 8

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2012**

**SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS**

ref Version 2.0

**5(i): Related Party Transactions**

(\$000)

Net operating revenue	6
Operational expenditure	2,036
Related party capital expenditure	806
Market value of asset disposals	5,028
Other related party transactions	–

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

Entity Name	Related Party Relationship
NZ Airports Limited	Shareholder (66%) and company that employed 1 WIAL Director (until August 2011)
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)
NZ Airports Limited	Executive management services	308,449	308
HRL Morrison & Co	Consultancy fees	72,853	73
Wellington City Council	Property rates	0.0062	905
Z Energy Limited	Lease of land and property	6,374	6
Wellington International Airport Limited	Asset transfers from unregulated activities to regulated activities	N/A	806
Wellington International Airport Limited	Asset transfers from regulated activities to unregulated activities	N/A	5,028
Wellington International Airport Limited - Key Management Personnel	Short term employee benefits for the allocation of Key Management Personnel - includes Directors and Executive Management as detailed below:		–
	- Director fees & other expenses	35,432	178
	- Executive Management	181,480	572

**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 several of the other transaction categories because there is no base for calculating an average unit price for these transacted items.



Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

## SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref Version 2.0

## 6a: Actual to Forecast Expenditure

(\$000)

Expenditure by Category	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Capacity growth	8,432	—	Not defined	58,459	46,489	25.7%
Asset replacement and renewal	7,988	3,279	143.6%	54,786	27,798	97.1%
Total capital expenditure	16,420	3,279	400.8%	113,245	74,288	52.4%
Corporate overheads	5,298	—	Not defined	—	—	Not defined
Asset management and airport operations	8,432	—	Not defined	—	—	Not defined
Asset maintenance	1,857	—	Not defined	—	—	Not defined
Total operational expenditure	15,587	13,357	16.7%	67,438	57,948	16.4%
<b>Key Capital Expenditure Projects</b>						
South Runway End Safety Area	—	—	Not defined	1,760	2,625	(33.0%)
North Runway End Safety Area	—	—	Not defined	7,720	5,670	36.2%
Northern Pier Eastern Gate Expansion	—	—	Not defined	5,702	4,513	26.4%
Northern Pier Terminal and Western Gate Expansion	768	—	Not defined	35,613	33,682	5.7%
Airfield Pavement Maintenance Programme	1,544	923	67.3%	16,761	13,934	20.3%
Western Hangar	7,663	—	Not defined	7,663	—	Not defined
[Project 7]	—	—	Not defined	—	—	Not defined
[Project 8]	—	—	Not defined	—	—	Not defined
[Project 9]	—	—	Not defined	—	—	Not defined
Other capital expenditure	6,444	2,356	173.6%	38,025	13,865	174.3%
Total capital expenditure	16,420	3,279	400.8%	113,245	74,288	52.4%

## Explanation of Variances

## Capacity Growth Capital Expenditure

Capacity growth capital expenditure comprises the Runway End Safety Areas, the Northern Pier redevelopment and the new Western Hangar, taxiway and aprons.

## Current year (2012) variance:

- The terminal redevelopment was completed with "The Rock" commissioned during the 2011 year. Some residual expenditure relating to minor completion works was incurred during the 2012 year.
- WIAL constructed a new aircraft hangar on the Western side of the airport. Construction of the hangar, taxiway and apron was not forecast for the period but was required to ensure that non scheduled passenger transport could be relocated to the Western apron and thereby creating more apron space for scheduled aircraft closer to the terminal. The hangar also provides the ability to undertake aircraft maintenance.

## Period to date variance:

- Variances for the individual key capital expenditure projects are as follows:

- Western Hangar - this is the main reason for the period to date variance and is explained above.
- South Runway End Safety Area (South RESA) – a total of \$25.6m was capitalised for South RESA compared to the project forecast of \$23.6m. The construction was further advanced at the commencement of the pricing period than was expected in the 2007 consultation forecast and consequently expenditure for the consultation period is below forecast.
- North Runway End Safety Area (North RESA) – the 2007 consultation forecast included an expected \$2.0m in capital WIP at the commencement of the period, and an expected total cost of \$7.7m. The actual amount capitalised for the project was \$9.3m.
- Northern Pier Eastern (Stage 1) Gate Expansion – the 2007 consultation forecast included an expected \$8.4m in capital WIP at the commencement of the period, and an expected total cost of \$12.7m. The actual amount capitalised for the project was \$9.1m. The project was not as advanced as expected at the commencement of the pricing period and consequently capital expenditure in the pricing period was above forecast.
- Northern Pier Terminal and Western (Stage 2) Gate Expansion – the cost of this project exceeded forecast by approximately \$2.0m. Some works included in the forecast for the Eastern Gate Expansion were included in this project. In total terms the cost for the Northern Pier expansion projects was below forecast.

## Asset Replacement and Renewal Expenditure

### Current year (2012) variance:

- Airfield Pavement Maintenance Programme – \$0.7m was incurred for aircraft movement area guidance signage that was not forecast.
  - Other capital expenditure – includes approximately \$2.5 million for a baggage system upgrade which was not included in the forecast. This project was undertaken to accommodate the introduction of larger aircraft (A320) by Air NZ that also required containerisation facilities.
- Several significant information technology system upgrades were also completed during the year which were not forecast including WIAL's financial management information system (\$0.2m) and construction of a data warehouse (\$0.2m).
- Asset transfers of approximately \$0.9m.

