Auckland Airport

A50YEARS
Delivering results
from 1966 – 2016

Annual Information Disclosure

Regulatory Performance Summary
For the year ended 30 June 2016

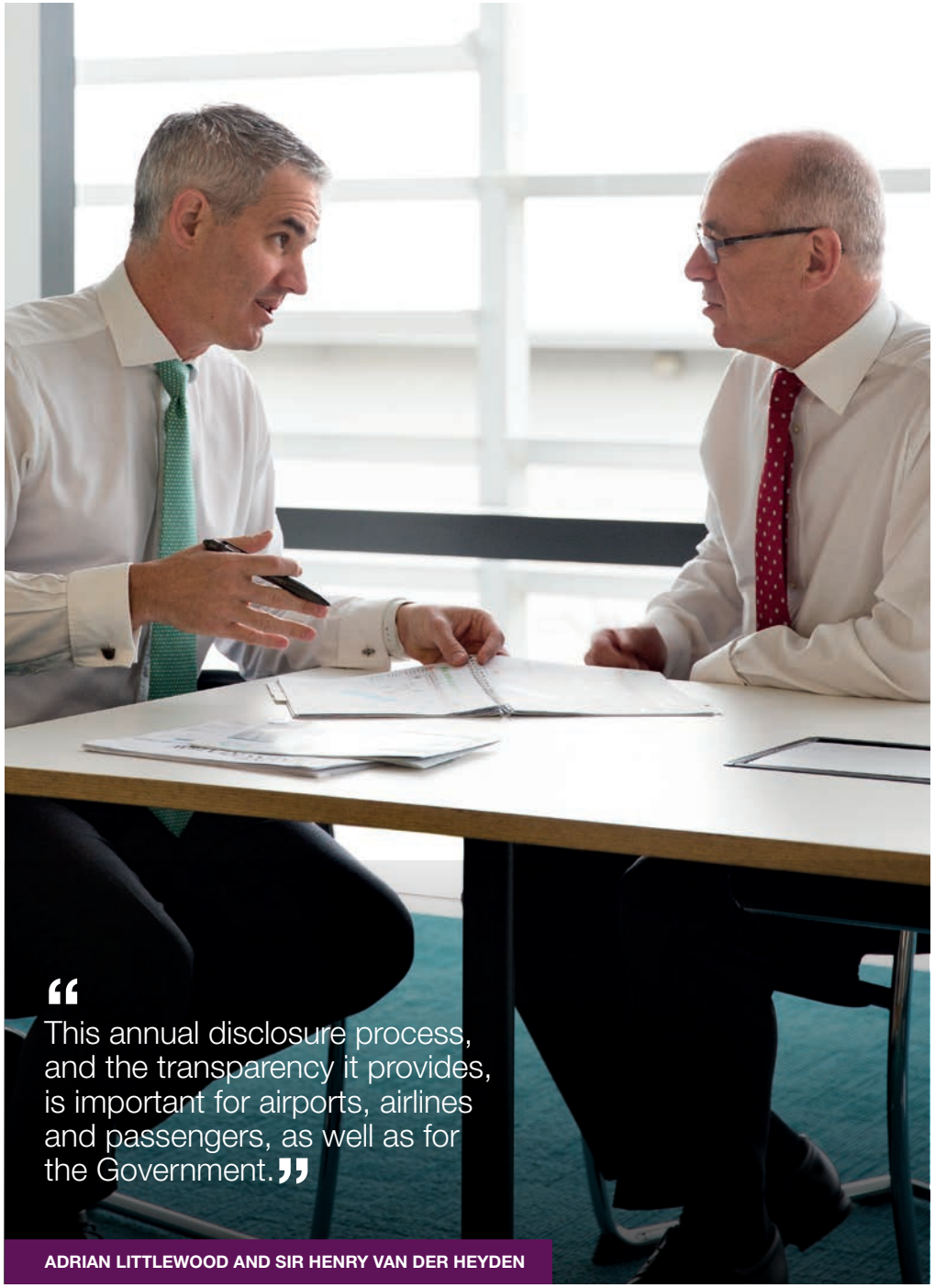
Looking forward to

EXPANDING THE INTERNATIONAL DEPARTURE AREA

the next 50 years

NEW INTERNATIONAL PASSENGER LOUNGE – OPENING MID-2018

- Investing to drive sustainable growth in New Zealand tourism
- Delivering a capital investment programme that responds to demand
- Committed to operating efficiently and effectively
- Meeting and exceeding customer expectations
- Earning a fair and reasonable return over time



ADRIAN LITTLEWOOD AND SIR HENRY VAN DER HEYDEN

Chair and Chief Executive’s report

The 12 months to 30 June 2016 saw another year of exceptional growth right across our business, with a significant lift in the number of airlines and passengers using the airport.

At the same time, we remained focused on providing a high-quality passenger experience and increasing investment in the aeronautical infrastructure needed to accommodate growth. We have also continued to invest in route development and supporting the tourism industry in Auckland and New Zealand, which underpins the long-term success of our business.

As a result of strong growth in the global middle class, our country’s reputation as a safe destination in what seems to be a less stable world, favourable aviation fundamentals such as fuel costs, and our increasing role as an international aviation hub, Auckland Airport is well positioned to continue to grow for the foreseeable future.

It has therefore been critical in the 2016 financial year for us to further increase our focus on operational and capital efficiency while increasing our capital expenditure to meet the current and expected growth in passenger numbers. Should growth continue, then we expect that our current elevated level of investment in essential aeronautical infrastructure is likely to be maintained over the next five years. Never has there been a more important time for Auckland Airport to be committed to building the airport Auckland and New Zealand will need in the future. We will continue to invest in a manner that is stageable, flexible, resilient and affordable – for the benefit of both our airline customers and passengers.

In 2012, following consultation with airlines, Auckland Airport set its aeronautical prices for the 2013–2017 financial years. At the time our pricing objective was to set modest prices for airlines that would enable us to also ensure passengers had high-quality experiences while delivering reasonable returns for our investors. To help achieve this objective, we focused on growing passenger numbers, operating efficiencies as well as prudent and timely investment in aeronautical infrastructure. That strategy has been successful.

Setting prices for a five-year period is a difficult process that requires careful planning – it is impossible to predict everything that will happen in the future. Nevertheless, Auckland Airport is confident that it will continue to deliver on the aeronautical pricing objective committed to in 2012.

This annual disclosure process, and the transparency it provides, is important for airports, airlines and passengers, as well as for the Government. Our regulatory disclosures show that the information disclosure regulation for airports, as set out in Part 4 of the Commerce Act 1986, is working and that it has been effective in limiting excessive profits over time. In 2012, Auckland Airport’s targeted returns were within the Commerce Commission’s acceptable range – one that the Commission assesses as limiting our ability to earn excessive profits while also allowing us to achieve at least a normal financial return. Since then, we have sought to meet or exceed our growth targets, while at the same time delivering good outcomes for passengers, airlines and other stakeholders at our airport.

In the coming 2017 financial year, Auckland Airport will remain committed to servicing our airline customers, passengers and delivering for our investors, Auckland and New Zealand.

Sir Henry van der Heyden
Chair

Adrian Littlewood
Chief Executive

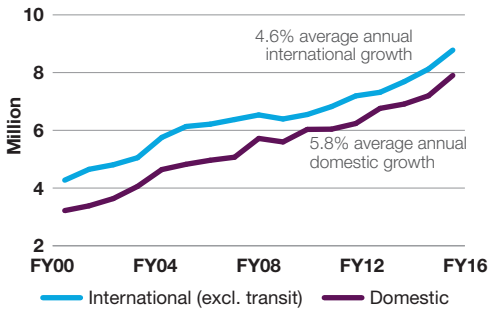
Investing to drive sustainable growth in New Zealand tourism

Sustainably growing air connectivity is essential for Auckland Airport's long-term performance and the combination of new airlines, new services and new capacity provides the growth that underpins the economic success of both Auckland and New Zealand. In the 2016 financial year our total number of passenger movements was up 9.1% to 17.3 million. International passenger numbers (excluding transits) were up 8.1% to 8.8 million, and domestic passenger numbers were up 9.8% to 7.9 million.

Our support for the New Zealand tourism industry has assisted operators to increase their awareness of market trends and helped them to develop innovative new products that appeal to international tourists. Our ongoing focus on promoting Auckland and New Zealand as tourism destinations received a global award during the 2016 financial year.

Our continuing investment in route development contributed to eight new international airlines either launching or announcing new services to Auckland Airport during the 2016 financial year. The 12 months to 30 June 2016 were also very successful for domestic air connectivity, with more than 630,000 seats added to New Zealand's domestic network into and out of Auckland, with half of the new seats servicing regional New Zealand. Both Jetstar and Air New Zealand have increased the size of their aircraft fleet and the number of flights they operate to and from Auckland Airport.

Passenger growth



8
new airlines launched or announced services to Auckland Airport

9.1%
increase in total passengers

23
international airlines now operating from Auckland Airport

893,314
international passengers in January 2016 – a record number per month

Winner
2016 Routes Asia Marketing Awards

AIR NEW ZEALAND COMMENCED DIRECT FLIGHTS TO HO CHI MINH CITY IN JUNE 2016

BUILDING OUR NEW SECURITY SCREENING AND PROCESSING AREA – OPENING MID-2017

17,500m²
added to the airfield

2nd
new international baggage belt

4
additional domestic regional gates

Delivering a capital investment programme that responds to demand

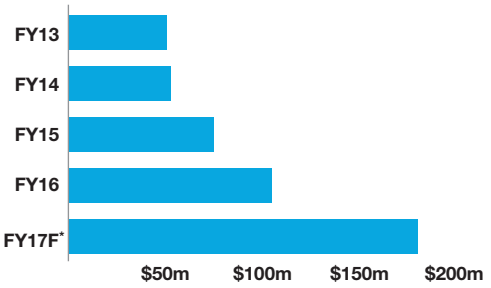
In the 2016 financial year, Auckland Airport invested $110 million in aeronautical infrastructure and our asset base will continue to grow over the next 30 years. This investment ensures we can accommodate the ongoing growth in international and domestic passenger numbers, as well as the volume of airlines and aircraft that want to operate at the airport.

Consulting with our airline partners on a range of investment options and responding to their priorities remain at the heart of our capital investment programme. To 30 June 2016, we have invested $289 million in aeronautical infrastructure during the 2013–2017 financial years' pricing period. This is 20% higher than expected when prices were set – in large part due to the significant increase in passenger and aircraft numbers since 2015.

In the first half of the 2016 financial year, we completed a number of infrastructure projects to ensure that the airport could accommodate additional passengers and aircraft during the 2015/2016 summer peak season. These projects included building an extra 17,500 square metres of airfield to park the increasing number of international aircraft using the airport, a second new international baggage belt and two new bus lounges – one on Pier B of the international terminal and the other for Jetstar's new domestic regional services.

In December 2015, we started construction of a major upgrade of the international departure area. The upgrade includes a new security processing zone, a new passenger lounge and a new shopping hub, which will be delivered in three stages between mid-2017 and mid-2018. During the 2016 financial year, we also progressed the design of the extension of Pier B of the international terminal, to provide additional gate lounges and airbridges to accommodate the increasing number of A380 and B787 aircraft using the airport – construction of this extension is now underway. We also continued to prepare for designing and building the domestic section of the new combined domestic and international terminal building.

Aeronautical capital expenditure



*FY17 forecast consistent with our most recent guidance on FY17 capital expenditure.

Committed to operating efficiently and effectively

Auckland Airport retained a strong focus on operational and capital efficiency throughout the 2016 financial year. As a result of this commitment, we have enhanced our terminals and airfield, improved the land transport access to the airport and assisted the aviation industry to improve its efficiency in the air.

In the 2016 financial year our ongoing investment in data collection and analysis further improved both our Airport Operating System and collective decision-making processes. By enhancing our use of data, including passenger flow information, and sharing it across our airline and airport partners, we have been able to work in a more informed, collaborative and efficient way.

Together with Airways New Zealand and the Board of Airline Representatives New Zealand (BARNZ), we continued to improve the management of airspace around Auckland Airport by commencing the trial of a third SMART flight path to the airport from the north. SMART Approaches use satellite-based navigation and enable aircraft to burn less fuel, emit less carbon dioxide and fly more quietly.

Auckland Airport works hard to continuously improve services while at the same time containing costs. To ensure that the additional costs associated with higher passenger numbers are carefully managed, we focus on identifying ways to operate more efficiently and on providing the appropriate level of capacity based on expected demand. A good example of this is the range of initiatives we implemented with New Zealand Customs and New Zealand Aviation Security Service to improve the international departure emigration process. Improvements, such as relocating the departure preparation area, helped to achieve a 4.1% decrease in processing times – this was despite an 8.1% increase in international passengers (excluding transits).

Operating costs per passenger

4.1%

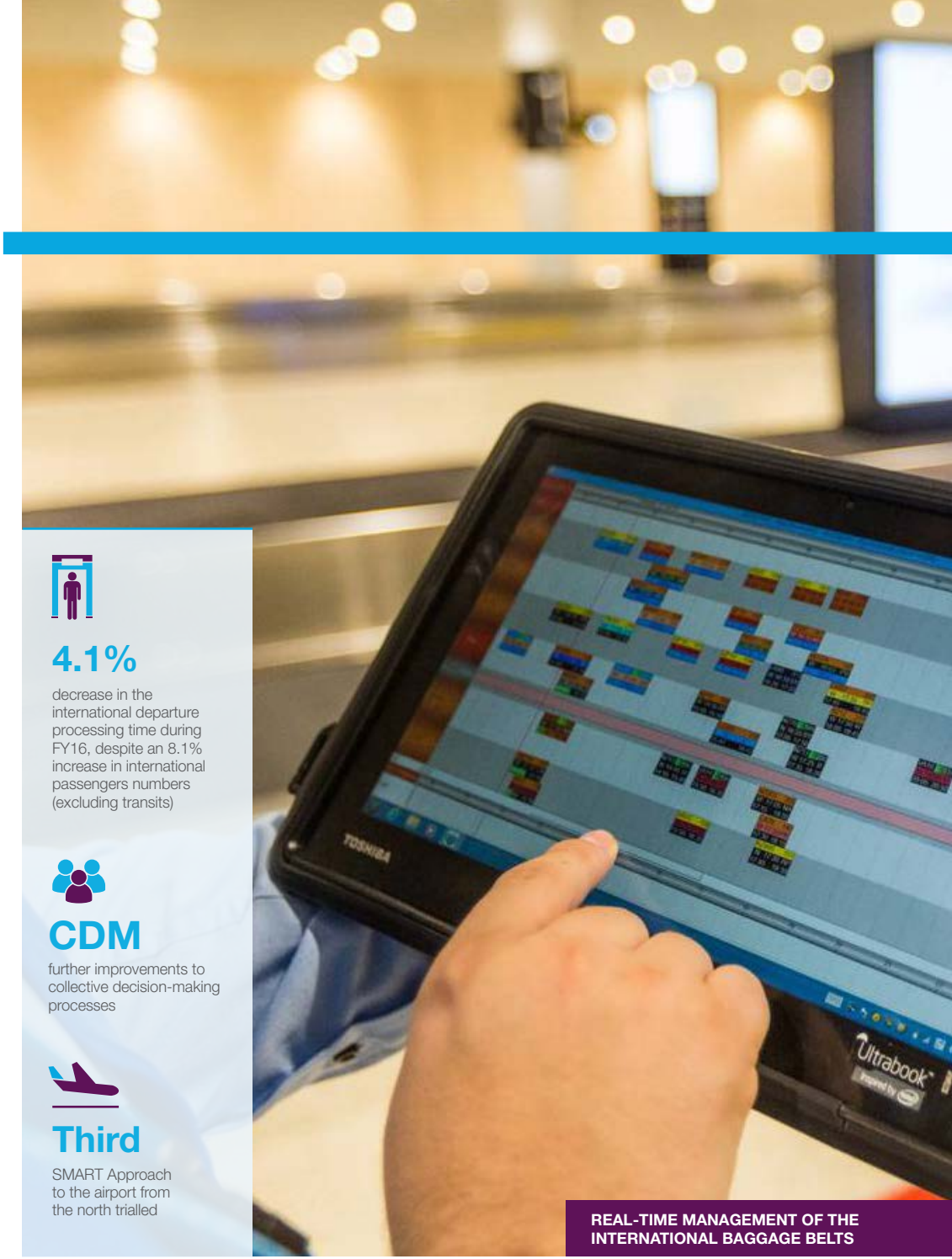
decrease in the international departure processing time during FY16, despite an 8.1% increase in international passengers numbers (excluding transits)

CDM

further improvements to collective decision-making processes

Third

SMART Approach to the airport from the north trialled



REAL-TIME MANAGEMENT OF THE INTERNATIONAL BAGGAGE BELTS

Meeting and exceeding customer expectations

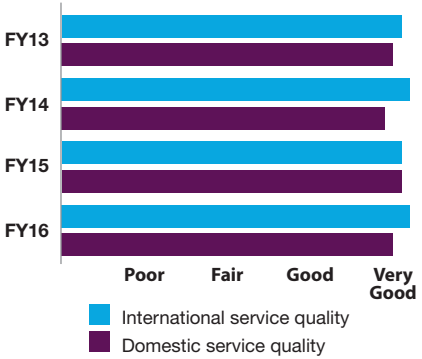
In the 2016 financial year, Auckland Airport continued to work closely with its partners – keeping airlines, passengers, border agencies, freight operators and others across the airport updated on our plans, listening to their feedback and making decisions that balance the needs of multiple stakeholders.