### Period to date variance:

The variance comprises variances for the Airfield Pavement Maintenance Programme and other capital expenditure as follows:

- Airfield Pavement Maintenance Programme – the runway overlay was forecast to cost \$5.8m. The actual amount capitalised was \$11.3m over the 2010 and 2011 years. Some other forecast works were deferred to offset this increased cost.
  - Other Capital Expenditure – the capital expenditure of \$10.0m (forecast \$13.9m) and asset transfers from the unregulated business activity of \$28.0m. The main contributors to the reduced expenditure of \$3.9m from forecast of \$13.9m were the deferral of the upgrade of the airport fire service vehicles (\$2.3m) and lower spending on acquisition of Bridge Street properties as these were not offered for sale by their owners (\$2.2m).
- The main asset transfers occurred in 2008 and 2010. The key assets included in the 2010 transfers were:
- Terminal leased areas to airlines and Government agencies were excluded from the asset base reported in the previous disclosure financial statements. These were reclassified to the regulated asset base in 2010 (\$15.3m). The revenues on these assets is recorded as leased revenue and therefore this transfer has no impact on revenue from landing and terminal charges.
  - During the 2007 pricing consultation WIAL reclassified a significant part of the common use area of the main terminal building from common areas to non-regulated use as part of a commercial concession. These areas have been reclassified as common use assets in the regulated asset base in 2010 (\$11.0m).
  - Air NZ Hangar – reclassified to the regulated asset base (\$3.3m). This asset is recorded as aircraft and freight and subject to a private lease. As a result, this transfer has no impact on revenue from landing and terminal charges.

### Operating Expenditure

Operating expenditure was not previously recorded by WIAL in the categories required by the Determination. WIAL therefore cannot provide actual period to date expenditure or forecast expenditure within these categories. WIAL has instead disclosed total operational expenditure for the period to date. Information disclosures in future years will be in respect of the pricing period commencing on 1 April 2012 for which cost information was forecast in the categories required by the Determination. The variance in total operating costs is primarily due to the same cost items (other compensating variances exist) for both the current year (2012) and the period to date. The composition of the variances is set out below:

The main variances in operating costs were due to the following factors:

- Consultation and Commerce Act regulation costs – the forecast for the pricing period allowed for the pricing consultation to occur but did not anticipate the inclusion of airports within the Commerce Act and the subsequent introduction of the new ID Regime. The costs incurred by WIAL commenced with participation in the Select Committee consideration of the Commerce Act changes in 2008, participation in the Commerce Commission's consultation on the new ID Regime in predominantly 2009 and 2010, and more recently costs required to prepare the disclosures required by the new ID Regime. The forecast costs for the 2012 year included expected costs for consultation with the airlines to set prices to take effect on 1 April 2012. Actual costs incurred for the consultation in 2012 were below forecast.
- Employee remuneration – a restructure of several areas within the company was undertaken in 2012 which resulted in one off redundancy, contractor and recruitment costs of \$0.7m. Additional aeronautical functions not forecast include - airside planning, airside operational process management, safety management and regulatory reporting. Average remuneration levels reduced from those included in the consultation forecast due to on-going savings from the restructure.
- Building utility costs – the variance is due to two main factors:
  - Unexpected increases in costs particularly property rates and insurance, the latter reflecting the impact of the Christchurch earthquakes.
  - An increase in the share of these costs allocated to the regulated business over the pricing period. In the consultation forecast for the pricing period WIAL allocated these costs across all buildings it owns based on the share of building value. However, this understated the aeronautical share because the greatest proportion of these costs is incurred for the terminal building, with tenants of other buildings responsible for these costs directly or offset through operating cost recoveries. In the historic disclosure financial statements and in this information disclosure WIAL has more accurately allocated utility costs to each of its buildings.
- Repairs and maintenance – these were below forecast for the period due to cost management for the duration of the five year period. No significant maintenance was deferred during the period and WIAL has endeavoured to maintain all assets to an appropriate standard.

### Exemption

The information disclosure requirements were not contemplated when WIAL prepared its forecast for the pricing period ended 31 March 2012. WIAL therefore does not have operating cost forecasts categorised in the manner required for this disclosure. WIAL has therefore received an exemption from the Commission from disclosing the operating costs by category.