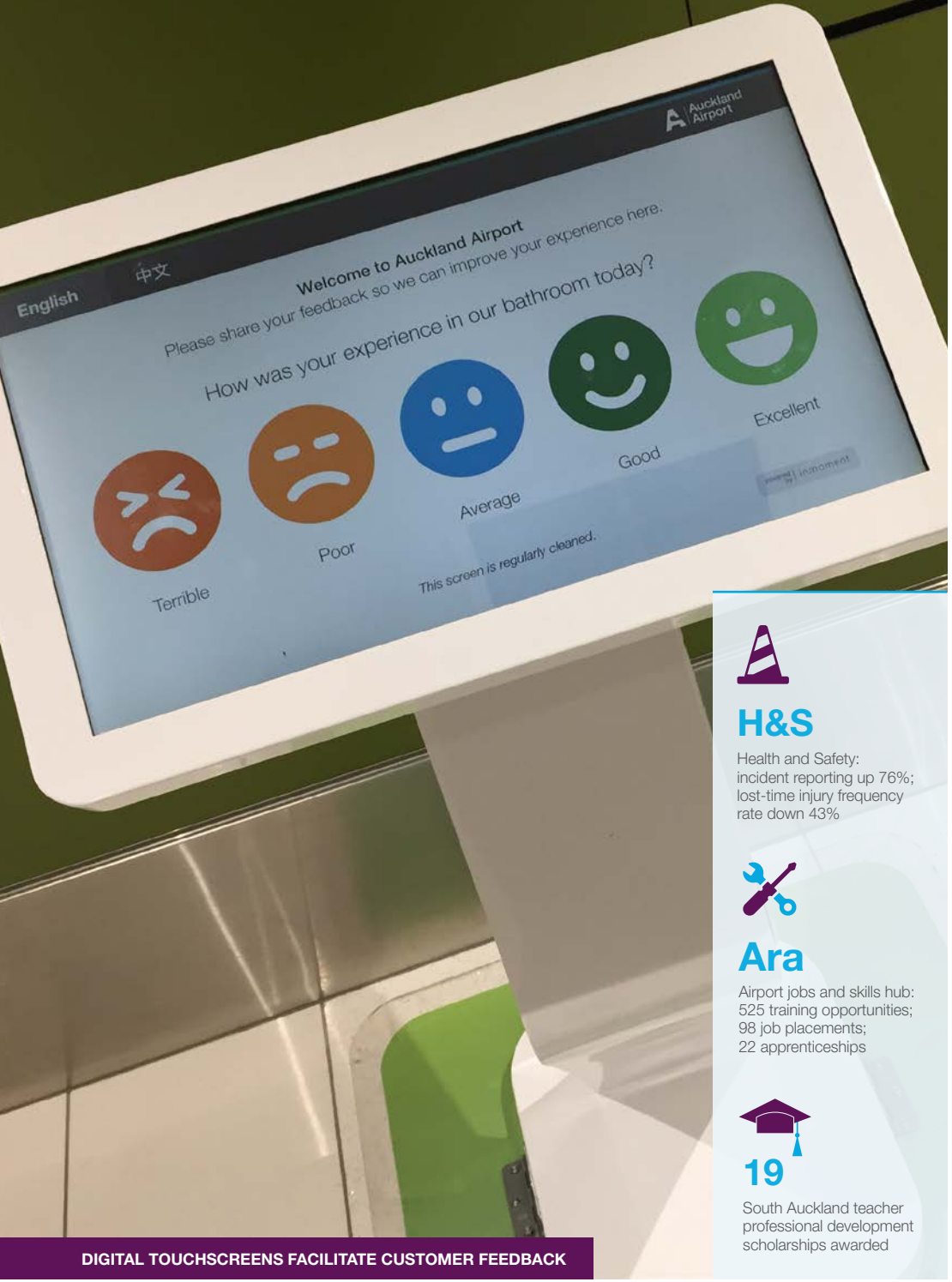
We continued to provide our passengers with positive travel experiences. This financial year our Airport Service Quality results showed that passengers rate the quality of both the international and domestic terminals as “very good”. We invested in 23 digital touchscreens in our terminals to facilitate customer feedback and enhanced our digital technology, providing passengers with an upgraded mobile app and website to better inform them of airport operations. The reliability of our services continued to be very good as well, with interruptions to aircraft movements remaining low for the year.

In addition, we continued to deliver on our wider commitments to environmental sustainability, health and safety, and being a good neighbour to those communities located adjacent to the airport. A good example of this is Ara – our airport jobs and skills hub. Ara is a partnership with central and local government and our contracting construction companies. It was launched during the 2016 financial year and provides local people with targeted training for specific job vacancies at the airport giving them the exact skills they need to fill a role. In the 12 months to 30 June 2016, Ara provided 525 training opportunities, placed 98 people into employment and had 22 apprenticeships registered.

Auckland Airport continued to focus on sound environmental outcomes in the 2016 financial year, including waste reduction and more efficient use of water and energy. Our focus on sustainability will be maintained as we develop our combined domestic and international terminal which will feature environmental sustainability as a key element of its design.

Passenger satisfaction





DIGITAL TOUCHSCREENS FACILITATE CUSTOMER FEEDBACK

H&S

Health and Safety: incident reporting up 76%; lost-time injury frequency rate down 43%

Ara

Airport jobs and skills hub: 525 training opportunities; 98 job placements; 22 apprenticeships

19

South Auckland teacher professional development scholarships awarded

Earning a fair and reasonable return over time

When Auckland Airport set its prices in 2012, it targeted a return of 8.0%. This was reviewed by the Commerce Commission as part of a new process. The Commission found that information disclosure regulation had been effective in limiting excessive profits and that our targeted return was just within an "acceptable range".

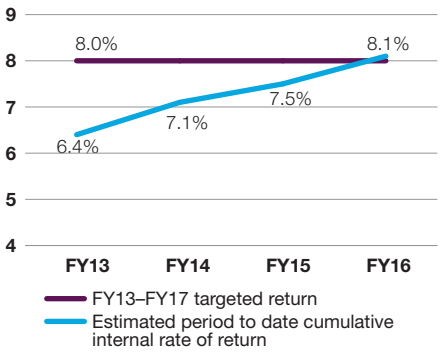
It is important that airports have the right incentives to continue to invest in growing travel markets, airport operations and expensive infrastructure. New Zealand's regulatory regime is designed to provide businesses with incentives to outperform in a way that generates benefits for consumers over time. Consistent with this objective, Auckland Airport has sought to meet or exceed its growth targets without compromising quality outcomes for consumers in the short- or long-term. Strong growth in seat capacity to Auckland Airport and the launch of new services to new destinations has increased passenger choice and helped to reduce airfares.

In 2012, together with the wider New Zealand tourism industry, we committed to sustainably increasing air connectivity, as part of the Tourism 2025 strategy. At that time air connectivity was growing between 1% and 2% every year. We have played our part in developing new services, routes and capacity to support New Zealand's tourism industry. We have also supported tourism operators to develop innovative products and deepen their understanding of growth markets. We therefore consider our returns over the 2013–2017 financial years' pricing period and the 2016 financial year to be a fair and reasonable reflection of our continuing efforts to grow New Zealand's travel, trade and tourism.

While our investors benefit from our year-to-year growth, so too do our airline customers and passengers. As demand has changed we have adapted our investment programme to keep pace by substantially increasing and bringing forward investment in aeronautical infrastructure over and above the plan contemplated in 2012 when prices were set. This investment will ensure Auckland Airport continues to provide excellent service and high-quality facilities for all consumers at the airport.

Auckland Airport also owns certain assets, such as the land that will eventually be used for our second runway, which provided no return for our investors in the 2016 financial year. Looking forward, we are considering how to deliver an affordable price path for a second runway at the airport that avoids large and sudden price increases in the future, lowers long-term pricing and delivers near-term returns.

Internal rate of return



“This annual disclosure process, and the transparency it provides, is important for airports, airlines and passengers, as well as for the Government. Our regulatory disclosures show that the information disclosure regulation for airports, as set out in Part 4 of the Commerce Act 1986, is working and that it has been effective in limiting excessive profits over time.”

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Annual Disclosure Commentaries

30 June 2016

Auckland Airport

Auckland Airport

CONTENTS

Cover: Artist's impression of the combined domestic and international terminal.

Introduction

The purpose of Annual Information Disclosure (ID), as outlined in the Commerce Act 1986, (the Act) is for Auckland Airport to provide sufficient information to enable interested parties to assess Auckland Airport's performance in meeting the purpose of Part 4 of the Act. It also allows the Commission to analyse performance over time, and compare it with Wellington Airport and Christchurch Airport.

As set out in earlier disclosures, Auckland Airport is committed to the ID regime and working with the Commission and our passengers and customers to ensure the purpose of Part 4 of the Act is fulfilled. We believe the ID reporting regime provides an effective means for explaining an airport's performance in relation to its regulated services, including pricing arrangements, quality of service, capacity constraints and capital requirements.

We encourage interested parties to exercise caution when interpreting variances between actual performance and the ID benchmarks, and when making comparisons between airports. We have sought to explain material variations between ID benchmarks and forecasts. However, we note that complex interrelationships exist between for example capital and operational expenditure, innovation and quality and therefore it is difficult to look at each forecast and actual outcome for one benchmark.

This disclosure is the fourth disclosure relating to the pricing period applying from 1 July 2012 to 30 June 2017 (FY13 - FY17). Notwithstanding a minor allocation rule change described in Schedule 10b, Auckland Airport's analytical approach to preparing the disclosure statements has been consistent since the commencement of disclosure reporting.

This disclosure report complies with the ID requirements and provides contextual analysis of how Auckland Airport is focused on benefiting consumers through:

A. Identifying and implementing innovations

B. Having an appropriate incentive to invest

C. Providing services of the quality and range required by consumers

D. Generating efficiencies and sharing the benefits

E. Earning a fair and reasonable return on the investments made

In this section we summarise our approach[1] towards generating these benefits. For the first time we have provided all summary commentary in this report, rather than with the excel tables. We cross- reference the schedules with notes which provide examples or evidence of how we have performed against the Part 4 objectives for the 2016 disclosure year.

A. Identifying and implementing innovations

The aviation sector has a culture of innovation, aimed at improving operational performance, reliability performance, passenger experience, efficiency of expenditure, efficiency of investment and the success of route development initiatives. It can also lead to reductions in operational risk that might not be obvious to the travelling public. As acknowledged by the Commission, innovation is driven by the prospect of earning higher profits and a greater than

[1] For further detail refer to Disclosures for FY13, FY14 and FY15.

normal return. Auckland Airport is continuously focused on the introduction of new processes and technologies to improve departures, arrivals and border processing. Successful initiatives can increase the propensity to travel and increase the capacity of existing infrastructure, thus optimising capital expenditure on new infrastructure.

Innovation leads to operational improvements such as those outlined in Schedule 15. Innovation can improve capacity utilisation of terminal and airfield facilities (refer to Schedules 12 and 13) and can increase reliability and performance (refer to Schedule 11).

Innovation can also result in identifying new ways to utilise existing assets, increase capacity and optimise capital investment reducing the overall potential cost to consumers and airlines.

Auckland Airport's aviation industry partners are also committed to the identification and development of innovations, as part of a focus on greater collaboration. Each time-saving initiative helps with reliability, customer satisfaction, capacity utilisation and operational improvements. Auckland Airport actively facilitates the identification of opportunities and priorities for their implementation. In such situations, the benefits of innovation are likely to flow either directly or indirectly to consumers. Auckland Airport's innovation initiatives range from modest commitments of management time and effort, to significant investments that create value for the industry (such as when the provision of infrastructure leads to superior economic, social or environmental outcomes).

Auckland Airport has a history of innovation, in both passenger experience and airfield operations processes. This was outlined in earlier disclosures and has continued in FY16. One of the key drivers of innovation is destination competition. To compete effectively with the likes of Sydney, Melbourne, Brisbane and Christchurch Airports, our airport processing, operations and product offer must be better than, or at least as good as, those provided by our competitor airports. This helps inform the terminal environment design, which ultimately supports passenger satisfaction.

Innovation can lead to the development and delivery of new, best in class, goods or services, and/or more efficient production techniques. But innovation, by its very nature, involves risk. On occasions innovation will not result in a successful or wholly successful outcome.

B. Having an appropriate incentive to invest

Auckland Airport is committed to ongoing investment, for the benefit of our city, country, customers and investors. We continue to take steps to increase productivity by investing in smart airport infrastructure and air-service development. We initiate and promote programmes to attract more tourists and trade to New Zealand, in conjunction with our key stakeholders. It is crucial that we develop necessary infrastructure to support the predicted growth in demand and optimise the efficiency of the airport assets. Our ability to attract the necessary capital to do this can be affected by the regulatory environment.

During 2013 and 2014, Auckland Airport undertook a master planning process to establish its 30-year vision (as shown on the cover page). This process considered national and global factors such as demographics, population and tourism growth, aviation trends, the economy, the regulatory framework, globalisation, technology, resource constraints, security and environmental responsibility. It also included, and took account of, the feedback gleaned from extensive community and stakeholder engagement.

In March 2014 we published a distillation of the Masterplan called Airport of the future: Our vision for the next 30 years. Our vision is to build a world-class airport that supports airlines and aviation-related businesses to be economically successful and to boost the Auckland and New Zealand economies.

Our investment philosophy remains that:

- Sustainable demand growth in passenger and flight numbers will be the trigger for infrastructure development.
- Investments should be efficient, resilient, flexible and consider environmental and community impacts.
- A high quality experience for airlines and passengers should be planned and built in stages to ensure the vision is affordable and implementable.
- A long-term planning horizon is important as it provides transparency for stakeholders, and clarity for Government and Auckland Council so they appropriately plan for the future.
- A reasonable long-term return should be earned on investment.

Ahead of capital investment, we review the range of alternative options that exist, including what operating process or technological solutions exist to extend the life of existing built assets.

The capital investment priorities during this pricing period have been to:

- Protect and enhance core operations to the close of FY17.
- Relieve the operational constraints of the airport assets with a five to ten year horizon.
- Use a programme management approach to enable a pathway for future capital development that is aligned with our strategy and the master-plan.
- Demonstrate capital efficiency in a capital planning environment by minimising whole-of-life spend.
- Innovate to optimise the use of the existing facilities.

Within this document, we summarise capacity utilisation in Schedule 12 and period to date investment in Schedule 6.

C. Providing services of the quality and range required by consumers

Auckland Airport considers the quality of the service we provide to be critical to our performance as New Zealand's international gateway and largest domestic airport. If our service is below expectations, this negatively impacts our business and has flow-on effects for all travel, trade and tourism businesses that rely on Auckland Airport. Auckland Airport plays an active role in enabling capacity growth to and from New Zealand.

Auckland Airport is focused on continually making improvements to the customer and passenger experience, both directly and alongside airport partners, through improved quality and choice of services. Over time, changes in the quality and range of products and services

improves consumer choice. It also encourages supplier innovation and competition to help grow the size of the overall market.

Through engagement with businesses and agencies located at the airport we hear what is important to our business customers and how facilities are performing against those priorities. The airport is a system in which one party's actions can affect others. Our philosophy is to foster a strong commitment to collaboration for all stakeholders at the airport and to work constructively together towards a common goal.

We recognise that as our facility grows over time consumers will experience temporary disruption when our facilities undergo major construction. We seek to anticipate where the major points of stress might be in the system and to proactively mitigate impacts where possible. We are investing in technology to provide real-time feedback so that customer issues, including during periods of construction, can be understood and resolved faster.

Auckland Airport uses a number of methods to understand and improve the quality of services required by customers and to assess customer satisfaction. For the travelling public these include:

- Qualitative and quantitative market research that assists in understanding consumer needs and preferences. These insights inform process development and terminal planning.
- Membership of the global ASQ service rating system. Placement in the World Skytrax World Airport Awards.
- Review of direct feedback on performance to identify where quality issues may be emerging.

We develop our understanding of airlines' quality requirements through direct feedback via a range of forums at operational and management levels including:

- Collaborative operating groups at a tactical, management and CEO level
- Consultation on terminal and airfield development and service priorities.

Within this document we provide performance summaries and examples of initiatives undertaken in FY16:

- Schedule 11 describes the reliability of services delivered to airlines and passengers. We report against a range of metrics that describe on time performance and any interruptions to core services. We also augment this by analysis of the percentage of time the assets are available for use, which is a quality mark we measure ourselves against.
- Schedule 14 - ASQ is a customer satisfaction analysis and benchmarking programme. Within this schedule we also describe the key service level changes within facilities which have been targeted at maintaining or improving passenger service levels.
- Schedule 15 summarises operational improvement initiatives, some of which have the effect of improving service levels.

D. Generating efficiencies and sharing the benefits

Efficiency is at the heart of Auckland Airport's strategy to be fast, efficient and effective. As well as having a strong growth focus, Auckland Airport seeks to disconnect costs (including capital expenditure) from passenger volume growth wherever possible to help drive down unit cost and reduce pressure on prices over time. When we set prices in 2012, we passed forecast efficiencies back to consumers through prices. Our experience over the period has been that increasing passenger volumes do not necessarily lead to economies of scale. This is supported by international experience, which suggests that diseconomies of scale in relation to passenger handling can occur as passenger volumes approach 10 – 15 million passengers per annum[2].

We recognize that stakeholder views are important for generating capex and opex efficiencies. We fully consult with airlines when establishing capex and opex forecasts, which provides transparency about our intentions. Throughout pricing periods we have regular interaction with stakeholders which guide decision making on operating and capital trade-offs as well as service level imperatives.

Auckland Airport benchmarks well in international comparisons of airport operating costs. We are unusual in the scale of both of our domestic and international operations. Often airports are predominantly characterized as a domestic or an international airport.

Auckland Airport's performance demonstrates that it seeks to create efficiency gains in a variety of ways. We remain committed to seeking out efficiencies year on year and sharing some efficiency gains with consumers over time, either through price or quality decisions. As we approach potential diseconomies of scale we will continue to seek to apply technologies in new ways to achieve more with existing infrastructure.

Auckland Airport recognises its role within the complex system of tourism and aviation. In some instances we take a leadership role to facilitate broader opportunities to what is a fragmented system, such as our involvement in the Tourism 2025, Ambition 2025 and development of the Four Seasons Five Seasons tourism cluster marketing programme. In other instances we take a support role. For example supporting government departments with air services negotiations and identification of visa improvement opportunities. The willingness of Auckland Airport to absorb the cost of this, often unanticipated, investment can lead to more efficiencies for the network, which ultimately benefit consumers. This makes the network cost of Auckland more competitive, which can only be in the long term interests of consumers.

Efficiencies are generated through Auckland Airport's route development activities. These initiatives deliver benefits for passengers through increased destination choice and price competition. Auckland Airport has carried the risk during the pricing period to the extent we have invested more than was included in the pricing forecast for route development. Because our efforts have been successful, airlines will benefit through the ability to spread the cost of service over more demand when prices are reset for FY18-22.

Within a pricing period we are able to share benefits by sharing costs across the aeronautical and non-aeronautical business and remaining responsive to consumer expectations, even if these were not factored into prices. We want to be a good neighbour and help build strong, vibrant local and national communities. These communities include people working on and

[2] See eg Anna Bottasso & Maurizio Conti An Assessment on the Cost Structure of the UK Airport Industry: Ownership Outcomes and Long Run Cost Economies, Università di Genova (19 March 2010) at page 30.

around our Auckland Airport precinct, schools and tertiary education providers, iwi, community groups and the environment. We focus our social responsibility work around three themes: education, employment and environment. Our annual programme of activities includes community grants, scholarships, community events, cultural activities and sponsorships. Increasingly, we are focused on 'shared value' activities such as employment that create long-term, sustained benefits for all parties.

We also have an active environmental programme which manages the water and energy we use, and the carbon, emissions and waste we generate.

Within this document we provide performance summaries and examples of initiatives undertaken in FY16 which evidence how efficiencies are generated or benefits shared as follows:

- Schedule 6 provides evidence of how costs have been managed through the period versus forecast.
- Schedules 12 and 13 describe asset utilisation. Where this is increasing the assets are becoming more productive over time and will in turn help limit prices.
- Schedules 11, 14, 15 describe the quality of service delivered to airlines in terms of reliability, passengers in terms of satisfaction levels and operational improvement processes. Discretionary initiatives through the period to maintain or improve quality service at Auckland Airport, or for the aviation sector, exemplify how efficiency gains can be shared through the period.
- Schedule 16, describes demand growth during the period and routes which have been developed during the period.

E. Earning a fair and reasonable return on the investments made

Auckland Airport targets a reasonable return when setting prices once every five years. This is achieved following comprehensive consultation with airlines. Through this process there is also careful consideration of what the regulator considers to be a reasonable return, in the context of proposed investment over the period at Auckland Airport, and benchmark evidence on the competiveness and reasonableness of charges.

Auckland Airport considers that the ROI should be measured over a period of time rather than at a single point in time. This is particularly important in the context of the long-life infrastructure assets and the corresponding long-term investment horizons that exist in the airport sector.

Auckland Airport believes it is important for regulated entities to have incentives to manage risks, where they are best placed to manage such risk. The airport sector is highly dynamic. At both a strategic and operational level we are responsible for understanding tourism and aviation trends, innovation and efficiency opportunities. Furthermore, we believe that ROI should be interpreted in light of the price setting targets. That is, given the forecast prices were reasonable when they were set, then a higher actual ROI is not evidence in itself that returns could be excessive.