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

*\* Disclosure year coincides with Pricing Period Starting Year + 4.*

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

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

ref Version 2.0

## 118 6b: Forecast Expenditure

119 From most recent disclosure following a price setting event  
Starting year of current pricing period (year ended)

31 March 2008

		Pricing Period Starting Year 31 Mar 08	Pricing Period Starting Year + 1 31 Mar 09	Pricing Period Starting Year + 2 31 Mar 10	Pricing Period Starting Year + 3 31 Mar 11	Pricing Period Starting Year + 4 31 Mar 12
121	Expenditure by Category					
122		for year ended				
123	Capacity growth	27,395	19,094	—	—	—
124	Asset replacement and renewal	3,599	3,565	11,013	6,343	3,279
125	Total forecast capital expenditure	30,994	22,660	11,013	6,343	3,279
126						
127	Corporate overheads	—	—	—	—	—
128	Asset management and airport operations	—	—	—	—	—
129	Asset maintenance	—	—	—	—	—
130	Total forecast operational expenditure	10,684	10,816	10,937	12,153	13,357
131	Key Capital Expenditure Projects					
132		for year ended				
133	South Runway End Safety Area	2,625	—	—	—	—
134	North Runway End Safety Area	5,670	—	—	—	—
135	Northern Pier Eastern Gate Expansion	4,513	—	—	—	—
136	Northern Pier Terminal and Western Gate Expansion	14,588	19,094	—	—	—
137	Airfield Pavement Maintenance Programme	1,872	1,707	7,338	2,094	923
138	[Project 6]					
139	[Project 7]					
140	[Project 8]					
141	[Project 9]					
142	Other capital expenditure	1,727	1,858	3,675	4,249	2,356
143	Total forecast capital expenditure	30,994	22,660	11,013	6,343	3,279

Page 11

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

## SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref Version 2.0

(\$000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Passenger service charge	20,524	26,739	—	47,263
MCTOW charge	—	430	—	430
International departure fee	7,343	—	—	7,343
Counter charges	440	—	—	440
Lease, rental and concession income	1,907	542	1,765	4,214
Other operating revenue	—	—	—	—
Net operating revenue	30,214	27,712	1,765	59,690
Gains / (losses) on asset sales	—	—	—	—
Other income	518	1,012	—	1,530
Total regulatory income	30,732	28,723	1,765	61,220
Total operational expenditure	6,707	8,311	569	15,587
Regulatory depreciation	6,919	6,770	90	13,779
Total revaluations	2,254	3,957	96	6,308
Allowance for long term credit spread	(1)	(1)	(0)	(3)
Regulatory tax allowance	4,850	3,337	250	8,437
Regulatory profit/ loss	14,512	14,264	951	29,727
Regulatory investment value	148,716	253,271	10,224	412,211

\* 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 9.8% for the specified passenger terminal activity and 5.6% for the airfield activity. In WIAL's view, these offsetting returns are consistent with the forecast outcome from the price setting approach taken by WIAL for the pricing period commencing on 1 July 2007. This is explained further in WIAL's Price Setting Event Disclosure for the Pricing Period 1 July 2007 to 31 March 2012 (available on WIAL's website [www.wellingtonairport.co.nz](http://www.wellingtonairport.co.nz)).

## Aircraft &amp; Freight Activities

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  
For Year EndedWellington International Airport Limited  
31 March 2012

## 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	61,220	—	61,220	38,247	99,467
Total operational expenditure	15,587	—	15,587	8,415	24,002
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	45,633	—	45,633	29,831	75,464
Depreciation	13,779	(10)	13,769	3,784	17,553
Revaluations	6,308	64,283	70,591	10,353	80,944
Tax expense	8,437	(10,862)	(2,425)	(1,411)	(3,836)
Net operating surplus / (deficit) before interest	29,725	75,155	104,881	37,811	142,691
Property plant and equipment	415,173	119,753	534,925	194,004	728,929

## 8b: NOTES TO CONSOLIDATION STATEMENT

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

Description of Regulatory / GAAP Adjustment	Affected Line Item	(\$000) Regulatory / GAAP Adjustments *
Adjustment of regulatory depreciation to align with GAAP.	Depreciation	(10)
Recognition of the difference between the change in the MVEU valuation of land adopted in WIAL's financial 2012 statements and the indexed revaluations of regulated assets applied in accordance with the Input Methodology.	Revaluations	64,283
The regulatory tax calculation excludes consideration of deferred tax however this must be included in the GAAP financial statements.	Tax expense	(10,862)
Difference arising from valuation approaches required by Input Methodology.	Property plant & equipment	119,753
	[Select one]	
	[Select one]	
	[Select one]	

\* 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 Determination contains prescriptive calculation rules for regulatory depreciation which differs 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 Determination precludes 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 accounts. The Determination depreciation formula does not recognise salvage values.

## Revaluations

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

WIAL undertook a revaluation of its assets for financial reporting purposes as at 31 March 2011, which was adopted in WIAL's accounts in 2012. This primarily resulted in an increase in the fair value of land established for financial reporting purposes.

## 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 for information disclosure does not recognise deferred tax adjustments and includes a notional tax deduction for financing costs calculated in the manner prescribed by the Determination.

## 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) in the Regulatory Asset Base (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 determine depreciation are explained above. In addition, 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 – these are excluded from the RAB but are included in the Airport Business – GAAP assets.

## (\$000)

## Asset Allocators

Page 14

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

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012**SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)**

ref Version 2.0

**9b: Notes to the Report****9b(i): Changes in Asset Allocators**

(\$000)

Effect of Change

			CY-1 31 Mar 11	Current Year (CY) 31 Mar 12	CY+1 31 Mar 13
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	—	—	—
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	—	—	—
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	—	—	—
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	—	—	—
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	—	—	—
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	—	—	—
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	—	—	—

**Commentary on Asset Allocations**

Refer to comments provided in Schedule 4.



Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

## SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref Version 2.0

## 10a: Cost Allocations

(\$000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
<b>Corporate Overheads</b>						
Directly attributable operating costs	—	—	—	—	—	—
Costs not directly attributable	2,425	2,651	222	5,298	2,459	7,757
<b>Asset Management and Airport Operations</b>						
Directly attributable operating costs	331	4,163	47	4,541	—	4,541
Costs not directly attributable	3,263	440	189	3,892	1,698	5,590
<b>Asset Maintenance</b>						
Directly attributable operating costs	—	973	10	983	—	983
Costs not directly attributable	688	84	102	874	270	1,144
Total directly attributable costs	331	5,137	56	5,524	—	5,524
Total costs not directly attributable	6,376	3,175	513	10,064	4,428	14,491
Total operating costs	6,707	8,311	569	15,587	4,428	20,015

## 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	Causal Relationship	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.
		[Select one]		
		[Select one]		
		[Select one]		

Page 23

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

## (\$000)

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.

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012**SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 2.0

		Number	Total Duration	
			Hours	Minutes
6	<b>Runway</b>			
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	<b>Taxiway</b>			
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	—	—	—
15	Airlines/Other	—	—	—
16	Undetermined reasons	—	—	—
17	Total	—	—	—
18	<b>Remote stands and means of embarkation/disembarkation</b>			
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	<b>Contact stands and airbridges</b>			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	2	1	1
27	Airlines/Other	—	—	—
28	Undetermined reasons	—	—	—
29	Total	2	1	1
30	<b>Baggage sortation system on departures</b>			
31	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	3	17	—
33	Airlines/Other	3	1	36
34	Undetermined reasons	—	—	—
35	Total	6	18	36
36	<b>Baggage reclaim belts</b>			
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	<b>On-time departure delay</b>			
43	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	4	1	46
45	Airlines/Other	2	—	37
46	Undetermined reasons	—	—	—
47	Total	6	2	23

Page 26

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2012**

# **SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)**

ref Version 2.0

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

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

0.08%

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

## **Commentary concerning reliability measures**

### **Process for Determining Responsibility for Interruptions**

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

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

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

The interruptions are discussed with participants at the Operational Process Improvement Forum (refer Schedule 15) to confirm responsibility for the interruptions and to consider whether process improvements are required.

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

Page 27

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012**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	12	—	—
	Domestic turboprop	—	13	3
Total parking stands		20	13	3

**Busy periods for runway movements**

		Date
Runway busy day	Runway busy day start time (day/month/year hour)	25 August 2011
	Runway busy day end time (day/month/year hour)	16 Dec 2011 6 p.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	82	—	—	82
	Domestic turboprop	—	196	—	196
	Total	98	196	—	294
Other (including General Aviation)					46
Total aircraft movements during the runway busy day					340

Number of aircraft runway movements during the runway busy hour

	34
--	----

**Commentary concerning capacity utilisation indicators for aircraft and freight activities and airfield activities****Advice on Technical and 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 12.

**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 34 movements per hour. The 34 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.

WIAL has also 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 the Pricing Period 1 April 2012 to 31 March 2017 (available on WIAL's website [www.wellingtonairport.co.nz](http://www.wellingtonairport.co.nz)).

**Aircraft Parking Stands**

WIAL has 12 aircraft stands available with air bridge services. WIAL's recent development of the North Pier has resulted in all 8 parking stands with air bridges on this pier being 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 international gates as being available for both international and domestic aircraft. These are available outside of the daily international periods of 6am to 8am, 2pm to 4pm and 11pm to 1am, when the stands are available for domestic operations.

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

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

ref Version 2.0

		International terminal	Domestic terminal	Common area <sup>†</sup>
6	<b>Outbound (Departing) Passengers</b>			
7	<b>Landside circulation (outbound)</b>			
8	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	N/A	N/A	30 Mar 2012 3 p.m.
9	Floor space (m <sup>2</sup> )	N/A	N/A	2,381
10	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,117
11	Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	47
12				
13	<b>Check-in</b>			
14	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	30 Mar 2012 3 p.m.
15	Floor space (m <sup>2</sup> )	N/A	N/A	1,318
16	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	894
17	Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	68
18	<b>Baggage (outbound)</b>			
19	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	30 Mar 2012 3 p.m.
20	Make-up area floor space (m <sup>2</sup> )	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	651
23	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,117
24	Utilisation (% of processing capacity)	N/A	N/A	27%
25	* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
26	<b>Passport control (outbound)</b>			
27	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	5 Jun 2011 3 p.m.		
28	Floor space (m <sup>2</sup> )	210		
29	Number of emigration booths and kiosks	5		
30	Notional capacity during the passenger busy hour (passengers/hour) *	534		
31	Passenger throughput during the passenger busy hour (passengers/hour)	529		
32	Utilisation (busy hour passengers per 100m <sup>2</sup> )	252		
33	Utilisation (% of processing capacity)	99%		
34	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
35				
36	<b>Security screening</b>			
37	Passenger busy hour for security screening—start time (day/month/year hour)	5 Jun 2011 3 p.m.	14 Aug 2011 8 p.m.	
38	Facilities for passengers excluding international transit & transfer			
39	Floor space (m <sup>2</sup> )	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)	529	717	
43	Utilisation (busy hour passengers per 100m <sup>2</sup> )	201	396	
44	Utilisation (% of processing capacity)	120%	65%	
45	Facilities for international transit & transfer passengers			
46	Floor space (m <sup>2</sup> )	N/A		
47	Number of screening points	N/A		
48	Notional capacity during the passenger busy hour (passengers/hour)*	N/A		
49	Estimated passenger throughput during the passenger busy hour (passengers/hour)	N/A		
50	Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A		
51	Utilisation (% of processing capacity)	N/A		
52	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

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

ref Version 2.0

	International terminal	Domestic terminal	Common area <sup>†</sup>
<b>Airside circulation (outbound)</b>			
Passenger busy hour for airside circulation (outbound)—start time (day/month/year hour)	5 Jun 2011 3 p.m.	25 Mar 2012 7 p.m.	
Floor space (m <sup>2</sup> )	737	571	
Passenger throughput during the passenger busy hour (passengers/hour)	529	947	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	72	166	
<b>Departure lounges</b>			
Passenger busy hour for departure lounges—start time (day/month/year hour)	5 Jun 2011 3 p.m.	25 Mar 2012 7 p.m.	
Floor space (m <sup>2</sup> )	1,194	1,370	
Number of seats	469	521	
Passenger throughput during the passenger busy hour (passengers/hour)	529	947	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	44	69	
Utilisation (passengers per seat)	1.1	1.8	
<b>Inbound (Arriving) Passengers</b>			
<b>Airside circulation (inbound)</b>			
Passenger busy hour for airside circulation (inbound)—start time (day/month/year hour)	21 Dec 2011 2 p.m.	24 Jan 2012 6 p.m.	N/A
Floor space (m <sup>2</sup> )	1,431	571	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	510	929	N/A
Utilisation (busy hour passengers per 100m <sup>2</sup> )	36	163	N/A
<b>Passport control (inbound)</b>			
Passenger busy hour for passport control (inbound)—start time (day/month/year hour)	21 Dec 2011 2 p.m.		
Floor space (m <sup>2</sup> )	329		
Number of immigration booths and kiosks	7		
Notional capacity during the passenger busy hour (passengers/hour) *	599		
Passenger throughput during the passenger busy hour (passengers/hour)	510		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	155		
Utilisation (% of processing capacity)	85%		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Landside circulation (inbound)</b>			
Passenger busy hour for landside circulation (inbound)—start time (day/month/year hour)	N/A	N/A	24 Oct 2011 2 p.m.
Floor space (m <sup>2</sup> )	N/A	N/A	2,381
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,006
Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	42
<b>Baggage reclaim</b>			
Passenger busy hour for baggage reclaim—start time (day/month/year hour)	21 Dec 2011 2 p.m.	24 Jan 2012 6 p.m.	
Floor space (m <sup>2</sup> )	536	1,085	
Number of reclaim units	1	2	
Notional reclaim unit capacity during the passenger busy hour (bags/hour) *	1,800	3,600	
Bags processed during the passenger busy hour (bags/hour) *	765	715	
Passenger throughput during the passenger busy hour (passengers/hour)	510	743	
Utilisation (% of processing capacity)	43%	20%	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	95	68	
* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
<b>Bio-security screening and inspection and customs secondary inspection</b>			
Passenger busy hour for bio-security screening and inspection and customs secondary inspection—start time (day/month/year hour)	21 Dec 2011 2 p.m.		
Floor space (m <sup>2</sup> )	550		
Notional MAF secondary screening capacity during the passenger busy hour (passengers/hour) *	750		
Passenger throughput during the passenger busy hour (passengers/hour)	510		
Utilisation (% of processing capacity)	68%		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	93		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Arrivals concourse</b>			
Passenger busy hour for arrivals concourse—start time (day/month/year hour)	N/A	N/A	24 Oct 2011 2 p.m.
Floor space (m <sup>2</sup> )	N/A	N/A	962
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,006
Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	105

Page 30



Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

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

ref Version 2.0

	International terminal	Domestic terminal	Common area <sup>†</sup>
<b>Total terminal functional areas providing facilities and service directly for passengers</b>			
Floor space (m <sup>2</sup> )	N/A	N/A	19,380
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 international or domestic passengers where required by Government agency border processing or 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 13. Airbiz were provided with aircraft movement and passenger data WIAL received from Airways and from the airlines. 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. Some of the small airlines providing services at WIAL provide passenger information at an aggregate level on a monthly basis. The total passengers for these airlines is less than 1% of the total annual passengers at WIAL. The data to determine domestic passenger busy hours excludes the passengers from the smaller airlines. Airbiz used flight schedules from these airline websites to determine if any movements occurred during the busy hours.

## Baggage Reclaim

WIAL does not have the technical capacity at present to count bags processed by the baggage reclaim units. WIAL sought advice from Airbiz, who provided appropriate assumptions for the number of bags carried per passenger:

- For international passengers - an average of 1.5 bags for each international passenger;
- For domestic passengers - 70% of passengers travel with checked in baggage and carry an average of 1.1 bags and 30% of passengers travel with no checked in baggage.

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

## Determination of Capacities

- Airbiz were engaged to provide advice on all floor areas required to be reported in the Schedule. Airbiz developed the required measures from its review of building plans provided by WIAL.
- Baggage (outbound) - capacities advised by the system manufacturer, Glidepath, for the two baggage outbound units operated by WIAL and Avsec for 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 (SmartGates).
- Security screening - advised by Airbiz. Determined from number of screening stations multiplied by passengers per hour advised by Avsec. International - 2 stations at 220 passenger/hour and domestic - 4 stations at 275 passenger/hour.
- Departure lounges number of seats - determined from physical count at date that the disclosures completed. There was no new seating installed in the current year.
- Passport control (inbound) - advised by Airbiz following receipt of Customs advice that for:
  - o a conventional counter - 50 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter; and
  - o a SmartGate biometric gate - 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 confirm to be lower with baggage handlers unlikely confirm 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.