Auckland Airport has a strategy of responsibly seeking to stimulate demand in air connectivity. We actively invest in marketing with the airlines to increase the probability of demand being sustainable in the long term and to reduce the prospect of airline exits. This strategy has long

lead times and significant uncertainty. When this strategy is successful, consumers benefit from greater choice and/or price competition immediately and lower per unit prices at the next price reset. Auckland Airport carries the risk during the pricing period to the extent that we invest more than was included in the pricing forecast for route development. If successful, this stimulates additional revenue however the volume benefit lasts no longer than the current pricing period.

We seek to best use the resources we have available to meet changing consumer requirements through the operational or capital expenditure decisions we make. Auckland Airport balances the new needs, which emerge over time from changing demand conditions and operational, competitive, legislative and community requirements.

In targeting a reasonable return on investments made we recognise that our marginal investor is unlikely to be New Zealand domiciled. This means that in order to raise and attract funding from a wide range of sources it is critical to our future growth that we can offer the prospect of a return comparable to airports in jurisdictions such as Australia.

As a publicly listed entity, Auckland Airport is subject to, and recognised for, high standards of corporate governance, transparency and responsibility. Auckland Airport must make regular and transparent financial disclosures based on NZ IFRS accounting standards, and must meet stringent NZX and ASX obligations in relation to its governance and financial matters. These processes all serve as a further check on the appropriateness of Auckland Airport's approach and decisions. Auckland Airport takes these responsibilities seriously and continues to strive to deliver very high standards of governance.

1. Note Schedule 1: Return on investment

1.1 Commentary on Return on Investment

Schedule 1 reports on Auckland Airport's return on investment (ROI) on its regulated activities compared with the Commerce Commission's 50th percentile (mid-point) post-tax weighted average cost of capital ("WACC") estimates for the three years ended 30 June 2016 (FY14-FY16).

Auckland Airport's post-tax ROI under the Commission's prescribed information disclosure methodology for the year to 30 June 2016 of 8.3% exceeds the Commission's published 75th percentile WACC estimate of 7.7%. However, this ROI estimate includes mandatory revaluation gains whereas Auckland Airport does not revalue aeronautical assets for pricing purposes. Furthermore actual returns reflect prices set in 2012 when Commerce Commission assessed our target return of 8% for the entire five year pricing period as within its estimated range of acceptable returns of 7.1% to 8.0%.

Auckland Airport targeted returns for the financial years FY13-17 ("PSE2") after extensive consultation with airlines and their representatives. In this regard, we note that:

(1) On 31 July 2013 the Commerce Commission completed a s56G review of the effectiveness of the information disclosure regulatory regime under Part 4 of the Commerce Act in relation to Auckland International Airport. The Commission found that "*Auckland Airport targeted returns [for PSE2] within an 'acceptable range' … based on a*

reasonable assessment of how, at that time, it considered the Commission might assess its performance. Auckland Airport set prices such that its expected returns over the whole of PSE2 is equivalent to a return of 8.0% when the information disclosure framework is applied, and taking into account its moratorium on asset revaluations. … this target return is just within the upper limit of an acceptable range of returns of 7.1% to 8.0%, and therefore supports our conclusion that information disclosure is effective in achieving the Part 4 purpose as regards profitability."

(2) As reported in prior years, there have been some 'unders and overs' versus forecast for the period to date. An analysis of actual FY13-FY16 financial results versus the FY13-FY17 forecasts in terms of aeronautical revenues, expenses and capital expenditure, but excluding revaluations (consistent with the revaluation moratorium for price setting), shows that net returns are very close to the pricing forecast that was endorsed as acceptable by the Commission. Similar to this commentary to both the FY14 and FY15 disclosure statements, higher period to date revenues as at 30 June 2016 have been largely offset by higher costs. Cumulative after tax regulatory profit for the four years to June 2016 is $11.5m (3.4%) higher than forecast. Adjusting also for the $47m additional capital expenditure versus forecast, this equates to a period to date internal rate of return (IRR) excluding revaluations that is within 0.1% of our PSE2 price setting forecast.

(3) When prices were set, the capital forecast was considered to be very reasonable. Auckland Airport has consulted throughout the period with airlines on priorities as demand conditions have changed. Success in achieving growth above forecast has caused us to advance aeronautical capital expenditure. Schedule 6 shows that FY16 allocated aeronautical capital expenditure of $110.2m exceeded the PSE2 price setting disclosure forecast of $36.9m by more than $73m. Auckland Airport's updated capex guidance released on 29 August 2016 implies that forecast FY17 aeronautical capital will materially exceed the FY17 price setting forecast of $48m and therefore total allocated aeronautical capital expenditure over the full FY13-FY17 pricing period is likely to exceed the total price setting capital expenditure forecast for PSE2 of $289m by more than $150m. Due to the relatively long lead times of some projects we are carrying higher levels of works under construction than we have historically.

(4) We note that when prices were set Auckland Airport did not forecast the volume or the cost where there was a high level of uncertainty. Major airlines agreed the organic growth forecasts were a reasonable expectation of future demand. Only known route development volumes and costs were included in pricing. We have invested heavily in route development to accelerate aeronautical volume growth, investing $17.6m more than forecast in the period to date. FY16 has been a record year. Our commitment to route development has been acknowledged on the international stage, with Auckland Airport announced as the winner at the Asia Route Awards in the 5-20m passenger airport category. Our route development efforts have been rewarded with in the commencement of five new international airlines in FY16 and the announcement of three further new airlines since then.

(5) Please refer to Schedule 6 for a detailed analysis of period to date opex and capex variances versus the original PSE2 pricing forecasts.

The following table summarises FY13, FY14, FY15 and FY16 ROI relative to the s56G review and information disclosure WACC benchmarks per the Commission's methodology and adjusting to exclude revaluations.

Disclosure Year	Commission's benchmark post-tax WACC determination for disclosure year		Post-tax ROI per prescribed ID methodology	Estimated Post-tax ROI excl revaluations
	50th percentile	75th percentile		
FY13	6.49%	7.48%	6.5%	6.4%
FY14	6.77%	7.75%	8.6%	7.9%
FY15	7.37%	8.36%	7.9%	8.5%
FY16	6.68%	7.66%	8.3%	8.9%
FY13-FY16 actual average period to date returns			Average ROI	7.9%
			Period IRR	**8.1%**
FY13-FY17 WACC (per s56G review)	**7.10%**	**8.00%**		
FY13-FY17 Commission's s56 forecast average IRR for Auckland Airport				**8.0%**

Analysis of actual FY13-FY16 financial outturns versus the FY13-FY17 forecasts in terms of aeronautical revenues, expenses and capital expenditure, but excluding revaluations (consistent with the revaluation moratorium for price setting) shows that net returns are 8.1%, which is very close to the level that was endorsed as acceptable by the Commission, notwithstanding experiencing far higher than forecast passenger growth period to date. We note this excludes any return on land held for future use of $277m and the material value of works under construction of $106m. This compares to a forecast carrying value of works under construction for FY16 of just $7m.

Owing to higher than forecast capital expenditure and long development projects Auckland Airport is carrying a higher level of work in progress than anticipated at the time of the setting prices for PSE2 back in 2012. If overall returns were adjusted for this higher level of capital expenditure at the time the expenditure was incurred, Auckland Airport's period to date IRR would be approximately 7.7%.

2 Note Schedule 2: Report on the Regulatory Profit

2.1 Commentary on Regulatory Profit

No specific comment.

2.2 Justification for Merger and Acquisition Expenses

There were no merger and acquisition expenses in the year ended 30 June 2016 for the regulated airport business.

2.3 Long Term Credit Calculations

No specific comment.

3 Note Schedule 3: Report on the Regulatory Tax Allowance

3.1 Disclosure of Permanent Differences and Temporary Adjustments

Other permanent difference - not deductible:

This relates to non-deductible entertainment expenses allocated to regulatory income based on the company-wide cost allocation rule.

Other temporary adjustments - current period:

These relate to accruals and provisions provided at year-end that are not deductible for tax purposes including:

- employee related provisions ($9.5m) for employee leave, ACC, FBT, and staff incentives
- other accruals and provisions ($4.6m) including doubtful debts, unbilled consultancy and non-specific accruals

These are partially offset by fixed asset timing differences that are deductible for tax purposes, including:

- tax loss on disposal of fixed assets ($3.6m)
- consultative costs for acoustic treatment ($0.9m)

Other temporary adjustments - prior period:

The prior period adjustments consist of accruals and provisions identical in nature to those of the current period being employee related provisions ($10.5m) and other accruals and provisions ($4.9m).

4 Note Schedule 4: Report on the Regulatory Asset Base Roll Forward

4.1 Commentary – lost and found assets and adjustments resulting from cost allocation

A capital expenditure project typically enters the fixed assets register as a single item. Following detailed analysis, it is later split into its component assets.

This process sometimes results in aeronautical-dominated capital expenditure projects being later split into both aeronautical assets plus a small proportion of non-aeronautical assets. Equally, previously non-aeronautical-dominated projects can be split into non-aeronautical plus a small proportion of aeronautical assets. These splits can result in assets being transferred into or out of the Unallocated RAB and may or may not also impact Allocated RAB.

The logical place to record these movements in Schedule 4 is in row 28, entitled "Adjustment resulting from cost allocation". A -$7.1m Allocated RAB movement resulting from asset splits is

recorded in that row, offset by a $15.3m movement resulting from a change in allocation percentages. This results in the net $8.2m movement shown in Allocated RAB from cost allocation. Because row 28 does not contain an area to input movements in Unallocated RAB, we have shown the Unallocated RAB movement due to asset splits in row 26, under the "Lost and found assets adjustment".

4b(viii) Commentary – Assets held for Future Use

There were two significant adjustments disclosed in the Assets Held for Future Use Schedule this year.

The first one is a correction relating to allocated splits and transfers not reflected in the schedule in FY14 and has resulted in a $1.4m disposal recorded against the Assets Held for Future Use Base Value in the FY16 Schedule.

The second adjustment relates to the transfer of circa 1.5 hectares out of land held for future aeronautical use into a Park & Ride facility. The value of the respective land parcels, as well as the cumulative holding costs and tracking revaluations associated with the land parcels, have been taken out at its current disclosure carrying value (circa $1.1m) and have been subtracted via the Assets held for future use – disposals line.

5 Note Schedule 5: Commentary on Related Party Transactions

5.1 5 (a) Transactions with related parties

All trading with related parties, including and not limited to licence fees, rentals and other sundry charges, has been made on an arms-length commercial basis, without special privileges, except for the provision of accounting and advisory services to Auckland International Airport Marae Ltd at no charge.

No guarantees have been given or received.

5.2 Auckland Council and its subsidiaries

Auckland Council's shareholding of Auckland International Airport exceeds 20 percent and, as such, accounting standard NZ IAS 24 requires transactions with Auckland Council and its subsidiaries to be treated as related party transactions.

Costs incurred with Auckland Council and its subsidiaries in relation to the Airport Business during the year ended 30 June 2016 were:

- Rates of $3.196m (2015: $2.287m)
- Compliance, consent costs and other local government regulatory obligations of $0.229m (2015: $0.131m)
- City Park Services - grounds maintenance costs of $1.319m (2015: $1.361m)
- Watercare - water, waste water and compliance services costs of $1.089m (2015: $1.025m)

Further, on 28 October 2010 Auckland Airport and Manukau City Council came to an agreement where Auckland Airport agrees to vest approximately 24 hectares of land in the north of the airport to the Council as public open space for a consideration of $4.1m. The vesting of the land will be triggered when building development in that precinct achieves certain levels. The same agreement also rationalised the road network within the airport with some roads to be transferred between the parties and some roads to be acquired by Auckland Airport for $3.1m. These transactions were not complete as at 30 June 2016 and the obligations and benefits of the agreement relating to Manukau City Council now rest with Auckland Council.

5.3 Auckland International Airport Marae Ltd

Auckland International Airport Marae Ltd has two members of Auckland International Airport's senior management team on its board. During the year ended 30 June 2016, maintenance and occupancy costs of $0.019m (2015: $0.011m) were incurred in relation to the Marae by the Airport Business.

5.4 Auckland Airport's non regulated business

As mentioned in section 4.1 above, Auckland Airport transferred circa 1.5 hectares of land held for future aeronautical use to a Park and Ride facility at a value of $1.110m during the year.

5.5 Associate entities

Auckland Airport's related parties include associate entities being North Queensland Airports, Tainui Auckland Airport Hotel Limited Partnership and Queenstown Airport Corporation. There were no transactions between the associates and the Airport Business during the year.

6 Note Schedule 6: Report on Actual to Forecast Expenditure

This note is in two parts. The first is a summary of operating expenditure and the second capital expenditure. Discussion includes FY16 and for the period to date during our second price setting event since the establishment of ID (PSE2).

6.1 Operating Expenditure Overview

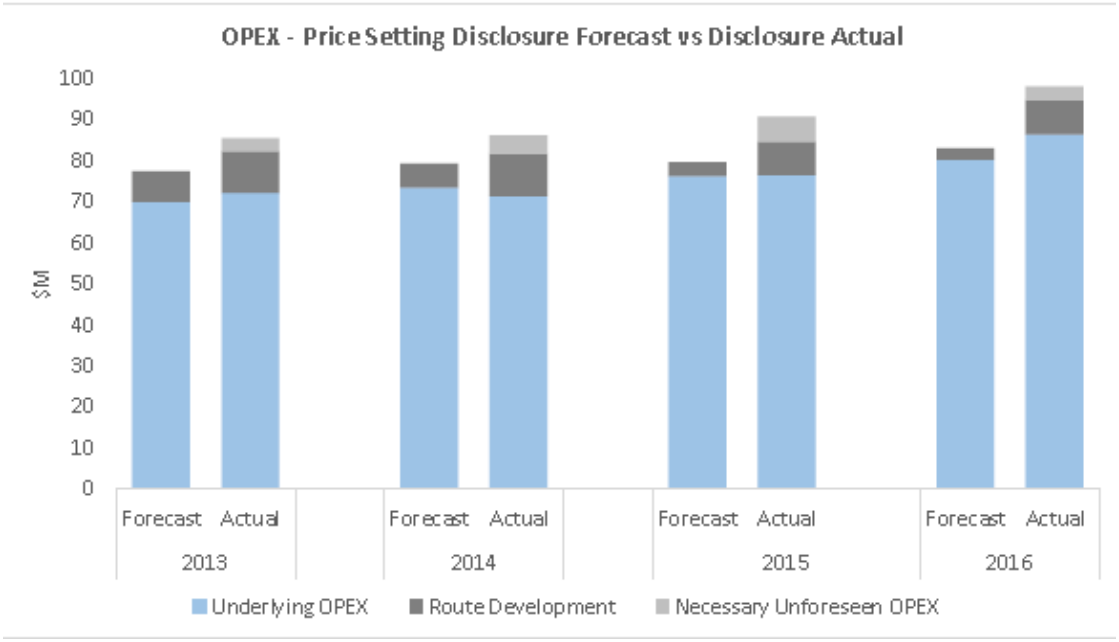
The table in Schedule 6a requires an allocation of operating costs between three categories: "corporate overheads", "asset management and airport operations" and "asset maintenance". Auckland Airport has undertaken this allocation based on the primary activities of the business units where costs are incurred. The asset maintenance cost category variance shown therefore includes not only the 'pure' $1.5m Repairs and Maintenance variance explained in the table, but also variances for other types of operating costs that were incurred in business units whose primary activities relate to repairs and maintenance, e.g. the Engineering Support Services business unit where the majority of engineering support staff costs reside.

6.1A Operational expenditure – variance analysis

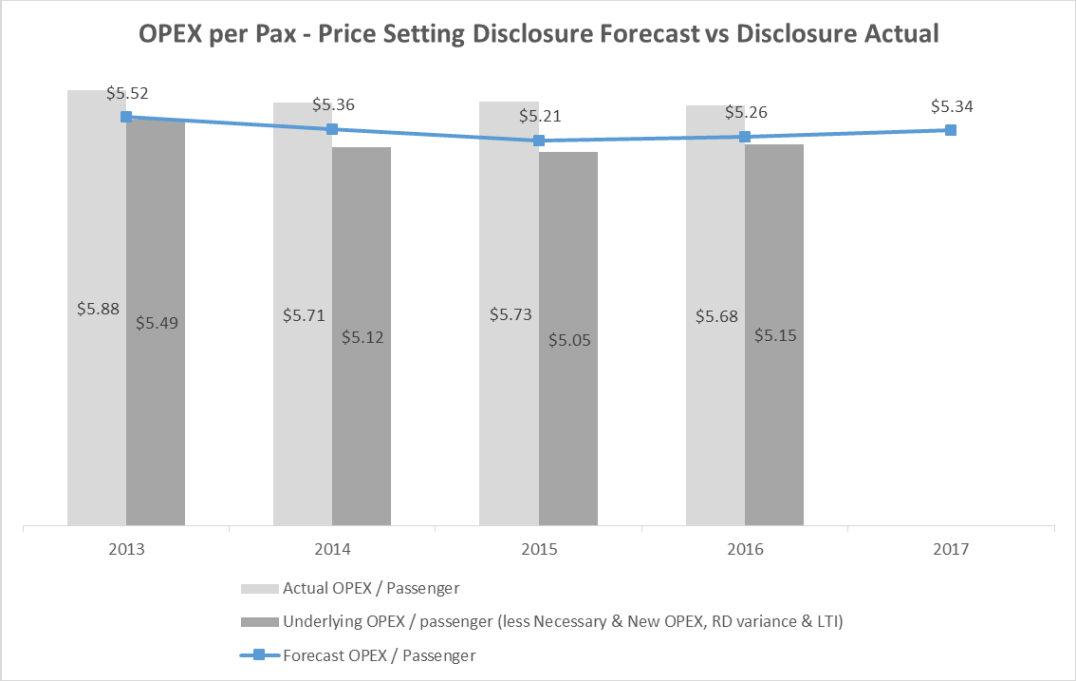
The time series comparison of actual to forecast expenditure is shown in the graph below for PSE2. It is important to note that where forecast growth highly was uncertain at the time of

setting prices for PSE2, Auckland Airport did not forecast the volume or the associated costs. In practice more growth has materialised than forecast and this has materially affected operating costs. Higher passenger and aircraft movements than forecast have been associated with higher costs such as marketing, outsourced operations, bus operations, cleaning, staffing and repairs and maintenance. An operating efficiency target of a 2.8% real reduction in operating costs per passenger was built into PSE2 prices. This has not been possible to deliver and Auckland Airport has incurred this cost.

Period to date total regulated costs were $41.0m (+12.9%) more than pricing forecasts. The following chart summarises the differences between actual operating costs and forecast operating costs based on an "organic" volume growth assumption (i.e. excluding future route development marketing activities).



There have been mixed results in terms of our ability to deliver operating cost efficiencies. Overall there has been some reduction in per passenger costs over the five year period. If we compare underlying costs (which exclude route development and unforeseen necessary new costs), operating costs per passenger have been less than the pricing forecast. As illustrated in the following chart, underlying costs reduced on a per passenger basis until FY15, but have since risen to $5.15 per passenger. Scale economies are becoming more difficult to achieve. For example, growth is necessitating additional peak support and development disruption is increasing the requirement for temporary operational solutions.



The primary causes of period to date increases in operational expenditure have been:

(a) Marketing and promotions investment was, as intended, above pricing forecasts. Marketing and promotions forecasts in PSE2 encompassed support for new services known at the time of pricing, and organic growth. Auckland Airport has invested $17.6m more through PSE2 in route development to stimulate growth. Compared to PSE2 forecasts, total passengers for the period has been 9.4% higher. This variance to pricing forecast was led by 11.0% higher domestic passenger movements and 8.6% higher international passenger movements.