## Comment on Baggage (outbound) Utilisation

The utilisation statistic of 27% 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 confirm limitations in airline resources to take bags off the baggage belts.

WIAL completed an initial enhancement to the baggage handling facilities during the year.

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.

## Terminal Floor Areas

WIAL has made adjustments to the terminal floor space allocations in the 2012 disclosures from that applied in 2011 following a detailed review with Airbiz Limited. The adjustments comprise:

- Reallocation of an internal ramp from Airside Circulation - Outbound to Airside Circulation - Inbound and reallocation of identified floor space from Airside Circulation to Departure Lounges.
- WIAL has made a correction to Landside Circulation (inbound and outbound). The Determination requires landside circulation to be allocated 50% each to inbound and outbound circulation. The 50% allocation was not advised by Airbiz for the 2011 disclosure and consequently the total circulation area was reported for both inbound and outbound circulation.

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

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

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012

## 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 11	2 30 Sep 11	3 31 Dec 11	4 31 Mar 12	Annual average
Ease of finding your way through an airport		4.3	4.2	4.3	4.3	4.3
Ease of making connections with other flights		4.0	4.1	4.3	4.1	4.1
Flight information display screens		4.2	4.2	4.2	4.1	4.1
Walking distance within and/or between terminals		3.9	3.9	4.1	4.0	4.0
Availability of baggage carts/trolleys		3.9	4.0	4.0	4.0	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.2	4.2	4.3	4.4	4.3
Availability of washrooms/toilets		3.9	3.9	3.8	3.9	3.9
Cleanliness of washrooms/toilets		3.9	3.9	3.8	3.9	3.8
Comfort of waiting/gate areas		3.5	3.5	3.5	3.5	3.5
Cleanliness of airport terminal		4.2	4.1	4.2	4.2	4.2
Ambience of the airport		3.9	3.9	4.0	3.9	3.9
Security inspection waiting time		4.1	4.2	4.3	4.4	4.2
Check-in waiting time		4.4	4.4	4.5	4.5	4.4
Feeling of being safe and secure		4.1	4.4	4.3	4.4	4.3
<b>Average survey score</b>		4.0	4.1	4.1	4.1	4.1

## International terminal

	Quarter for year ended	1 30 Jun 11	2 30 Sep 11	3 31 Dec 11	4 31 Mar 12	Annual average
Ease of finding your way through an airport		4.0	3.9	4.1	3.9	4.0
Ease of making connections with other flights		N/A	4.0	N/A	N/A	4.0
Flight information display screens		4.0	4.0	4.2	3.9	4.0
Walking distance within and/or between terminals		4.3	4.2	4.2	4.0	4.2
Availability of baggage carts/trolleys		4.0	4.0	4.0	4.0	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.0	4.3	4.2	4.1	4.1
Availability of washrooms/toilets		4.1	3.9	4.0	4.0	4.0
Cleanliness of washrooms/toilets		4.3	4.0	4.1	3.9	4.1
Comfort of waiting/gate areas		4.1	3.8	3.8	3.8	3.9
Cleanliness of airport terminal		4.3	4.3	4.4	4.3	4.3
Ambience of the airport		4.2	3.8	4.1	4.1	4.1
Passport and visa inspection waiting time		4.2	4.5	4.5	4.5	4.4
Security inspection waiting time		4.4	4.4	4.3	4.3	4.3
Check-in waiting time		3.9	4.1	3.9	4.0	4.0
Feeling of being safe and secure		4.3	4.4	4.3	4.3	4.3
<b>Average survey score</b>		4.1	4.1	4.1	4.1	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 of 5.

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/gate areas. Terminal development options are currently being discussed with airlines, which include improvements to the South West Pier, redesign of the departure gate lounges and new toilet facilities. Refer to Schedule 15.

## 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 three of the four quarterly surveys in the year ended 31 March 2012 since 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.

## 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](http://www.wellingtonairport.co.nz).

☐

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

Regulated Airport  
For Year EndedWellington International Airport Limited  
31 March 2012**SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES**

ref Version 2.0

**Disclosure of the operational improvement process**

During the 2012 year WIAL 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 these were identified.

**Service Quality Monitoring Undertaken by WIAL**

The service quality monitoring and operational improvement processes undertaken by WIAL are shown below:

1. WIAL commissioned ASQ quarterly surveys of passengers for the period 1 April 2011 to 31 March 2012 as detailed in Schedule 14.
2. 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. In the medium to long term forecast passenger growth is expected to be accommodated to the south of the existing terminal; which in turn would require non regular passenger transport (freight, charters etc.) to relocate to an upgraded Western Apron. All Corporate jet operations have now been transferred to the Western Apron following the upgrade of the apron and taxiway and the construction of a new hangar which was commissioned in October 2011.
3. A workshop was held with airlines, Airways and the Civil Aviation Authority in July 2011. The purpose of this workshop was to look at potential enhancements that could increase runway capacity. A number of decisions were taken from the workshop that would reduce runway occupancy times and create efficiencies in managing aircraft on the movement area of the airport.
4. WIAL commenced discussions with Airways in mid-2011 concerning the implementation of an Airport Collaborative Decision Making (ACDM) system, as an extension to their ATM 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 a process tool which is used by airport stakeholders to input key milestone information during the progress of any given flight. This results in operational managers having a common situational awareness allowing each agency to make enhanced tactical decisions in the management of aircraft and passengers alike. ACDM can also be used as a performance measurement tool, identifying key process areas for further improvement. 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.
5. Planning for the withdrawal of the International Departure Fee was undertaken as part of the recent airline pricing consultation. Its removal from 1 April 2012 means that passengers are no longer required to pre purchase a departure fee ticket prior to entering the International Departures Lounge, speeding up the overall processing times for international departing passengers. This action was taken in response to feedback received from passengers and similar developments at other airports.
6. The SKIDATA car park system database was enhanced to enable WIAL to better understand customer profiles, peak demand requirements and congestion. This system provides a data capture opportunity concerning all visitors to the airport as well as travelling passengers.

**Service Quality Enhancements Implemented following Surveys and Feedback from Customers**

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

1. Redesign and expansion of the South West Pier. This work will attend to the gate lounge and toilet amenities identified as below standard by the ASQ survey. It is also required as a result of the introduction of the A320s which increased gate lounge congestion in the South West Pier. The concept design (consistent with the 2030 Master Plan) for extension and the redesign of the South West Pier was circulated to stakeholders for comment in January 2011. As a result of their feedback in November 2011 a revised concept design document was issued in May 2012. The cost of the project is included in the capital expenditure forecasts for the pricing period.
2. Expansion of the Main Terminal Building (MTB) to the south to meet forecast growth demands, and respond to poor lounge and toilet amenities identified in surveys, as well as responding to feedback from the airlines. The concept design (consistent with the 2030 Master Plan) for extension of the MTB to the south was circulated to stakeholders for comment in February 2011, and resulting from their feedback in November 2011 a revised concept design document was issued in May 2012. Discussions are continuing with the airlines and Avsec.
3. The installation of stairs and vestibules to Gates 16 and 21 to enable dual boarding (back and front doors) was requested by Air NZ and Jetstar for A320 operations. The construction of direct access to the terminal from these aircraft gates enhances gate efficiency by enabling more aircraft types to utilise the gates (which were previously exclusively for jet operations).
4. Expansion of the Baggage Handling System to accommodate the introduction of the domestic A320s and allow for forecast growth. This work was developed over a series of workshops with airlines, airline consultants and Government agencies. The first stage of the works was completed in November 2010. The second stage of the works was developed over the period commencing from mid-2010 with installation completed in September 2011.
5. Redesign of the aircraft apron layout to accommodate A320 aircraft on gates 10 and 11. This was developed with Air New Zealand and implemented in October 2011 to meet the introduction of the new aircraft.
6. Enhancement of the Western Apron with a new Taxiway and further apron parking; promoting more intense non-regular passenger transport use and freeing up space on the Eastern Apron for regular scheduled passenger transport.
7. New Zealand Customs Service installed two SmartGate kiosks at International Departures in May 2012 following increased uptake of electronic passports and use of the more efficient border processing system. An additional SmartGate kiosk was also commissioned for International Arrivals in June 2012 bringing the total number for arrivals to three.
8. The Ministry of Agriculture and Fisheries (Biosecurity New Zealand branch) introduced, progressively in June 2011, a direct exit option from their International Arrivals processing area. This initiative permitted MAF officials to direct New Zealand citizens directly to the arrivals exit without the further need for Biosecurity intervention, thus speeding up processing times and reducing queues at the X-ray machines.
9. As a result of queue monitoring and agency processing rates, the location of NZ Customs emigration desks and the Avsec

screening points were reversed at the entry to the International Departures lounge in May 2012 thus providing a more spacious queuing area for X-ray, and permitting passengers the ability to return to the main terminal area without difficulty to pass onto friends and relatives, or check in, any designated liquids, aerosol and gels material which would otherwise have been confiscated by Avsec staff at the X-ray screening point.

**Requirement for Process Improvement**

The 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.
- Review quarterly passenger satisfaction surveys to identify where remedial action is required by the airport, airlines or border agencies.

This forum was established, and first met in April 2011. Further meetings were held in August and November 2011, and in February and March 2012. WIAL has increased the frequency of the meetings to monthly from 2012.

The forum termed, TEAM WLG, is an acronym for Together Everyone Achieves More, and 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.

Separately but with a similar objective, WIAL commenced operational meetings with the airlines and government agencies in planning for the Rugby World Cup in May 2011. The meetings initially monthly became more frequent culminating in weekly meetings leading up to the scheduled busiest day at the airport following the quarter finals weekend in October 2011.

□

*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.*

## SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref Version 2.0

### 16a: Aircraft statistics

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

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

[illegible]

Page 34

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2012**

**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	4,523	329,452
Boeing 737-300	7,531	477,315
Boeing 737-400	2	136
Boeing 737-800	10	790
Total	12,066	807,693

**(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 ATR72	3,897	87,683
Cessna 208	4,147	14,929
Convair 580 CIB	175	4,223
Bombardier Q300	11,098	216,411
Cessna F406	16	68
Beechcraft 1900D	8,922	69,324
Piper PA-31	146	464
Total	28,401	393,102

Page 35

Regulated Airport  
For Year Ended

Wellington International Airport Limited  
31 March 2012

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

ref

Version 2.0

122

(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	509	842
Freight aircraft	680	7,817
Military and diplomatic aircraft	272	12,614
Other aircraft (including General Aviation)	5,673	19,502

128

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

	Total number of landings	Total MCTOW (tonnes)
Total	50,455	1,461,111

131

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	5,708	–	–	5,708
Domestic jet air passenger service movements	24,132	–	–	24,132

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

137

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers†	2,235,898	358,057	2,593,955
Outbound passengers†	2,238,298	359,987	2,598,285
Total (gross figure)	4,474,196	718,044	5,192,240
less estimated number of transfer and transit passengers		–	–
Total (net figure)			5,192,240

† 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.

148

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

Regulated Airport  
For Year Ended

**Wellington International Airport Limited**  
**31 March 2012**

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

ref Version 2.0

**Airline statistics (cont)**

**Domestic**

**International**



**16e: Human Resource Statistics**

	<b>Specified Terminal Activities</b>	<b>Airfield Activities</b>	<b>Aircraft and Freight Activities</b>	<b>Total</b>
Number of full-time equivalent employees	24	46	1	71
Human resource costs (\$000)				6,237

**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 operating at WIAL.

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



Regulated Airport  
For Year Ended**Wellington International Airport Limited**  
**31 March 2012****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	3,630
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	18,708
Net operating charges from airfield activities relating to international flights	4,700
Net operating charges from specified passenger terminal activities relating to domestic passengers	17,268
Net operating charges from specified passenger terminal activities relating to international passengers	11,221
	<b>Number of passengers</b>
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,579,419
Number of domestic passengers on flights of 30 tonnes MCTOW or more	2,883,580
Number of international passengers	718,044
	<b>Total MCTOW (tonnes)</b>
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	414,360
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	825,464
Total MCTOW of international flights	219,924

**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	2.30	8.76
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	6.49	22.66
Average charge from airfield activities relating to international flights	6.55	21.37
	<b>Average charge (\$ per domestic passenger)</b>	<b>Average charge (\$ per international passenger)</b>
Average charge from specified passenger terminal activities	3.87	15.63
	<b>Average charge (\$ per domestic passenger)</b>	<b>Average charge (\$ per international passenger)</b>
Average charge from airfield activities and specified passenger terminal activities	8.87	22.17

**Commentary on Pricing Statistics**

WIAL's charges for 2012 are detailed in the Schedule of Charges published by WIAL for the period commencing from 1 July 2007 to 31 March 2012. 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 were levied on a per passenger basis for all airline operators of regular passenger services that use WIAL's passenger terminal and consequently charges were not levied to these airlines on an aircraft tonnage basis. Charges to these airline operators accounted for approximately 99% of WIAL's total revenue from landing and terminal charges for the year.

The average charges per passenger shown above are slightly below those detailed in WIAL's Schedule of Charges. This is because the Schedule of Charges contains several exempt categories of passengers (transiting passengers, transiting crews and infants) that are not charged. The calculations in this Schedule 17 do not recognise these exemptions.

WIAL notes that the average international passenger charge includes both the international passenger terminal charge and the international departure fee. As noted earlier, the international departure fee has been discontinued in the new Schedule of Charges that commenced on 1 April 2012 (available at WIAL's website [www.wellingtonairport.co.nz](http://www.wellingtonairport.co.nz)).

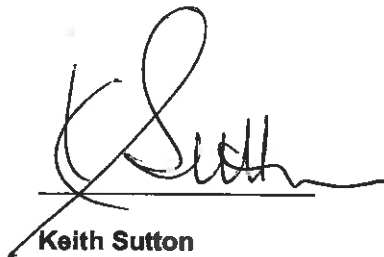
**Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 dated 22 December 2010**

**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



**Keith Sutton**  
Director

**Wellington Airport Limited**

Corporate Office TEL +64 (4) 385 5100  
Main Terminal Building FAX +64 (4) 385 5139  
Stewart Duff Drive EMAIL [mail@wellingtonairport.co.nz](mailto:mail@wellingtonairport.co.nz)  
PO Box 14175 [www.wellingtonairport.co.nz](http://www.wellingtonairport.co.nz)  
Wellington 6241  
New Zealand



# 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 2012 ('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 New Zealand Institute of Chartered Accountants. 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.

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



Our reasonable assurance engagement provides assurance that the forecast information included in the disclosures required by Schedule 6 of the Determination was the forecast information prepared by the company and required to be included in that disclosure. However, to avoid doubt, it does not provide assurance that forecast information was accurate or reasonable at the time it was prepared, or that it subsequently proved to be accurate.

### **Independence**

When carrying out the engagement we followed the Independence Requirements of the New Zealand Institute of Chartered Accountants *Code of Ethics* and the *Code of Ethics: Independence in Assurance Engagements* to the circumstances of the compliance engagement.

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 auditors of the company for this engagement. The firm has no other relationship with, or interest in, the company.

### **Opinion**

In our opinion:

- Subject to clause 2.6(2) 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;
- 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;
- Subject to clause 2.6(2), 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; and

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

Our engagement was completed on 24 August 2012 and our opinion is expressed as at that date.

A handwritten signature of the KPMG firm in blue ink, written in a stylized, cursive-like font.

Wellington