(b) Personnel costs; crystallisation of long term incentives, new business structures to support personnel and safety, peak staffing, new requirements for fire rescue, and safety.

(c) Repairs and maintenance; ground maintenance, building plant and equipment and runway maintenance.

(d) Consultancy and legal; s56G and merits appeal costs and support of SMART approaches not contemplated at time of pricing.

For FY16 total operating expenditure of $98.0m was $15.1m (18.2%) above the pricing forecast of $82.9m (2015: $11.1m, +13.9%). The variances are described below:

Area	FY16 Variance	FY16 variance explanation
Marketing, Promotions & PR	$7.5m	Aeronautical marketing, Promotions and PR costs were $7.5m more than pricing forecast in FY16. As in prior years, this variance is within the Corporate Overheads cost category. The variance relates to aeronautical business development activities associated with attracting and supporting new air services for Auckland and New Zealand, through proactively targeting routes and markets. The variance is a mix of committed airline route marketing (payable when airlines achieve agreed capacity targets) and business-as-usual (BAU) marketing (including airline and non-airline marketing, general route and destination marketing, market research and company-wide

Area	FY16 Variance	FY16 variance explanation
		promotions). There were a number of additional routes and services supported that were not included in pricing forecasts including (but not limited to) new airlines and services to the Americas, increased frequencies and capacity to Singapore and marketing support for increased mainland China services. The full benefit of this business development marketing spend is expected to result in higher international growth than organic growth in current and future periods, which will serve to spread costs when prices are reset for FY18-22. It was decided during PSE2 price setting to share the costs associated with non-airline specific route development activities between Aeronautical Pricing and Non-Aeronautical Pricing Activities. This approach was also followed for disclosure resulting in a 75% allocation for non-airline specific costs.
Personnel Costs	$3.3m	Personnel costs were $3.3m more than the pricing forecast in FY16. This variance was driven by increases in personnel cost within the Corporate Overheads cost category in part due to contractual revaluation of the Long Term Incentive (LTI) plan based on the increase in the company's share price in 2016 . The LTI cost in FY16 was reduced relative to FY15 due to a restructure of the programme in FY16. Other personnel increases in the Corporate overheads category were incurred in the people and capability team and health and safety team.
Repairs & Maintenance	$1.5m	Repairs & Maintenance (R&M) costs were $1.5m more than pricing forecast in FY16. R&M costs fall mostly within the Asset Maintenance cost category and include contracted services. The major areas of works contributing to the variance include increased City Parks costs for grounds maintenance, the pond sediment removal programme, increased contractor maintenance due to increased scope, higher costs for runway marking and rubber removal and increased corrective maintenance across the business namely in regard to lifts, generators and chillers.
Consultancy, Audit & Legal	$2.5m	Consultancy, Audit & Legal costs were $2.5m higher than pricing forecast in FY16. Asset Management and Operations consultancy costs were $2.2m higher than pricing partly due to costs attributable to the ongoing SMART Approaches noise monitoring. In September 2015, together with Airways New Zealand and the Board of Airline Representatives New Zealand (BARNZ), we commenced the trial of a third SMART flight path to the airport from the north. SMART Approaches use satellite-based navigation to improve the management of airspace around Auckland Airport, and aim to reduce the impact of aviation on the environment and communities, while maintaining safety levels. This year Auckland Airport also commissioned a report from Fraport AG, the successful operator of Frankfurt Airport, to identify how we could further improve the management of our terminal operations. Implementation of the report's recommendations has already commenced. Other areas of increased consultancy include additional planning to ease congestion during the FY16 peak period through Operation Capricorn.
Management Fees	$1.7m	Management Fees were $1.7m higher than pricing forecast in FY16. These costs fall into the Asset Maintenance cost category and cover outsourced operations. The main drivers of this variance were the AVSEC charges for staffing Checkpoint Charlie which have been passed on to Auckland Airport since April 2014 and were not included in pricing; increased baggage services costs; a material increase in both international and domestic bussing operations since December 2015; and higher Emperor Lounge costs due to growth in lounge usage.

Area	FY16 Variance	FY16 variance explanation
Other expenses	-$1.5m	Other costs (including Utilities, Insurance, Travel Rates, Shareholder expenses, Telco & Computing and Other Expenses) gave a combined $1.5m of savings compared to the pricing forecast in FY16.
Total Variance	**$15.1m**	

6.2 Capital expenditure overview

The base case forecast capital expenditure for PSE2 represented Auckland Airport's best view of the likely range of capital expenditure required over the forthcoming pricing period. The airlines generally agreed the level and timing of planned investment was efficient and the Commission concluded that ID appeared to have promoted an efficient investment plan for 2013 – 2017.

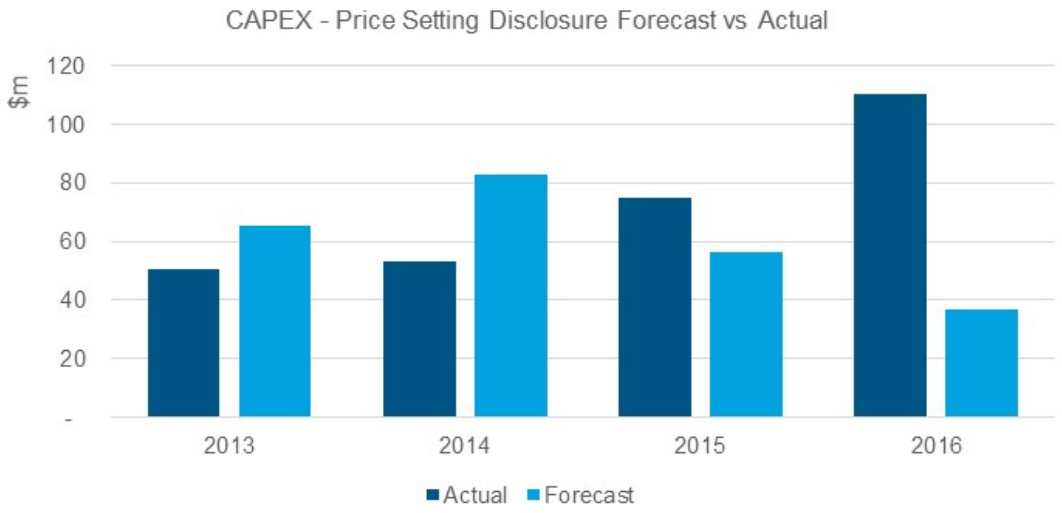
We noted that project priorities would be influenced (and potentially constrained) by the nature of demand growth and that capital expenditure decisions could not be considered in isolation from the actual demand environment in the period.

As described in earlier disclosures, there has been material repurposing of the Schedule 18 capital priorities. All major changes to capital expenditure plans have been discussed with the airlines and Board of Airline Representatives New Zealand (BARNZ). Auckland Airport has continued to meet with the BARNZ Cost and Regulatory Committee, to involve airline expert groups on particular projects and to update broader stakeholders as part of regular engagement as provided for in our Quarterly Engagement Plan. Further history on capital expenditure vs plan can be found in the disclosures for FY13- FY15.

As set out in Note 1, we have now entered a phase of higher than forecast capital expenditure in line with the changed demand environment since 2015.

6.2A Capital expenditure – variance analysis

The time series comparison of actual to forecast capital expenditure is shown in the graph below for PSE2. As a consequence of changing market conditions, (e.g new regional entrants) and exceptional growth, we have responded to new requirements (e.g. regional capacity) and brought forward projects (e.g Pier B). For the period ended 30 June 2016 actual capital expenditure was $110m, materially above the $37m PSE2 pricing forecast. Consequently, period to date, capital expenditure of $289m now exceeds the pricing forecast by 20%.



Key Capital Expenditure Projects Variance Analysis

The table below sets out the material variances for FY16 and for the pricing period to date. New key capital expenditure projects expected to exceed $5m have been identified this financial year.

Key Capital Project	FY16 Variance	PSE2 Period to Date Variance	Commentary
Short term capacity enhancements (DTB)	-	(6,368)	Refer FY15 Disclosure.
Baggage Reclaim Expansion (RECLAIM 1)	-	2,087	Refer FY15 Disclosure.
Baggage Handling System expansion (or BHS 2)	(6,343)	(12,371)	Management has identified that BHS 2 must be evaluated as part of the check in programme. However the BHS element of the check in programme will be enabled by the development of a slab to the western end of the international terminal which will be delivered in Nov 16 as part of the Level 1 project (Phase 3).
Check in project	589	(6,562)	Feasibility workshops were completed in FY15 with key stakeholders. It was agreed that common use bag drop is a core principle for unlocking efficiencies. To enable this, the outbound baggage handling feed must be capable. Auckland Airport is now waiting for carriers to signal their preference for the primary check in mode. Carriers are protective of their brands and the customer experience, so this must be managed sensitively. Once the airport has established requirements of airlines, it must also consider how an efficient use of space can also be achieved. The airport has focussed on the interaction between check in and baggage handling solutions, taking lessons from carriers willing to innovate.

Key Capital Project	FY16 Variance	PSE2 Period to Date Variance	Commentary
			Auckland Airport has commenced the procurement and supply of common use, multi airline and mobile kiosks. Our intention is to increase both the availability and use of these common facilities as we move forward. We also intend to develop the Auckland Airport automatic bag drop solution, in line with our future disclosed Technology Roadmap.
ITB Forecourt Reconfiguration (or FC3)	(4,702)	(4,702)	This project was re-prioritised as part of the work Auckland Airport did in realigning the capital plan with BARNZ for a Southern Domestic solution.
Landside ground floor capacity enhancement	(2,425)	(2,425)	The project was re-prioritised as part of the work Auckland Airport did in realigning the capital plan with BARNZ for a Southern Domestic solution.
New Stand 1	3,516	(6,603)	At the time of slot filing and the associated hand back process for the NW15 season, Auckland Airport identified the need for additional non-serviced stands to meet aircraft laying over for longer periods throughout the operational day. To this end, Auckland Airport created stands 80 and 81, as non-serviced Code E stands, constructed from Epoxy Asphalt to meet the peak season demand.
New Stand 2	6,515	(5,234)	Following on from the works that were undertaken as part of the stand provision for NW15, Auckland Airport decided to take an earlier decision on the provision of stands for NW16. From the creation of a forecast schedule of demand, Auckland Airport commissioned the design and construction of the new stand 74, a MARS Code F fully serviced stand, and the associated taxilane infrastructure for delivery in time for the NW16 peak demand. These works are currently underway on site.
Taxilane 1	-	(11,244)	As reported last year, this project was delayed until the 30 year vision was compete. The airlines and Auckland Airport have agreed this funding should be repurposed to more valued priorities.
Pier B ground boarding project (or PIERB 1)	8,955	(5,138)	As part of the solution for NW15 peak demand, Auckland Airport have expanded the ground boarding facilities on Pier B. This product has been warmly received by the airlines as the proximity to aircraft has been improved, shortening distances for the specific bussing operation. As part of the development of Pier B, this bus lounge is scheduled to expand again, improving both its capacity and capability for future bussing operations.
Asphalt apron replacement	1,613	2,422	Refer to 'Concrete runway and apron replacement' explanation below.
Concrete runway and apron replacement	2,816	(3,784)	As part of the concrete and asphalt replacement programmes, we have carried out the planned replacement of concrete slabs, in particular a strategic area of taxiway Alpha One Alpha, requiring careful and considered operational constraints to the airfield flow. At the same time we have also sealed a key area of Taxiway Kilo in order to ensure operational performance.

Key Capital Project	FY16 Variance	PSE2 Period to Date Variance	Commentary
ITB Airbridge refurbishment	(502)	1,324	Whilst there was no capital expenditure against this project in FY16, period to date investment is higher than forecast consistent with airline feedback to invest more in the airbridge refurbishment programme.
Taxiway Lima	(6)	(6,996)	This is a final adjustment related to releasing project retentions. As previously disclosed, this project was delivered under budget.
Premium lounge	1,158	8,937	During FY15, a carrier approached the airport seeking a new premium lounge proposition. Through a collaborative process a preferred site was established for the development of this lounge and commercial agreement reached for the shell and core facility to be provided by the airport and fitted out by the carrier. The project was completed in FY16.
ITB Level 1 – Phase 3	32,553	38,183	The Phase 3 project will provide a new international emigration facility, an enlarged truck dock and an airside dwell area (including retail) for international passengers. FY16 costs relate to design and the physical construction that commenced in October 2015. The overall targeted completion of the project remains March 2018, with the first portion of works (the new emigration facility) scheduled for April 2017.
ITB Baggage Phase 1.2	5,762	9,357	As part of the continuing focus on international inbound baggage availability, this expenditure relates to FY15 costs for a further new code F baggage reclaim belt, due for operation in early December 2015. This is a further provision over and above INTB ARRIVALS BAGGAGE PHASE 1.1 which delivered an equivalent belt and building fabric in December 2014. The project was completed in time for the NW15 summer peak, giving rise to new baggage reclaim belt 2.
Northern Runway Mode of Operation	1,302	4,674	This expenditure relates to protecting the ability to construct and operate a long haul capable northern runway under the Resource Management Act. This expenditure relates to design fees and associated professional fees as well as capitalised salaries of Auckland Airport staff dedicated to this process.
Operations centre relocation	7,798	7,798	This expenditure relates to the relocation of the international operations centre and the key operational utilities that were housed within it. These utility assets included the main incoming telephone exchange for the airport as well as key back-up generators for the terminal in the case of an electrical outage. All of these assets were fundamentally at the end of their useful life. Furthermore, investigation of the building revealed both asbestos as well as live underground services traversing the building. The location of the building also represented a key constraint to the development of the terminal for increased emigration capacity, increased airside facilities servicing and airside dwell.
Other capital expenditure	14,712	43,780	Other capital expenditure is spread amongst numerous projects and programmes. FY16 expenditure was targeted at:

Key Capital Project	FY16 Variance	PSE2 Period to Date Variance	Commentary
			• The creation of facilities to accommodate the introduction of the new Jetstar domestic regional services. • The creation of further regional stands 89 & 90 for the growth in Air NZ regional services. • The creation of the Terminal Development Plan and Airport Surface Access Network studies that have enabled the crafting of the future development requirements over PSE3 and PSE4. • The continuation of the closed circuit television camera replacement programme, enhancing the security capability across the terminal asset. • The continuation of the ground power relocation and reprovision of ground power units for AXA power units enabling engine start up from the Auckland Airport mains power system. • The creation of the Airport's submission to the Auckland Unitary Plan, securing our mandate to develop the airport into the future. • The management of aircraft noise mitigation with the general public as well as other key stakeholders, including the provision of key tools and support as well as the physical sound proofing of properties directly affected by the airport's noise profile. • The replacement and installation of new international baggage system diverters, ensuring the reliability and performance of the international outbound baggage system. • For earlier year variances please refer to previous disclosures.
Total capex variance	73,312	47,136	The cost of this extra capital expenditure compared with the PSE2 pricing forecast has been borne by Auckland Airport.

7 Note Schedule 7: Report on Segmented Information

Schedule 7 provides a segmental breakdown of the regulatory profit and return on investment data for the regulated airport business contained in Schedules 1 and 2. Vanilla return on investment can be estimated for each regulated segment for the year ended 30 June 2016 by dividing regulatory profit/loss by regulatory investment value above. Post tax return on investment can be estimated by allocating the notional interest tax shield total from Schedule 1 across the segments, (based on relative regulatory investment value in each segment).

The estimated distribution of Auckland Airport's average annual post-tax FY16 ROI of 8.3% (8.9% excluding revaluations) across the regulated segments is as follows: Passenger Terminal 10.8% (11.4%), Airfield 6.6% (7.1%) and Aircraft and Freight 8.9% (10.1%). While passenger charges are allocated entirely to the Specified Passenger Terminal segment in these disclosure statements, as described in detail in Auckland Airport's Price Setting Disclosure for FY13-FY17, a portion of those charges actually relates to costs that are shared by airfield activities. This,

in effect, spreads actual ROI more evenly between the terminal and airfield segments than implied in the disclosure schedule.

Aircraft and Freight charges are determined via arms-length transactions between Auckland Airport and its Aircraft and Freight tenants and these negotiations are underpinned by market based valuations and contractual dispute resolution procedures. As agreed with the major airlines and their representatives, the Aircraft and Freight charges are not subject the five yearly aeronautical price consultation process.

8 Note Schedule 8: Commentary on the Consolidation Statement

8.1 Depreciation

A part of the difference between regulatory and GAAP depreciation is due to a requirement under GAAP to depreciate assets from their commissioning date resulting in depreciation for part years of new assets. The Input Methodologies does not provide for new assets to be depreciated in the year they are commissioned resulting in higher GAAP depreciation than regulatory depreciation for those assets. Another major factor in the difference relates to the revaluations for financial reporting purposes at 30 June 2015 and 2016. The revaluations increased the value of non-land assets and therefore the higher values increased the depreciation expense for financial reporting (GAAP) purposes.

A partially offsetting difference relates to the CPI roll forward increasing the value of the regulatory fixed assets from the 2009 initial RAB value. Also, commissioned assets now include capitalised WACC rather than capitalised interest consistent with allowances under the Input Methodologies determination. This increases the value of the regulatory fixed assets commissioned and therefore the regulatory depreciation.

8.2 Revaluations

The valuations for the Airport Company - GAAP include the revaluation movements on investment property ($87.1m increase). Land and infrastructure assets within the property, plant and equipment portfolio were revalued at 30 June 2016. This resulted in a loss in the income statement of $16.5m but an overall increase in asset values of $767.5m. The portion of the revaluation attributed to the Airport Business - GAAP was a loss of $8.4m in the income statement.

The valuation approach to determining fair value of an asset under GAAP is determined, where possible, by reference to market based evidence, such as sales of comparable assets or discounted cash flows. If there is market based evidence the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value.

The revaluations for the Airport businesses consist of a CPI roll-forward as at 30 June 2016 consistent with the Input Methodologies determination.

8.3 Tax Expense

The tax expense for the Airport Company-GAAP is reduced by deferred tax changes in the underlying asset and liability values for financial reporting. The reduction from deferred tax movements results from the decrease in accounting carrying values relative to tax carrying values, which decreases the taxable temporary differences. The regulatory disclosures do not recognise deferred tax movements as a tax payable approach is adopted per the Input Methodologies determinations.

The tax expense for the Airport Businesses also includes a notional interest deduction as calculated in Schedule 1(b)(i) whereas the GAAP tax expense is before interest revenue and expenses.

8.4 Property, plant and equipment

As noted above, the GAAP values for property, plant and equipment are carried at fair value. The property, plant and equipment value for the Airport Businesses comprises land carried at market value alternative use rolled forward at CPI and non-land assets at the 2009 initial RAB values rolled forward at CPI. A difference also arises in relation to Future Use assets which are excluded from "Airport Businesses" but included in "Airport Businesses - GAAP" column. The final differences relate to depreciation differences noted above.

9 Note Schedule 9: Report on the Asset Allocators

There has been only one material change from prior year asset allocations which is described in Note 9B below.

9A Asset Allocations

Auckland Airport's asset allocation methodology involves the following key steps:

(1) Reviewing assets initially at the business unit level and then by exception at the asset type level. The business unit provides insight into the activities or services enabled by the asset.

(2) Identifying business units whose assets are directly attributable to Specified Airport Activities and directly attributing their assets accordingly.

(3) Identifying business units whose assets are indirectly attributable to Specified Airport Activities (i.e. that are common or shared) and allocating those assets to Specified Airport Services using causal or proxy cost allocators.

The Asset Allocators table in Schedule 9a of the Disclosure statements summarises the common assets that have been shared across two or more regulated activities, or across both regulated and non-regulated activities.

9B Changes in Asset Allocators

The change in asset allocation identified in Schedule 9B relates to the Quad 5 building, which houses the Corporate Office of Auckland Airport, as well as a number of Investment Property tenants. In order to provide greater transparency of the Quad 5 regulated assets, all Quad 5

assets have been split and transferred and reclassified into either IP or PPE. All IP assets, which represent assets used by commercial tenants, have been designated as 100% commercial. All PPE assets, which represent the assets used by Auckland Airport, are now allocated using the company-wide rule. For further information, refer to Disclosure Schedule 9.

10 Note Schedule 10: Commentary on Cost Allocation

There has been no material change from prior year cost allocations.

10A General Information on Cost Allocations

Auckland Airport's financial reporting system groups costs into several business units reflecting the various aeronautical and non-aeronautical business activities undertaken by the company. For the purposes of allocating costs in the disclosure reports, Auckland Airport has apportioned each business unit's operating costs across both regulated and non-regulated activities. This was performed as follows:

(1) Identified the activities undertaken by each business unit;

(2) Identified business units whose costs are attributable to a single regulated aeronautical activity and directly attributed those costs to those activities accordingly;

(3) Identified business units whose costs are shared across more than one regulated activity and/or between regulated and non-regulated activities and allocated those costs to those activities accordingly;

(4) Used causal allocators where appropriate to allocate those common costs across regulated and/or non-regulated activities;

(5) Allocated the remainder of common costs using proxy allocators;

(6) The report on cost allocations lists the costs and describes the allocators used for those business units whose costs are either shared within regulated activities, or shared across both regulated and non-regulated activities. A more detailed description of key cost allocators follows:

    (a) The company-wide rule is used to apportion the shared costs of business unit activities which support both regulated and non-regulated activities. This rule comprises the following two components. The first component uses the share of the international terminal building space ("ITB space") to proxy a fair share of regulated costs and non-regulated costs. The second component splits the regulated costs across terminal and airfield activities based on the aeronautical revenues split rule.

    (b) The aeronautical revenues split rule is used to apportion shared aeronautical costs across the three regulated activities. This rule is calculated based on the split of directly attributed aeronautical revenues from the three regulated activities.

    (c) Airfield and terminal revenues are used to share costs associated with regulated activities that are common to airfield and terminal activities, but not to aircraft and freight (for example the aeronautical pricing process).

(d) The employee time split rule is used to apportion the shared costs of business units whose expenses are dominated by employee-related costs. The apportioning between regulated and non-regulated activities is based on salary-weighted time splits and it differs between business units reflecting the differing responsibilities and activities of staff within each business unit.

(e) The utilities rule allocates electricity, water and gas charges that are booked to internal business units across regulated and non-regulated activities based on those business units' individual allocation rules. All external utilities charges are classified commercial direct (non-regulated activities). The assets and costs of the utilities business units are split according to the same proportions.

(f) The stormwater and wastewater rule is only used to allocate the operating cost of the stormwater and wastewater business unit. This is necessary because operating expenditure is not managed discretely between stormwater and wastewater. Therefore a weighted average combination of the underlying asset rules is used to allocate the cost of this business unit. The key steps are as follows:

  (i) the stormwater rule examines sealed (impermeable) surface area usage between regulated and non-regulated activities.

  (ii) the wastewater rule examines metered water usage between regulated and non-regulated activities.

  (iii) The two rules are combined based on the relative book value of the stormwater versus the wastewater assets and the underlying rules in order to allocate the operating costs associated with this business unit.

(g) The roadways rule is used to apportion the shared costs of the roadways business unit across regulated and non-regulated activities based on the regulatory coding of individual roading assets. Individual roading assets comprising the roading network (e.g. paved areas, kerbside and footpaths) have been given regulatory codes, in most cases reflecting the location of those assets. Roads that primarily carry traffic to and from the international terminal are allocated across a range of regulated and non-regulated activities using the ITB Space Allocation Rule.

(h) Engineering and support services costs are allocated across regulated and non-regulated activities based on a two-step process:

  (i) First the internal repairs and maintenance charges to business units are summed by internal business unit.

  (ii) Then the allocation rule is calculated based on the product of the charge by business unit and the default rule associated with each business unit (e.g. direct or otherwise).

10B Comparison of Outcome of Cost Allocations

Overall operating expenditure allocated to regulated categories has fallen to 68% for FY16, down from 70% in FY15 and considerably lower than 75% in FY11. These changes are not due to the cost allocation processes themselves which have been highly consistent across FY11 to FY16, but instead reflect faster growing costs in the unregulated (non-aeronautical) segments.

11 Note Schedule 11 - Report on Reliability Measures

11.1 Reliability

Auckland Airport monitors trends in faults, interruptions and on-time performance. We investigate all on-time performance issues where Auckland Airport is identified as the party responsible.

Root cause reports are prepared and actions identified to prevent re-occurrence of the interruption, as part of our commitment to continually improving the service provided to airlines and passengers.

The number of interruptions[3] in FY16 was up 7 from FY15. The number of interruption hours increased by 3 hours to 166 hours, or an increase of 2% on the previous financial year.

Auckland Airport continues to experience strong growth. Aircraft movements were up 4.5%, from 150,956 to 157,754 in the year to June 30[4]. The ratio of the number of interruptions to aircraft movements has remained at a low level of 0.03%.

11.2 Interruptions

Auckland Airport captures and records interruptions to its services through its fault management system. Appendix C to the Commerce Commission Information Disclosure (Airport Services) Reasons Paper dated 22 December 2010 outlines the condition in which an interruption to the supply of a material service is defined, identified and recorded. The fault management system has been designed to record interruptions based on the definition outlined in Appendix C. All systems faults are reviewed on a monthly basis to ensure that interruptions that meet the conditions defined by Appendix C are captured.

Auckland Airport is required to report interruptions for the following material services:

- Runway
- Taxiway
- Remote stands and means of embarkation/disembarkation
- Contact stands and air-bridges
- Baggage sortation system on departures
- Baggage reclaim belts

The tables outlined earlier in these schedules report the number and duration of material service interruptions. To provide the most appropriate context for consumers, a way to view this information is to consider the proportion of the time that the material service is available. For

[3] Prior to the 2016 financial year, the interruptions reported under Schedule 11 excluded the interruptions that resulted in an On-time-departure delay because On-time-departure delays were reported separately under the Schedule. However, the exclusion of interruptions that resulted in On-time-departure delays does not present the complete number of total interruptions that occur over the financial year. For this reason, Auckland Airport has decided to include all regulated interruptions in FY16 and has also adjusted the number of interruptions for FY15 for the purpose of comparison.

[4] Note this is total movements, not just passenger movements.

the disclosure year ended 2016, the percentage of time that Auckland Airport's material services were available was as follows:

Runway	100%
Taxiway	100%
Remote stands and means of embarkation/disembarkation	100%
Contact stands and air-bridges	99.9%
Baggage sortation system on departures	99.9%
Baggage reclaim belts	99.9%

In accordance with the definition in Appendix C, Auckland Airport only reports interruptions related to off-schedule flights.

Runway and Taxiway performance

In FY16 there was one very short runway interruption, after a rabbit was hit on the runway. Only one flight was affected and no flight was delayed.

Contact Stand and Air-bridge Performance

Over the year interruptions to contact stands and air-bridges increased from 28[5] in FY15 to 41 in FY16. Of these interruptions, 16 caused flight delays, resulting in 19 on-time departure delays.

The interruption hours caused by contact stands and air-bridges were up 48 hours to 152 hours from the previous year. Of the 41 interruptions, 4 air-bridge outages accounted for more than 112 hours of interruption (74%). The length of these outages was impacted by a combination of staff availability on weekends, bad weather when trying to undertake major repairs, and the need to source some parts from Wellington. Auckland Airport is assessing whether it is appropriate to increase resource availability out of hours.

Auckland Airport has been working through an air-bridge refurbishment and replacement programme. This programme will ensure required levels of service are maintained and, in some cases enhanced, for those air-bridges that are nearing the end their useful life.

Projects completed in FY16 included:

- Replacement of Pier A air-bridge cab canopy's on air-bridges 7 and 8
- Replacement of air-bridge cab flooring on Pier B air-bridges 15L, 15R, 16L, 16R
- Removal and relocation of air-bridge 6 service stairs
- Enhanced safety through investment in interlock doors, preventing people from inadvertently walking out of the airbridge when it is at height

Taxiways

There were no interruptions relating to taxiways in FY16.

[5] The number of interruptions to contact stands and air-bridges in FY15 was adjusted from 18 to 28, as per footnote three.

The aviation trend toward up-gauging of aircraft on many routes to Code F and Code E is necessitating the progressive strengthening of much of the aerodrome apron and taxiway system.

Auckland Airport has continued to work on customising asphalt on taxiways and the apron to improve reliability. Auckland Airport ensures the asphalt chosen is fit for purpose by conducting condition assessments of the asphalt through forensic analysis, and assessing the uses of the area. Using customised asphalt on areas servicing heavier aircraft optimises whole of life costs by increasing the life of the asphalt and reducing the need for repairs. This also improves the availability of the assets by reducing maintenance requirements.

After completing the pavement strengthening work on Taxiway Juliet in FY15, Taxiway Alpha-one-alpha and Bravo Two were upgraded in FY16. More than 320 concrete slabs were replaced across the taxiway.

Baggage Sortation

There were 8 interruptions to the baggage sortation system in FY16, down from 14[6] in FY15.

The interruption hours to the baggage sortation system reduced significantly, falling from 57.1[7] in FY15 to 9.4 in FY16.

Seven out of the 8 interruptions occurred at the international terminal and the other at the domestic terminal. This is a significant improvement for the domestic terminal baggage sortation system considering it had 11 outages in FY15 due to the age of the system.

Five of the 8 interruptions caused On-time departure delays. A total of 23 flights experienced On-time departure delays as a result. Among the 23 delayed flights, 14 flights were affected by one incident at the international terminal in September 2015, triggered by a power outage.

Baggage Reclaim

Auckland Airport continues to invest in expanding and modernising the baggage reclaim facilities. In FY16, Auckland Airport completed a 2,500 square metre expansion of its international baggage hall, including the addition of two extra baggage belts, each having sufficient capacity to hold the bags from a Code F aircraft (such as an A380).

The baggage reclaim system was impacted by only 1 interruption in FY16. This matches the very low number of interruptions reported last year.

11.3 On-time departure delays

On-time departure delays for the purposes of information disclosure reporting are defined as occurring when a scheduled service has been delayed by more than 15 minutes, primarily as a result of an interruption to specified airport services. The on-time departure delays reported are therefore only a subset of all on-time delays that occur.

On-time departure delays relating to interruptions have been captured in the fault management system. All on-time departure delays that are visible to the apron tower are logged in the system. As with interruption reporting, management conducts a detailed review each month to ensure that on-time delays are correctly captured.

[6] The number of interruptions to baggage sortation system in FY15 was adjusted from 11 to 14, as per footnote three.
[7] The interruption hours to baggage sortation system in FY15 was adjusted from 47 to 57, as per footnote three.

There were 42 on-time departure delays in FY16, up 15 on the previous year. Of the 42 delays, 19 were due to contact stands and air-bridges outages. The remaining 23 delays were caused by outages to the baggage systems. As stated earlier in this schedule, one baggage system outage alone at the international terminal in September 2015 caused 14 delays.

Total on-time departure delay hours was up 4.9 hours, from 10.9 hours in FY15 to 15.8 hours in FY16. The average delay time was 22.6 minutes, down from 24.2 minutes on the previous year.

11.4 Fixed electrical ground power units

FEGP interruptions have been captured by matching the outage data from the fault management system with data which records when airlines were using stands with FEGPs. If an outage over 15 minutes coincided with a time when the FEGP was required by an airline, it was recorded as an interruption.

The percentage of time FEGP's were available in FY16 slightly declined 0.4% to 98.6% from 99.0% in FY15.

As mentioned in previous years, Auckland Airport continued with scissor supports (crocodile arms) installations in FY16 to assist the use of FEGPs for all aircraft. This initiative was implemented to improve the health and safety of ground handlers and to reduce the time taken to deploy FEGPs. Further to the seven units installed in FY15, three more units were installed in FY16.

Over the 2016 financial year, Auckland Airport continued to work with Air New Zealand to support the introduction of the new 787-900 series of aircraft. Two more of the new FEGP units capable of servicing this type of aircraft were installed for stand 5 and 7 in the current year. The remaining units will be upgraded once the existing units fail, balancing cost and the need for increased flexibility as more 787-900s are introduced. Further detail is available in Schedule 15.

12 Note Schedule 12 - Report on capacity utilisation indicators for aircraft and freight and airfield activities

12.1 Schedule 12 Airfield Capacity & utilisation

The reported runway description in these disclosures is consistent with the description that Auckland Airport also reports in the Aeronautical Information publication (AIP). There have been no changes in FY16. The declared runway capacity under visual meteorological conditions is set at 40 movements per hour. This reduces to 32 movements per hour in instrument meterological conditions, when a greater allowance is required for missed approaches, and 20 movements per hour in fog.

The runway mode of operation depends on the wind direction. In most instances, aircraft land and take off into the wind. Auckland Airport's prevalling wind direction is westerly. Under westerly wind conditions, aircraft land and take off using RWY 23L. RWY 23L is therefore used more than the easterly facing RWY05R.

RWY23L is equipped with a Category III B instrument landing system. The system was the first of its kind installed in New Zealand. Equipped with Category III B, pilots can land with a 0 feet

cloud base and 75 metres of visibility. This has played a major part in reducing the impact of fog and low-visibility on jet aircraft opertations over recent years. RWY 05R is equipped with a Category I instrument landing system. The system allows pilots to land with a cloud base of 215 feet and at least 800 metres of visibility. During low visibility operations, pilots are still able to land using RWY 23L, whereas they may not be able to land using RWY 05R.

There are periods of the day where Airways and Auckland Airport are able to achieve greater movements per hour than what is reported in this schedule. Airways is planning on conducting a capacity study when resources allow. In the absence of this study, Auckland Airport has decided to retain the number of movements reported in the AIP.

Some new separation initiatives around track divergence, which are due to come into effect late 2016/early 2017, should offer extra runway capacity in all weather conditions.

In FY16, Auckland Airport's international aircraft movments increased 6.7% and domestic movements increased 3.5%. To manage growth, Auckland Airport investigated both captial and operational solutions over the year. To ensure that sufficient parking was available to manage increased aircraft movements, Auckland Airport invested in an extra 17,500 square metres of airfield parking in FY16. This area provided two extra remote stands with the flexibility to hold either two code C or one code E aircraft on each stand. The works in this area also provided for an area to park ground servicing equipment.

Auckland Airport consults with stakeholders to identify initiatives that increase capacity and drive efficiency.

Auckland Airport is a member of the Airfield Capacity Enhancement Steering Group (ACE), which meets regularly over the year to investigate possible ways to improve the efficient use of the runway. A key initiative over the year was to better understand the time aircraft spend on the runway. Led by Airways, the group analysed patterns of movement of aircraft arrivals. Airways analysed the time on the runway of different types of aircraft, and how performance differs between different airlines. The goal of the work was to share the findings with airlines to encourage the adoption of processes and procedures that minimise time on the runway.

In FY16, Auckland Airport has continued to work with stakeholders to assess the options for runway contigency at the airport. Auckland Airport currently operates a single runway. In an emergency, Taxiway Alpha is able to be converted to a contingent runway if the main runway is unusable. Because of the time required to convert the taxiway to a runway, the conversion process is only engaged for runway outages expected to exceed 5 days. A more flexible contingent runway would reduce risk and enhance the operational safety of the current airfield. Benefits of a flexible runway include:

- The possibility of a regular 8 hour maintenance window on the main runway (the current maintenance window is restricted to 3 hours on a Monday morning);
- The ability to complete larger runway works by closing the main runway and using the contingent runway over successive nights;
- The rapid availability of a second runway if the main runway was closed due to a major incident or safety issue;

- A reduction in Auckland Airport's and our airline customers' exposure to only having a single no-curfew runway.

In FY16 Auckland Airport undertook an inception study reviewing options to allow the runway to be maintained safely with minimal impact to operations. The study took the form of a two phased safety case prepared by Airsight (a world leading aviation safety specialist). The first phase involved the preparation of a high level safety case, which was completed in January 2016. This consisted of a review of different options for continued flight operations when works are required on the runway. The high level safety case concluded with the concept of a flexible contingent runway as the preferred option. This option would allow Taxiway Alpha to be converted to a contingent runway on a weekly basis, during night hours, to provide a protected weekly maintenance window of at least 8 hours.

The second phase consisted of the development of a detailed technical safety case to support the concept of the flexible contingent runway. The safety case was presented to Civil Aviation Authority and Safety and Operational Risk Committee in April 2016. It concluded that the concept of the flexible contingent runway as outlined in the study can be operated safely provided the proposed mitigation measures are implemented. Auckland Airport now proposes to progress this project to the feasibility stage which will focus on the constructability of the infrastructure and ensuring that all the identified mitigation measures are implemented. The feasibility study is expected to start in November 2016.

Over the year, Airways New Zealand, Auckland Airport and the Board of Airline representatives New Zealand (BARNZ) continued to progress the introduction of new flight paths, called SMART Approaches, into Auckland Airport.

SMART Approaches use satellite-based navigation and enable aircraft to burn less fuel, emit less carbon dioxide and fly more quietly. They contribute to international aviation carbon dioxide-emission reduction proposals and are aligned with the Government's National Airspace and Air Navigation Plan.

There are three SMART approaches that are permanently in use at Auckland Airport. These were trialled in 2012 and 2013 and came into permanent operation in 2015. During FY16 a further SMART approach from the North was trialled. This flight path was known as Yellow U23. The 12 month trial began on 1 September 2015 and concluded on 31 August 2016. The flight path was used between 7am and 10pm by up to 10 aircraft per day. Aircraft have now stopped using the trial flight path and a draft report on the trial will be prepared and published for public consultation.

13 Note Schedule 13 - Report on capacity utilisation indicators for specified passenger terminal facilities

13.1 General comments on terminal capacity utilisation

Auckland Airport's preference is to maximise the utility of existing assets. In this regard, Auckland Airport pursues innovations and strives for best practice maintenance, management technology and operational efficiency. Auckland Airport also places value on sustainable maintenance and construction practices. A key objective is to provide reliable assets that ensure safe and efficient operations with an optimised lifetime value for the asset. These are

complemented by Auckland Airport's well established practices for exploring process efficiency options prior to capital expenditure on investment.

Key insights for FY16:

In the international terminal, the capacity utilisation indicators suggest that the outbound security screening and inbound bio-security screening is operating at times beyond its peak capacity. As a result, Auckland Airport has started an extensive expansion of its international departure area. This expansion will include a significant increase in the size of the emigration facility as well as an expanded airside passenger lounge and retail area. This expansion will deliver a significant capacity increase for the emigration process including significantly larger spaces for both passport control and security screening, as well as providing a flexible footprint to manage future changes in security and technology. The expanded emigration facility is scheduled to be delivered mid-2017. The expanded airside lounge and retail offerings will be delivered in several stages with a target project completion of mid-2018.

Inbound bio-security screening is significantly impacted by off-schedule arrivals. When these occur the pinch point for processing is when passengers are being risk assessed. Auckland Airport and MPI are currently expanding the "Green Lane" for low risk Australian and New Zealand arrivals, to reduce the congestion as part of a risk assessed approach to screening. These changes are expected to be implemented for the 2016/17 summer peak.

The domestic terminal is nearing the end of its life-span. A domestic terminal capacity enhancement project, was completed during FY14. To accommodate passenger growth in the short-term, Auckland Airport prioritised investment to alleviate some of the terminal's main congestion points. The departure lounges, airside circulation, security screening and baggage reclaim areas were all expanded to reduce congestion and improve the customer experience. Further investment was made at short notice in FY16 to accommodate the arrival of Jetstar's regional services with both a new regional bus lounge and functionality to enable an existing lounge to "swing" between regional and jet operations. The FY14 expansion of the domestic terminal extends the life of the facility over the short to medium term. However, early in the next decade we anticipate that a new domestic facility will be required, integrated with an international facility. Feasibility studies and consultation commenced in 2016 to determine the requirements for an integrated terminal. A preferred option and pathway is expected to be determined during FY17.

13.2 Floor space

In 2010, international aviation consultant Airbiz was engaged to provide estimates of capacity and utilisation measures, as required by the new information disclosure regime. As part of this work, Airbiz completed estimates of the floor spaces, which formed the base floor areas and were subsequently reviewed and adjusted on an annual basis for any changes.

Significant changes to floor spaces from the previous disclosure year are:

International Terminal

Outbound

- Landside Circulation (Outbound) - decrease of 591 sqm due to construction work on Level 1 and Level 2.

- Check-in – temporary decrease of 454 sqm due to renovation of the Air New Zealand premium check-in facility.
- Departure Lounge – increase of 549 sqm due to new Pier B bus lounge (Gates 16a and 16b).

Inbound

- Airside Circulation (Inbound) - increase of 310 sqm, due to the additional circulation area surrounding a new Code F baggage belt at the Western end of the international baggage hall.
- Baggage Reclaim - increase of 524 sqm also due to the new Code F baggage belt at the Western end of the international baggage hall. This increase was however offset by the removal of a Code E baggage belt for the Level 1 construction.

Domestic Terminal

Outbound

- Departure Lounges - increase of 320 sqm due to the development of the new regional bus lounge to coincide with the launch of Jetstar's regional services.

13.3 Notional capacity of baggage units and busy hour throughput

In 2010, Airbiz was also engaged to estimate the notional capacity of the outbound baggage facilities and the inbound baggage reclaim units for both the international and domestic terminals. Airbiz defined the notional capacity to be the sustainable practical capacity of the baggage system.

The notional capacity of the international outbound baggage facilities has been assessed by using a practical capacity of 17 bags per minute through each x-ray unit.

International

As noted above, the number of international baggage reclaim belts increased to seven in FY16 with the addition of the new Code F baggage belt 2 at the Western end of the baggage hall in December 2015. However the number of baggage belts operational at 30 June 2016 was reduced to six, due to the closure of baggage belt 5 to complete the Level 1 capital works. The notional capacity of the international baggage reclaim facilities is now based on two of the reclaim units being occupied by Code E or smaller aircraft and four reclaim belts being occupied by Code F aircraft. The code categorisation of an aircraft relates to wing-span. Code A aircraft have the narrowest wing-span and Code F aircraft have the widest. The calculation assumes that a typical code E or lower aircraft has 330 seats and a typical Code F aircraft has 489 seats. A load factor of 80% is assumed for all aircraft. Code E or lower aircraft are assumed to occupy a reclaim unit for 40 minutes and a code F aircraft is assumed to occupy a reclaim belt for 45 minutes. This capacity is then scaled by a utilisation factor of 75% to account for the fact that not every aircraft arrives on schedule. After the utilisation factor is applied, the notional capacity measured in passengers per hour is 2,159. To convert this to a notional capacity of bags per hour, this measurement needs to be multiplied by the average number of bags carried by each passenger. Multiplying the number of passengers per hour by Auckland Airport's calculated bags per passenger gives the notional capacity in bags per hour. Auckland Airport's calculation

of bags per passenger is explained in more detail below. Note that at any single point in time the reclaim capacity can be higher if larger planes than assumed arrive during the hour.

Domestic

The notional capacity of the domestic terminal's outbound baggage system was assessed by using a practical capacity of 1,000 bags per hour for each of the two reclaim belts. One of the units is owned and maintained by Auckland Airport and the other by Air New Zealand. Airbiz used a similar methodology to estimate the notional capacity of the baggage reclaim belts in the domestic terminal. Airbiz' notional capacity calculation assumes that a mix of narrow body jet aircraft and smaller turbo props land in a typical busy hour. Airbiz assume that a narrow body jet aircraft requires 20 minutes per reclaim belt and a turboprop aircraft requires six minutes per reclaim belt. The assumed load factor for both aircraft is 80%. A utilisation factor of 75% is then applied. This gives a notional capacity in passengers per hour of 1,218. Airbiz advised that approximately 70% of domestic passengers travel with checked in baggage and carry on average of 1.1 bags (0.77 bags per passenger). Multiplying this by the notional capacity in passengers per hour gives a notional capacity in bags per hour.

The number of bags processed during the busy hour for both outbound and inbound passengers using the international and domestic terminals was calculated by multiplying the number of passengers in the busy hour by the estimated number of bags per passenger. The number of bags per passenger processed during the busy hour for passengers using the domestic terminal was calculated using 0.77 bags per passenger, consistent with Airbiz' notional capacity advice. The number of bags per passenger processed during the busy hour for passengers using the international terminal was calculated using figures provided by Auckland Airport's baggage operator, Glidepath. Because outbound bags are scanned for security reasons the number of outbound international bags processed during the year is known. Dividing the number of outbound international bags by the number of outbound passengers (excluding transit and transfer passengers) equated to an average of 1.05 bags per passenger.

Auckland Airport does not capture the number of inbound bags processed through the international baggage reclaim facility. Auckland Airport has therefore calculated the number of bags processed during the busy hour for inbound passengers using the international terminal by assuming that the number of inbound bags per passenger was the same as the number of outbound bags per passenger.

13.4 Passport control

The notional capacity during the passenger busy hour for outbound and inbound passport control has been calculated by considering the number of SmartGates, the number of emigration / immigration desks, the transaction time per SmartGate and the transaction time per emigration/immigration desk.

In FY16 the two-step SmartGate product (kiosk and gate) for outbound passengers was replaced with the one-step SmartGate Plus product (combined kiosk and gate). The transaction time for outbound passengers on the SmartGate Plus machines was estimated at 20 seconds, 10 seconds faster than the two-step SmartGate product. Eight SmartGate Plus machines were installed to replace four SmartGates, resulting in increased notional capacity and improved facilities for passengers.

The transaction time per passenger at an emigration counter was estimated to be 20 seconds and the transaction time per passenger at an immigration counter was estimated to be 45 seconds. The transaction time at emigration /immigration counters was adjusted by an efficiency factor of 80% to allow for considerations such as the time to walk from the queue to the counter. It should be noted that the notional capacity will not be achievable in all circumstances. SmartGate facilities can presently only be used by New Zealand, Australian, United States, United Kingdom and Canadian passport holders who are over 12 years of age. If an aircraft has relatively fewer passengers able to use the SmartGates, the product's practical capacity will be lower.

13.5 Security screening

The notional capacity of security screening during the passenger busy hour for both the international and domestic terminals was based on Airbiz' estimate of each security unit's processing capacity. Airbiz estimated that each security screening unit can process 270 passengers per hour. The notional capacity was calculated by multiplying the number of units by 270.

The busy hour that is identified for inbound security screening is not necessarily the same busy hour for transit passengers. The number of transit passengers varies significantly for different air routes. During the identified busy hour for security screening, 124 passengers were estimated to have been processed through international transit screening. The percentage of notional capacity used at this busy hour is 23%.

13.6 Departure lounges

The number of reported seats in both the international and domestic terminals was based on a physical count in September 2016.

13.7 Biosecurity screening and customs secondary inspection

The notional capacity of bio-security screening capacity during the passenger busy hour was estimated using the detailed modelling work completed by Airbiz in 2012. This work was undertaken when investigating the changes that were subsequently made to the secondary line. Assumptions took into account the unique constraints in the Auckland Airport secondary inspection process. This work identified that the key pinch point for bio-security processing is at the risk assessment stage. The per hour capacity identified for risk assessment screening after the updated layout was implemented was 1,527 passengers per hour. This throughput capacity is based on current bio-security risks, if the risk is raised due to a bio-security event this throughput could be significantly reduced.

13.8 Total functional space

The total terminal functional area floor space for the domestic terminal is slightly less than the sum of the individual floor space areas. Because airside circulation space is required for both outbound and inbound passengers, there is an area that is "double counted" as it falls into the floor space calculation of both outbound and inbound. The area that has been double counted was subtracted from the total.

The number of working trolleys represents the number of trolleys that Auckland Airport's trolley provider, Smartecarte, had in use as at 30 June 2016.

14 Note Schedule 14 - Report on passenger satisfaction indicators

14.1 General comments

In line with Auckland Airport's Faster, Higher, Stronger strategy, the airport remains focussed on continually making improvements to the passenger experience, both directly and alongside airport partners, through seeking to meet their quality expectations. To understand the customers we have undertaken research on the end-to-end passenger journey. This provides insights on the key parts of a journey that can be most stressful for travelling passengers. We use this information to guide our terminal planning and process development, with a view to reducing stress for travelling passengers. Auckland Airport is also committed to understanding the quality preferences of businesses that rely on Auckland Airport including airlines, government agencies and air cargo handlers.

Auckland Airport has been part of the Airport Service Quality (ASQ) benchmarking programme for a number of years. Developed and implemented by Airports Council International (ACI), ASQ is a survey programme that provides key passenger research and insight, as well as essential management information.

The ASQ Survey is the airport industry's standard for measuring passenger satisfaction. In this global programme, passengers' satisfaction levels are measured while they are at the airport. ASQ surveys are currently conducted at over 250 airports worldwide, covering more than half of the world's 7.1 billion annual passengers. Over 75% of the world's 100 top airports are currently ASQ Survey members. Each year, some 550,000 passengers worldwide are interviewed for the ASQ Survey.

The ASQ Survey covers 34 key service areas and includes eight major categories, such as access, check-in, security, airport facilities, food and beverage providers and more. All participating airports use the same survey questions. This creates an industry standard set of responses that allows Auckland Airport to track and analyse its performance, and compare its performance against industry best practices.

Through the use of ASQ benchmarking, Auckland Airport is able to:

- get an independent perspective on performance
- identify areas of opportunity
- understand passengers' needs, priorities and expectations
- prioritize improvement opportunities
- set and monitor performance expectations; and
- manage change effectively

The survey is conducted quarterly with a minimum sample size of 500 passengers per quarter, increased from 350 in FY15. The sample is spread between both domestic and international terminals. The ASQ sample plan has quotas by airline and destination so that the total sample is representative of Auckland Airport's actual traffic mix. Interviews are undertaken with both domestic and international passengers. All interviews take place in the boarding gate area while

passengers are waiting to board their flights. Each questionnaire is competed by one passenger only.

To ensure that the survey results are as accurate as possible, ASQ publishes field work guidelines on an annual basis. These guidelines outline the procedures to be followed when implementing the sample plan and conducting passenger interviews. A copy of the field work requirements can be found on Auckland Airport's website –

https://corporate.aucklandairport.co.nz/news/publications/regulatory-disclosures

Passenger responses to each question are gathered according to the following five point scale: 1 = poor,2 = fair, 3 = good, 4 = very good,5 = excellent

The quarterly score disclosed for each question is the weighted average of the responses. While the tables in Schedule 14 state the scores for each quarter, Auckland Airport monitors responses using a four quarter rolling average, as the annual sample size gives a statistically significant result (by contrast the quarterly sample does not). Overall the surveys have a margin of error, therefore, as general principle, year on year changes in the scores of less than 5% are deemed statistically insignificant.

Auckland Airport has also chosen 28 airports with comparable features from the ASQ survey programme as a panel and uses the average score of this panel to benchmark our performance. Most of these 28 peer airports are key destinations from Auckland and are subject to capital disciplines and of a similar size of 10-25 million passengers.

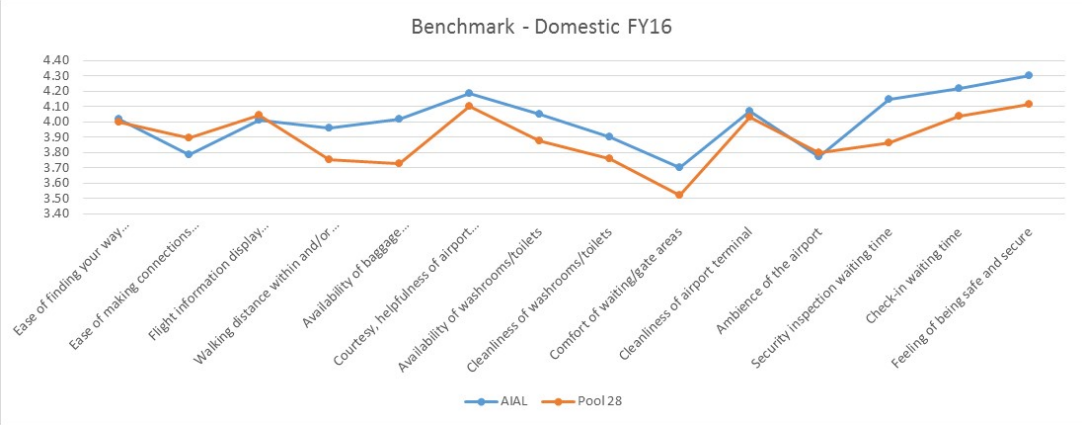
Each quarter Auckland Airport undertakes a detailed review of the survey scores. The results are fed into business activities and process improvement initiatives.

14.2 Domestic terminal

Overall passengers find the domestic experience to be very good with an average score of 4 for FY16.

Most of the ASQ factors listed above have been stable or improved since the first quarter of the financial year. Scores for washroom/toilets availability and terminal cleanliness have shown a marked improvement and are at a three year high.

Comparing with the 28 peer airport panel, 'making connections with other flights' was the only area that the domestic terminal underperformed against the panel average. Except for that, Auckland Airport matched or exceeded the rest ASQ factors listed above in FY16 as shown in the chart on the following page.

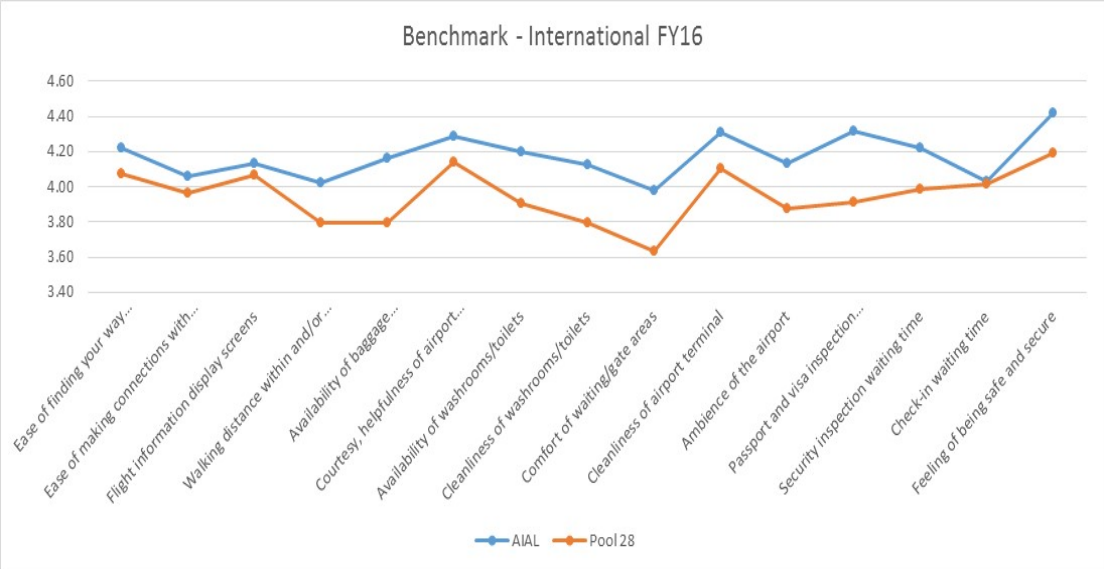


14.3 International terminal

The overall satisfaction level for the international terminal has continued to remain very good, with an average score of 4.2 in FY16.

Despite the construction work associated with the major upgrade of the international departure area which started in late 2015, the international terminal still managed to improve most of its ASQ scores compared to FY15.

Comparing with the benchmark panel, as shown in the chart below, Auckland Airport's international terminal matched or exceeded the average scores for all the ASQ factors of focus for regulatory reporting.



A number of projects and initiatives were undertaken in FY16 that support an improved passenger experience at Auckland Airport:

- Increased signage to assist way-finding in both terminals
- More flight information display system (FIDS) monitors installed at both terminals
- Improved lighting in the international terminal to aid ambience

- Consideration of way-finding in a construction environment by tailoring key messaging on hoardings
- A deep clean of key bathrooms
- New check-in kiosks for airlines
- A new bus gate lounge on Pier B in the international terminal
- A new regional bus lounge in the domestic terminal
- A 2,500 square metre expansion of the international baggage hall, including the addition of two extra baggage belts
- Real time baggage collection information (with predictive baggage available time) displays in the terminal to further enhance the traveller experience.
- International arrivals baggage hall toilet upgrades
- Smartgate expansion and realignment of wayfinding portals at the international arrivals
- Information on flight, check-in zone and counters, parking and lounge reservation are incorporated in the airport's website and mobile app
- Two new anchor duty free outlets and a number of new speciality stores at the international departure area
- New pedestrian crossing line outside the international departure

In addition to the quarterly ASQ survey, Auckland Airport also started implementing a customer experience measure system in FY16 to capture real time customer feedback across the terminals.

In the first quarter of FY17, 23 built-in or freestanding touchscreen kiosks were installed at key touch points in the customer journey such as washrooms, bag claim arrivals and gate lounge areas across both international and domestic terminals. Passengers can use the devices to rate their experience on the relevant service, i.e. rate their washroom experience on the kiosk located in the washroom and select the reasons for dissatisfaction if they rate a service poorly. Real time results and feedback are monitored so that action can be taken. Dashboards and in-depth reporting make it possible to analyse results by time-of-day, day-of-week and seasons. The system has capabilities (including free-text feedback) that are the first of its kind in Asia Pacific and Southern Hemisphere.

Real time feedback on customer experience enables Auckland Airport to monitor the service level in a timely manner and to respond quickly on issues that may affect the customer journey.

15 Note Schedule 15 - Operational Improvement Processes

Auckland Airport has continued to focus on working constructively and comprehensively with its stakeholders to improve service quality for both passengers and airlines. In FY16 Auckland Airport:

- Participated in a number of forums that facilitate operational improvement. These include forums to improve reliability and capacity utilisation of the runway and taxiways, air-bridges and baggage systems, as well as health and safety forums
- Proactively engaged with stakeholders through the Collaborative Operations Group (COG) framework to improve operational performance across the end to end journey
- Identified a number of operational projects to improve passenger flows, improve customer satisfaction, manage peak volumes and enhance capacity through process improvement
- Worked closely with airlines to provide operational and/or capital solutions to accommodate airline requirements
- Improved health and safety outcomes

Auckland Airport encourages a collaborative approach when problem solving at Auckland Airport. This provides businesses operating at the airport an opportunity to input into short, medium and long term planning with their quality preferences. Auckland Airport remains committed to understanding the requirements of businesses as the Airport Development Plan progresses.

15.1 Capacity Enhancement, Asset Reliability and Service Quality

Extended Airfield Apron and New Stands

To meet airline demand for aircraft parking, Auckland Airport has invested in the development of an extra 17,500 square metres of asphalt layover airfield for two new Multiple Access Ramp Systems (MARS) stands. To maximise the efficient use of these stands, each stand can either cater for one large (Code E) aircraft or two smaller code C at any point in time.

The development also provides additional space for storage of Ground Service Equipment (GSE).

Taxiway Upgrade

Following completion of the pavement strengthening work on Taxiway Juliet in FY15, Taxiway Alpha-one-alpha and Bravo Two were upgraded in FY16. More than 320 slabs were replaced across the taxiway.The project was a good example of a robust process being used to plan for major works. Routine asset management identified that areas of pavement on the main taxiway (alpha one alpha) needed replacement. An initial analysis of the work required highlighted the safety risks associated with the job and the work was subsequently delayed a year to ensure that the appropriate level of planning and consultation was undertaken. Auckland Airport worked closely with the airlines, Airways and CAA to allow the work to take place whilst minimising disruption to operations. A safety case was prepared, recommending that the solution to mitigate the risks associated with construction was to displace the threshold of runway 05. Air New Zealand took a lead role in running simulations in the flight simulator to test operations using the displaced threshold. The safety case and planned mitigations were presented to the CAA for approval.

Taxiway Kilo has also been upgraded through the repair of existing asphalt. Without this work areas of asphalt would be likely to soon break-up. This would cause operational delays and

potentially further damage the structural sub-base, incurring higher replacement costs and longer downtime for the area. New surfacing of approximately 1440 square meters of pavement means no repairs or maintenance will be required for at least 5 years on this section of the taxiway.

New Baggage Belts and Existing Belt Refurbishment

In FY16, Auckland Airport completed a 2,500 square metre expansion of its international baggage reclaim hall, including the addition of two extra baggage belts. Both baggage belts are capable of handling the luggage from a full Airbus A380 superjumbo, or two code C aircraft. An existing carousel was also refurbished and expanded to the same specifications as the new belts, providing greater resilience and reliability.

Improvements to Outbound Hold Baggage Screening

Auckland Airport works closely with its baggage system contractor Glidepath to monitor service levels and invest in continuous improvement initiatives. Over the past year, Auckland Airport and Glidepath have implemented initiatives to improve reliability through system and software upgrades.

Examples of initiatives undertaken during the year include:

- The introduction of new plows which reduce bag damage and improve reliability
- New power curves – these are a more advanced technology than what was in place and enhance both efficiency and reliability
- Server upgrades which allow increased integration of flight information, reducing the need for manual data input
- An increased focus on identifying clear actions and accountabilities from meetings

New Bus Lounge on Pier B

In December 2015, a new bus lounge was opened on the ground floor of Pier B of the International Terminal to cater for increasing passenger growth. The facility enables the seating of between 230 and 240 outbound passengers. Delivery of this new lounge has greatly enhanced Auckland Airport's operational capacity during periods of high demand. Facilities on Pier B were also added to enable arriving passengers from remote stands to enter the terminal at Pier B, which provides for an improved passenger experience due to its proximity to the arrivals processing area.

Domestic Swing Lounge & Regional Bus Lounge

To facilitate Jetstar's new turbo-prop service that began operation in December 2015, Auckland Airport developed two lounge facilities in the Domestic Terminal.

Firstly, for the initial launch in December 2015, gate lounges 20 and 21 in the Domestic Terminal were converted to swing lounges to allow these facilities to be better utilised throughout the day for both jet and turbo-prop operations. Due to the different security requirements for jet and turbo-prop services, a solution was developed that provided the flexibility to switch the gate lounge areas between security cleared airside and landside. Operable doors were installed in

the gate lounge to achieve this flexibility. These doors allow the configurations of two jets, two turboprops or one jet and one turbo-prop.

Secondly, a regional bus lounge was developed to coincide with the second phase of Jetstar's regional flight rollout in February 2016. The lounge is accessed via a covered walkway to the north-west of the terminal. It has two boarding gates and the capacity to on-board two regional aircraft at a time via an airside bus to remote stands. The majority of Jetstar's regional flights are now facilitated via this facility.

Fixed Electrical Ground Power Unit (FEGP) Upgrade

During the year, Auckland Airport has continued to work with Air New Zealand to support the introduction of the new 787-900 series of aircraft. The existing FEGPs were not able to handle the increased electrical demands of the 787-900s. Auckland Airport have identified new "AXA" units which can be used with these planes. Two new AXA units were installed on stands 5 and 7 in FY16. The remaining units will be upgraded once the existing units fail. This approach gives Auckland Airport the flexibility to manage 787-900 aircraft as more are bought into service, whilst also balancing the cost of the new investment. Auckland Airport also completed its investment in scissor supports (crocodile arms) in FY16 to assist the use of FEGPs for all aircraft. This initiative was implemented to improve the health and safety of ground handlers and to reduce the time taken to deploy FEGPs. Further to the seven units installed in FY15, three more units were installed in FY16.

15.2 Passenger Experience

Emperor Lounge Enhancement

Over the year, additional furnishing and decoration was completed to ensure passenger experience is both positive and memorable. The number of passengers and airlines using the Emperor Lounge has continued to grow rapidly, with patronage increasing 150% in the FY16. The lounge is owned and operated by Auckland Airport and is used by travellers who do not belong to an airline lounge programme and by the eight airlines that need to accommodate their premium passengers prior to boarding.

Better Transport Options

Auckland Airport has retained its focus on improving transport options in FY16:

- The 24/7 city-to-airport commercial bus service changed operator in September 2015 to SkyBus. This service is popular with passengers and staff alike, and offers free Wi-Fi across its 15-strong fleet. Committed to running an efficient and on-time service – every 10 minutes during peak periods – SkyBus has already purchased two new buses and plans to invest in a further seven by the end of the financial year
- In December 2015, Auckland Airport introduced "The Wait Zone" – a dedicated 30-minute free car park where family and friends can await the arrival of travellers at the International Terminal. This innovative idea was well used over the year, reducing congestion at our international pick-up/drop-off forecourt and within the local roading network
- Six taxi operators were selected to provide better value and services to the passengers for the next three years. As a result, average taxi fare from Auckland Airport to the city

centre has dropped by $30 and is now as low as $38. Passengers can also now look forward to improved fare signage, being able to choose the taxi company they prefer at the terminal and being confident in the price they will pay and the level of service they will enjoy

- The Domestic Terminal taxi rank has been relocated to outside the Air New Zealand arrivals area to further improve taxi journeys from Auckland Airport. This is the most central and convenient location for the majority of passengers

Customer Experience Measure System

Auckland Airport has been part of Airport Service Quality (ASQ) benchmarking programme for a number of years, as explained in more detail in Schedule 14. In addition to quarterly ASQ survey, Auckland Airport also started implementing a Customer Experience Measure system in FY16 to capture real time customer feedback across the terminals.

Following considerable planning in FY16, in the first quarter of FY17, 23 built-in or freestanding touchscreen kiosks have been installed at key touch points in the customer journey such as washrooms, bag claim arrivals and gate lounge areas across both international and Domestic Terminals. Passengers are able to use the devices to rate their experience on the relevant service, i.e. rate their washroom experience on the kiosk located in the washroom and select the reasons for dissatisfaction if they rate a service poorly. Real time results and feedback are used informally and by relevant third party contractors so that action can be taken. Dashboards and in-depth reporting make it possible to analyse of results by time-of-day, day-of-week and seasons. The system has capabilities (including free-text feedback) that are the first of its kind in Asia Pacific and Southern Hemisphere.

Real time feedback on customer experience enables Auckland Airport to monitor the service level in a timely manner and to respond quickly on issues that may affect the customer journey.

15.3 Improvement Initiatives Driving Efficiency and Innovation

Collaborative Decision Making (CDM)

Auckland Airport has continued to work closely with its partners via the collaborative decision-making approach to continuously enhance the end-to-end performance of the Airport and improve the customer experience. This objective has been supported by our ongoing investment in technology and new processes, in particular the Airport Operating System (AOS).

The AOS is able to make dynamic changes to resources such as aircraft stands, baggage carrousels and check-in counters in real-time from mobile devices. Auckland Airport facilitates the sharing of real-time airline data through the AOS in the form of web based ‘Day of Operation’ dashboards which are shared across all collaborative operational group (COG) partners.

This collaborative approach proved to be important in successfully managing the record-number of passengers who passed through the International Terminal in December 2015. It also enabled the Airport to accommodate an 8.1% increase in international passengers (excluding transits) in FY16, while at the same time decreasing the international departure processing time by 4.1%.

Digital Enhancement

Auckland Airport has continued to strengthen its commitment to enhancing digital channels for service and products. Ongoing improvements to its online channels have enabled greater choice and better customer experience.

Auckland Airport's mobile app was first launched in July 2013 and has now been downloaded more than 100,000 times. The mobile app was updated during FY16 and is available for iOS and Android technology. The latest app integrates with TripIt, the world's highest-rated travel-organising app. This gives travellers an easy way to check their flight information, locate their check in zone and counters, organise their travel plans, parking and lounge reservations, as well as duty-free purchases – all in one place. Since the update, the app's downloads increased by 22% in FY16. The use of the mobile app's travel and flight information has also significantly increased this financial year, up by 37% on the previous period.

In FY16, Auckland Airport also upgraded its website to enhance its use as an online customer service channel and to ensure it has the functionality required for our long-term technology requirements. The website aucklandairport.co.nz is now accessed more than 5,000,000 times annually, reinforcing the critical importance of this customer channel.

New Departures Preparation Area

In FY16, a dedicated departures preparation area was established in the International Terminal to allow passengers to better prepare for hand luggage checks, emigration, and security screening processing. The preparation area gives passengers the opportunity to complete a departure card, check their hand luggage weights and sort liquids, aerosols and gels (LAGs) before entering the processing area. It also allows passengers to hand off any items to farewellers should they wish to. This initiative was one of several recommendations from the joint departures process improvement work which involved Customs, Aviation Security and Auckland Airport.

The initiative delivered:

- approximately 20% reduction overall in LAGs interactions at the screening point
- less time spent by officers dealing with LAGs
- improved processing times through the end to end departures process
- a better experience for passengers

SmartGate Plus Expansion

New technology SmartGate Plus gates were installed by Customs at the international departures emigration processing area in late November 2015 ahead of the NW15 summer peak period. These nine new single step gates replaced the previous two-step process of using a kiosk and gate. This initiative provided a significant enhancement in processing capacity. Total throughput capacity through SmartGate for eligible passport holders has more than tripled, from eight passengers per minute to 27 passengers per minute.

Staff and Crew through The Bulk Duty Free Screening

Staff and crew heading airside can sometimes contribute up to 17 % of total volume being processed during the morning departing passenger peak. This contributes to increased queue times and passenger stress. A trial was initiated in December 2016, in conjunction with AVSEC, to screen ground staff moving airside in the bulk duty free screening facility. The initial trial proved successful and has therefore been extended to all hours when the bulk duty free screening facility is operational. As a result of the success, Qantas operating crew requested to be processed through this screening point also.

Improved SmartGate Precinct on Arrivals

Auckland Airport has identified some quick wins by using LEAN methodology to improve the passenger arrivals experience in FY16. The improvements included:

- Relocation of first generation SmartGate kiosks and gates from the departure area to arrivals. This delivered an increase of 36% capacity to SmartGate processing on arrivals.
- Realignment of two wayfinding portals (SmartGate and Assisted Passengers) to improve visibility for passengers presenting to the immigration hall from the duty free area.

The improvements increased floor space in the precinct and allowed for fixed stanchion queuing to be installed. These changes provided improved wayfinding and additional queue space which reduced the need to deploy overflow contingency queuing outside of the portals.

Common Use Check-in Kiosks

Auckland Airport installed six check-in kiosks before American Airlines started its operation from Auckland Airport in June 2016. Operating kiosk check in solutions is a mandatory requirement from American Airlines. It also gave Auckland Airport the opportunity to review the kiosk and bag drop technology available in the market place and consider changing the way passengers check-in at Auckland Airport in the future. The kiosk solution has enabled Auckland Airport to optimise the overall counter allocation plan and meet increased baseline capacity requirements.

The kiosks are available to be used by any airline which wishes to become part of this project. Subsequently other airlines have also started using the kiosks, with a number of other airlines expressing interest in coming on-board. This is an example of Auckland Airport taking the lead on installing new technology where it is not cost efficient for a single airline to make the investment alone, but where economies of scale resulting from multiple users means that improved technology can be made available to airlines with a smaller presence in New Zealand.

Check In Reconfiguration

Consistent strong growth in international passenger numbers meant that the International Terminal check-in hall was at capacity at peak times during the day. Innovative thinking was required in order to increase capacity within the existing footprint. International departures Check-In area Zone D was reconfigured to optimise the availability of queuing space and to facilitate better passenger flow in the area. An additional 22 meters of queuing space was provided by reducing the width of queuing space from 1.6m to 1.4m. Additional entry and exit points into the zone were provided by removing a barrier running along the front of the zone.

This enabled flights for wide bodied aircraft to be checked in through this zone, compared to just narrow bodied aircraft previously. Additional stanchions were installed in this area, helping to facilitate queuing occurring in Zone D through to Qantas Premium. New flooring was installed in Zone D when the new stanchions were installed, providing a seamless flow through to Qantas Premium and a fresh look in the Check-In area.

Resource Increases

Auckland Airport has increased the amount of resources dedicated to improving operational facilitation. A permanent continuous improvement analyst role has been created in the Airfield and Emergency Operations team to provide insight and in-depth analysis on airfield capacity and utilisation.

During the summer peak period, the Airport addressed known pinch points by deploying additional resources. The Airport employed 52 Passenger Experience Assistants to work with permanent Customer Service Agents (CSAs). The roving CSAs were trialled the previous summer and proved so successful that the initiative was made permanent.

The Third SMART Flight Path Trial

Together with Airways New Zealand and the Board of Airline Representatives New Zealand (BARNZ), Auckland Airport has continued to improve the management of airspace around the Airport and continued to progress the introduction of new flight paths, called SMART Approaches. The SMART Approaches use satellite-based navigation and enable aircraft to burn less fuel, emit less carbon dioxide and fly in a way that reduces aircraft noise.

Three SMART Approaches to Auckland Airport were trialled in 2012 and 2013. A 12-month trial of a new SMART Approach flight path to Auckland Airport from the north, known as 'Yellow U23', commenced on 1 September 2015 and concluded on 31 August 2016. The flight path was used between 7am and 10pm by up to 10 aircraft per day. Aircraft have now stopped using the trial flight path. Auckland Airport, Airways and BARNZ will now evaluate the results of the trial and a draft report will be prepared and published for public consultation.

Aircraft Noise Control

In November 2015, Auckland Airport unveiled a new online flight monitor and enquiry system to better inform the community about aircraft noise and flights above Auckland. The flight monitor and enquiry system uses world-leading real-time location-based monitoring and analysis technology. This system is also used by major international airports such as London Gatwick Airport and Amsterdam Schiphol Airport. It is the first time this technology has been used in New Zealand and reflects Auckland Airport's ongoing commitment to managing aircraft noise. This system is available online at: http://flighttracking.casper.aero/akl/

15.4 Health and Safety

Throughout FY16, Auckland Airport has continued to invest in the health and safety area to ensure Auckland Airport is a safe environment for its customers, visitors, employees and contractors. A number of pro-active initiatives and improvements have taken place over the year.

Landside Safety:

- Painted the concrete wheel stops in the car parks to reduce potential trip hazards
- Installed directional signage from terminals for guests to and from the Ibis hotel
- Highlight hazardous areas by increased lighting, especially lights focussed on escalators, stairwells and pedestrian crossings
- Improved lighting on the walking route between the international and domestic terminals
- Painted the edges of the road curb in ITB bright yellow at high foot traffic areas so the level change can be easily seen
- Added new road marking and new signage and also removed unnecessary signage to improve road safety on the International Terminal forecourt.
- Installed an additional pedestrian crossing at the eastern end of the international departures forecourt

Airside Safety:

Airside safety initiatives have focused on raising worker awareness, passenger guidance and safety improvements.

- Inner Pier road at the Domestic Terminal underwent work for new walkways, signage, road markings and speed indicators along with painted bollards and brighter lights
- An area at Stand 79 and Runway Kilo was cut out and paint marked to secure tow bars and allow sufficient turning and attachment room for the tugs
- New handrail signs and anti-slip paint applied to service stairs
- Clear lines on floors to follow to the terminal gate, at which point the passenger is guided by the airline representative
- All domestic regional stands have been updated with new signs that show consistency of design and sizing across the apron
- Placed specific plastic wrap only bins as a trial for stakeholders to engage in the airport's actions to keep the apron clean and reduce foreign object debris which interfere with aircraft safety
- Reducing reported hazards and enhancing airside compliance with new or replaced signage
- Monthly safety blitz's targeting compliance, for example targeting drive behinds.
- Ensuring staff are complying with personal protective equipment requirements.

Wildlife Management

To assist with wildlife management, Auckland Airport has partnered with The University of Auckland to use Global Positioning System (GPS) locators to track the movement of black swans around the airport. The swans were tracked for more than 1,000 hours and the data collected from this trial enabled the Airport's wildlife team to better understand how the swans

move around the airport and helped this team test the effectiveness of their management techniques to prevent bird strikes.

15.5 Sustainability

Auckland Airport is focused on operating responsibly to protect safety and the interests of local communities and the environment. Its efforts in this area have been recognised through inclusion in the Dow Jones Sustainability Index for the past four years, and a “commended’ rating under a New Zealand pilot of the Infrastructure Sustainability Council of Australia (ISCA) certification scheme. Auckland Airport has also been a member of the FTSE4Good since 2008.

A Corporate Responsibility Forum has been formed and is chaired by the Airport’s Sustainability Manager. It includes representatives from every division within the business and reports directly to the Leadership Team on progress and performance on a six monthly basis. However in practice, acting responsibly is the role of every employee at the Airport, and we have worked to ensure that sustainability is fully integrated into our business.

In FY16 Auckland Airport installed two new Electric Vehicle (EV) rechargers at its domestic valet car park, allowing a growing community of EV and plug-in hybrid vehicle owners the opportunity to top up for free whilst away. The Airport plans to be equipped with seven charging stations to support the Government’s Electric Vehicle Programme.

A significant upgrade and expansion of Auckland Airport’s International Terminal commenced in late December 2015, to cater for the possible tripling in passenger numbers over the next 30 years. New environmentally-sustainable features such as energy-efficient lighting, heating, cooling and ventilation as well as low water fixtures and fittings will be part of the International Terminal once upgraded in 2018.

16 Note Schedule 16 - Report on associated statistics

Sustainably growing air connectivity is essential for our long-term performance. The combination of new airlines, new services and new capacity provides growth and delivers greater choice to consumers.

Auckland Airport actively markets new routes to carriers based on our own modelling of profitable city pairs. Route marketing has become a core part of business for many airports over the last decade. Our focus on increasing international air connectivity resulted in Auckland Airport being named the overall winner of the 2016 Routes Asia Marketing Awards. The Routes Marketing Awards acknowledge airports that provide the best marketing and support services to airlines.

In the 2016 financial year, our work to grow travel markets with airlines and other travel partners continued the strong performance achieved in recent years. Our investment in route development is described in Note 6.

As a consequence of organic growth and the stimulation achieved by new routes opening in the 12 months to 30 June 2016, the total number of passenger movements increased 9.1% to 17.3 million. A further breakdown of this is provided below.

Passenger Movement Statistics

	2016	2015	% change
Auckland Airport passenger movements			
International arrivals	4,420,669	4,077,749	8.4
International departures	4,358,907	4,046,686	7.7
International passengers excluding transits	8,779,576	8,124,435	8.1
Transit passengers	578,714	493,756	17.2
Total international passengers	9,358,290	8,618,191	8.6
Domestic passengers	7,902,059	7,198,595	9.8
Total passenger movements	17,260,349	15,816,786	9.1

16.1 Domestic

In FY16, domestic passengers increased 9.8% to 7.9 million. This was driven by strong growth in domestic air connectivity in New Zealand. In total, more than 630,000 seats were added to the country's domestic network to and from Auckland, with over a half of the new seats servicing regional New Zealand. This strong growth in regional air connectivity provides competitive travel options for New Zealanders and distributes the economic benefits of international tourism throughout the country.

In December 2015, Jetstar commenced new regional services to Nelson and Napier, and in February 2016 the airline started services to New Plymouth and Palmerston North. Air New Zealand increased its flight frequencies and continued its fleet modernisation programme. It has now retired its B737 domestic fleet and transitioned to the modern A320 aircraft. Air New Zealand stopped its Hamilton-Auckland service this financial year, however Barrier Air commenced a replacement service to this destination.

16.2 International

In FY16 international passengers (excluding transits) increased 8.1% to 8.8 million. The number of international airlines serving Auckland increased from 18 to 23 during FY2016 with the launch of China Eastern Airlines, Philippine Airlines, Air China, AirAsia X and American Airlines. Capacity increases were seen across all regions including a 9% increase on North American routes, an 8% increase on Tasman services and another year of impressive growth in China, where new and existing services added 34% to direct mainland China capacity. South America also benefited from larger aircraft and new services with a 50% increase in both capacity and passenger numbers this year.

Established markets

The 2016 financial year saw the following growth in air connectivity for our established markets:

- China Southern Airlines began a twice-a-day, year-round service between Auckland and Guangzhou in October 2015.
- China Eastern Airlines launched a direct Shanghai–Auckland service in September 2015.
- Air China launched a daily Auckland–Beijing peak season service using an A330 aircraft in December 2015, which reduced to four flights per week from April 2016.

- Air New Zealand started a five-flights-per-week service to Houston in December 2015.
- American Airlines launched a new daily non-stop B787-8 Dreamliner service between Los Angeles and Auckland in June 2016.
- Air Asia X commenced a new daily Kuala Lumpur–Auckland service via the Gold Coast in March 2016.
- Thai Airways started a fifth service per week to Bangkok in March 2016, adding 30,000 seats annually to the route.
- Air New Zealand commenced a second seasonal service between Auckland and the Sunshine Coast from December 2015 and introduced three more flights per week between Perth and Auckland to better connect the airline with its North and South American services.
- Jetstar started a three-flights-per-week service to Rarotonga in March 2016 and reintroduced a B787-8 Dreamliner aircraft to several of its Sydney and Melbourne flights from December 2015.

Due to concerns about the condition of the Port Vila runway, Air New Zealand suspended its Auckland–Vanuatu service from January 2016.

Emerging and new markets

Auckland Airport has also seen strong growth in its emerging and new passenger markets in the 12 months to 30 June 2016. Indian passengers increased by 7.7%, while Argentinian passengers increased by 159.9%, Brazilian passengers by 9.1% and Chilean passengers by 20.6%.

The 2016 financial year saw the following growth in air connectivity to emerging and new markets:

- LATAM Airlines introduced its newest aircraft, the B787-9 Dreamliner, on its daily Santiago–Auckland–Sydney route in September 2015.
- Air New Zealand started a three-flights-per-week service to Buenos Aires in December 2015 and commenced direct flights between Auckland and Ho Chi Minh City in June 2016.
- Philippine Airlines started a Manila–Cairns–Auckland flight four times per week in December 2015.
- In March 2016, Emirates started the world's longest commercial passenger flight — a non-stop daily B777 service that takes 17 hours and 15 minutes to connect Auckland Airport with Dubai. Emirates celebrated the inaugural flight by using one of its flagship A380 aircraft.

Aircraft Movement Statistics

	2016	2015	% change
Aircraft movements			
International aircraft movements	49,825	46,692	6.7
Domestic aircraft movements	107,929	104,264	3.5
Total aircraft movements	157,754	150,956	4.5
MCTOW (tonnes)			
International MCTOW	4,909,786	4,556,051	7.8
Domestic MCTOW	2,069,157	1,890,764	9.4
Total MCTOW	6,978,943	6,446,815	8.3

Total aircraft movements were 157,754, an increase of 4.5% from the 2015 financial year, while aircraft weight ("MCTOW") increased to 6,978,943, up by 8.3%. Auckland Airport's airfield income is determined by the MCTOW of aircraft landing at the airport. Up-gauging of aircraft has continued over the year with both passenger and MCTOW growth stronger than aircraft movements. FY2016 is the first year with both domestic and international aircraft movements showing growing significantly since 2008.

Human Resource Statistics

The total full time equivalent employees of the regulated aeronautical business was 322 for the year ended 30 June 2016, which is 24 more than the year ended 30 June 2015 total of 298. The increase in actual staff numbers is primarily due to headcount growth in terminal staff (+12) to maintain customer experience and help ease congestion during this period of strong passenger growth, more Airport Emergency Services (+5) to maintain category 10 compliance as per Part 139 of the Civil Aviation Rules and increased Apron Tower and Airfield personnel (+5) to support safe and efficient operation of the airfield and aprons. The growth came in a year during which five new airlines commenced services to Auckland, there was a material increase in international and domestic bussing operations and a general increase in the volume of international and domestic aircraft movements. The human resource costs include all employee related costs including wages and salaries, superannuation, Kiwisaver contributions, ACC levies, safety equipment, health and safety programmes and training and travel costs associated with employee development.

17 Note Schedule 17 – Commentary on Pricing Statistics

The five-year pricing schedule at Auckland Airport was introduced on 1 July 2012. The pricing schedule followed a comprehensive consultation process and featured a first year reduction in international charges and an increase in domestic charges, largely to fund much needed capacity relief at the domestic terminal. The schedule of standard charges is available on our website (www.aucklandairport.co.nz).

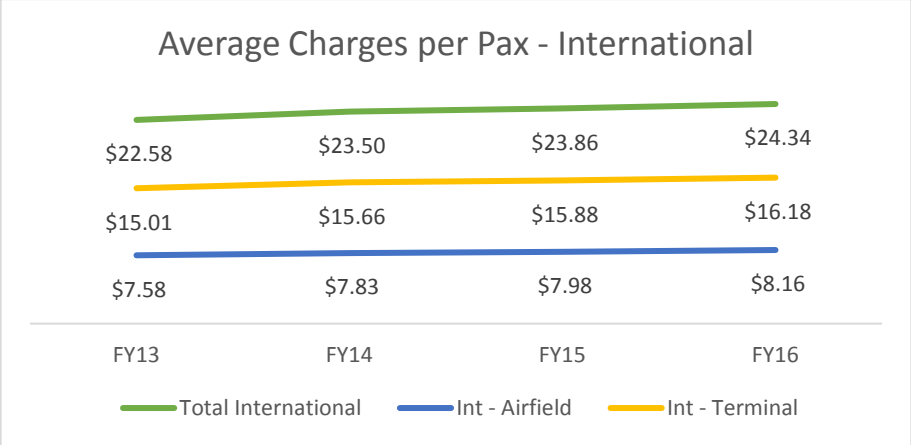
The standard aircraft and terminal charges were priced to increase by around 2% annually, broadly in line with the expected rate of inflation. All airport charges are collected from airlines and form part of their cost of operations (i.e. there are no charges directly payable by passengers). Average charges per passenger can vary due to the mix of passengers travelling and the type of aircraft flown.

17.1 International

Average airfield activity charges per international passenger have increased from $7.98 in the year ended 30 June 2015 to $8.16 for the year ended 30 June 2016.

Average passenger terminal charges per international passenger have increased from $15.88 in the year ended 30 June 2015 to $16.18 for the year ended 30 June 2016. Period to date passenger terminal charges increased from FY2013 to FY2016 due to the increase in passenger service charge for 2-11 years old (from 50% in the year ended 30 June 2013 to 100% charge for the year ended 30 June 2014).

Average charges from both airfield and passenger terminal activities per international passenger have increased from $23.86 in the year ended 30 June 2015 to $24.34 in the year ended 30 June 2016. This equates to a 2.0% increase, in line with forecast inflation at the time of pricing.

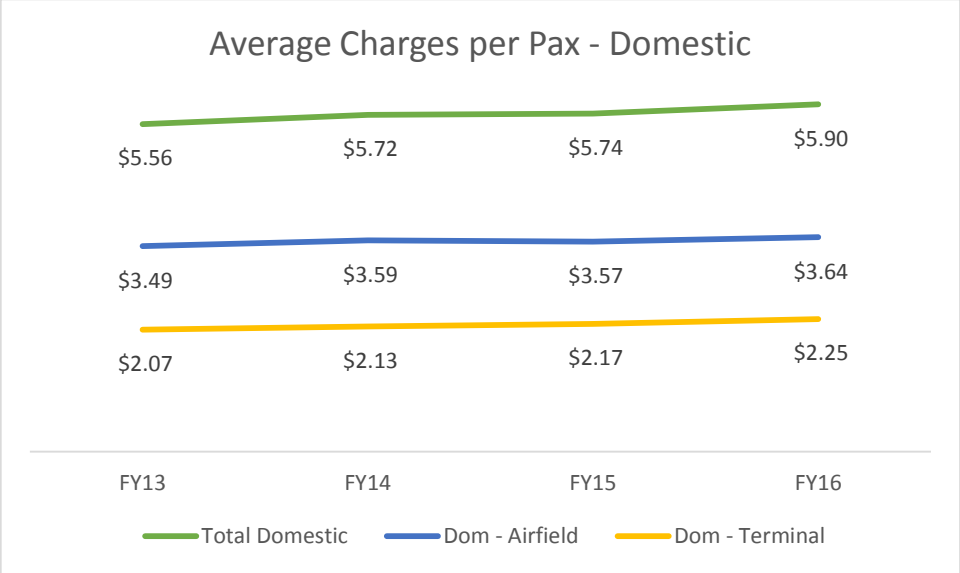


17.2 Domestic

The average charges from airfield activities for domestic passengers has increased from $3.57 in the year ended 30 June 2016 to $3.64 in the year ended 30 June 2016.

The average charge from specified passenger terminal activities for domestic have increased from $2.17 in the year ended 30 June 2015 to $2.25 for the year ended 30 June 2016.

The average domestic charge per passenger relating to both airfield and passenger terminal activities increased from $5.74 in the year ended 30 June 2015 to $5.90 in the year ended 30 June 2016. This equates to a 2.8% increase.


Average Charges per Pax - Domestic
$5.56
$5.72
$5.74
$5.90
$3.49
$3.59
$3.57
$3.64
$2.07
$2.13
$2.17
$2.25
FY13
FY14
FY15
FY16
Total Domestic
Dom - Airfield
Dom - Terminal

Tidy cursor position and sheet scaling | Set sheet protection | Remove sheet protection

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

Company Name	Auckland International Airport Limited
Disclosure Date	30 November 2016
Disclosure Year (year ended)	30 June 2016
Pricing period starting year (year ended) [1]	30 June 2013

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

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

Table of Contents

Disclosure Template Guidelines for Information Entry

Internal consistency check | OK

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

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

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

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

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

Schedule 6 comparison of actual and forecast expenditures
Clause 6a of schedule 6 compares actual expenditures with expenditures forecast in respect of the most recent price setting event.
The calculated cells G10:G11, G14:G16, G19:G28 determine, from clause 6b, the forecast expenditure for the current disclosure year.
The calculated cells M10:M11, M14:M16, M19:M28 determine, from clause 6b, the forecast expenditure to date.
The formulas in the calculated cells assume that the current disclosure falls within the five year pricing period. Cell C65 notes which of the pricing period years disclosed in clause 6b coincides with the current disclosure year.

	Regulated Airport	**Auckland International Airport Limited**
	For Year Ended	**30 June 2016**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref *Version 2.0*

($000 unless otherwise specified)

1a: Return on Investment

ref			CY-2 *	CY-1 *	Current Year CY
	Return on Investment (ROI)	*for year ended*	**30 Jun 14**	**30 Jun 15**	**30 Jun 16**
	Regulatory profit / (loss)		101,128	96,461	102,012
less	Notional interest tax shield		2,725	3,112	2,537
	Adjusted regulatory profit		98,403	93,349	99,475
	Regulatory investment value		1,144,997	1,174,743	1,197,998
	ROI—comparable to a post tax WACC (%)		8.59%	7.95%	8.30%
	Post tax WACC (%)		6.77%	7.37%	6.68%
	ROI—comparable to a vanilla WACC (%)		8.83%	8.21%	8.52%
	Vanilla WACC (%)		7.01%	7.64%	6.90%

Commentary on Return on Investment

Schedule 1 reports on Auckland Airport's return on investment (ROI) on its regulated activities compared with the Commerce Commission's 50th percentile (mid-point) post-tax weighted average cost of capital ("WACC") estimates for the three years ended 30 June 2016 . WACC is reported on a vanilla and post-tax basis. Actual returns reflect prices set in 2012 when Commerce Commission assessed our target return of 8% as just within the Commission's estimated range of acceptable returns of 7.1% to 8.0%. These reported returns include mandatory annual asset revaluations, whereas no revaluations are assumed for pricing. Refer to Disclosure Commentary, Note 1 for discussion of the effective PSE2 return.

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

	Regulated Airport	**Auckland International Airport Limited**
	For Year Ended	**30 June 2016**

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		1,163,605
Debt leverage assumption (%)		17%
Cost of debt assumption (%)		4.58%
Notional deductible interest		9,060
Tax rate (%)		28.0%
Notional interest tax shield		2,537

1b(ii): Regulatory Investment Value

Regulatory asset base value - previous year		1,163,605

	Commissioned Projects	Assets Commissioned—RAB Value ($000)	Proportion of Year Available (%)	Proportionate Regulatory Value
	Check in project	166	58%	97
	Concrete runway and apron replacement	10,075	23%	2,272
	ITB Baggage Phase 1.2	9,357	58%	5,461
	Pier B ground boarding project (or PierB 1)	4,545	25%	1,133
	Premium lounge	8,937	83%	7,443
	Operations Centre Relocation	9,036	50%	4,505
				–
				–
				–
plus	Other assets commissioned	31,500	50%	15,750
plus	Adjustment for merger, acquisition or sale activity	–	–	–
less	Asset disposals	4,537	50%	2,268
	RAB investment	69,080		
	RAB proportionate investment			34,393
	Regulatory investment value			1,197,998

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

Version 2.0

2a: Regulatory Profit

			($000)
Income			
	Airfield	103,430	
	Passenger Services Charge	154,941	
	Lease, rental and concession income	28,317	
	Other operating revenue	3,783	
	Net operating revenue		290,471
	Gains / (losses) on sale of assets	(4,480)	
	Other income		
	Total regulatory income		285,991
Expenses			
	Operational expenditure:		
	Corporate overheads	35,365	
	Asset management and airport operations	25,361	
	Asset maintenance	37,255	
	Total operational expenditure		97,981
Operating surplus / (deficit)			188,010
	Regulatory depreciation		52,000
plus	Indexed revaluation	4,802	
plus	Non-indexed revaluation	–	
	Total revaluations		4,802
Regulatory Profit / (Loss) before tax & allowance for long term credit spread			140,812
less	Allowance for long term credit spread		223
Regulatory Profit / (Loss) before tax			140,589
less	Regulatory tax allowance		38,577
Regulatory Profit / (Loss)			102,012

Commentary on Regulatory Profit

Refer to Disclosure Commentary Note 2.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

ref *Version 2.0*

($000 unless otherwise specified)

2b: Notes to the Report

2b(i): Allowance for Long Term Credit Spread

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

Qualifying debt	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value	Term Credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment
Refer to Long Term Credit Spread Attachment					1,194,883	3,354	176	(1,568)
for detailed breakdown of Qualifying Debt and								
Allowance for Long Term Credit Spread calcs.								
						3,354	176	(1,568)

	1,962
Attribution Rate (%)	11.36%
Allowance for long term credit spread	223

2b(ii): Financial Incentives

		($000)
Pricing incentives	684	
Other incentives	6,221	
Total financial incentives		6,904

2b(iii): Rates and Levy Costs

	($000)
Rates and levy costs	3,196

2b(iv): Merger and Acquisition Expenses

	($000)
Merger and acquisition expenses	–

Justification for Merger and Acquisition Expenses

No merger or acquisition expenses.

Page 4

Allowance for Long Term Credit Spread

Term credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment	Attribution rate	
A	B	C	D	Q = (A+B+C)xD
3,353,967	175,974	(1,568,024)	11.36%	222,960

A - Term credit Spread Difference

	A	B	Q = AXB				
Issue date		Book value of the qualifying debt at issue date	Term Credit Spread Difference	Original Issue Tenor	Qualifying Debt?		
10-Aug-09	0.00150	25,000,000	37,500	7.0 yrs	1.0	Bonds	
15-Nov-08	0.00150	129,992,000	194,988	8.0 yrs	1.0	Bonds	
17-Oct-11	0.00150	100,000,000	150,000	6.0 yrs	1.0	Bonds	
13-Dec-12	0.00239	100,000,000	238,749	7.0 yrs	1.0	Bonds	
11-Apr-14	N/A	150,000,000	N/A	3.0 yrs	0.0	Bonds	FRN
1-Oct-15	N/A	75,000,000	N/A	3.0 yrs	0.0	Bonds	FRN
28-May-14	0.00150	150,000,000	225,000	7.0 yrs	1.0	Bonds	
9-Nov-15	0.00252	100,000,000	252,340	7.0 yrs	1.0	Bonds	
7-Apr-16	N/A	92,000,000	N/A	3.0 yrs	0.0	Commercial Paper	
29-Oct-14	N/A	45,000,000	N/A	3.0 yrs	0.0	BTMU	
29-Oct-14	0.00150	100,000,000	150,000	5.0 yrs	1.0	BTMU	
29-Oct-14	N/A	83,752,795	N/A	3.1 yrs	0.0	CBA	A$
7-Apr-16	N/A	100,000,000	N/A	2.0 yrs	0.0	CBA	NZ$
7-Apr-16	N/A	-	N/A	3.0 yrs	0.0	BNZ	Standby
7-Apr-16	N/A	-	N/A	3.0 yrs	0.0	WPAC	Standby
15-Feb-11	0.00184	65,061,348	119,778	10.0 yrs	1.0	USPP	
12-Jul-11	0.00150	65,061,348	97,592	10.0 yrs	1.0	USPP	
15-Feb-11	0.00184	65,061,348	119,778	12.0 yrs	1.0	USPP	
25-Nov-14	0.00600	294,707,061	1,768,242	12.0 yrs	1.0	USPP	
Total		1,194,883,105	3,353,967				
		1,740,635,900					

	B	C	D	E	F	A				
Issue date	Maturity date	Book value of the qualifying debt at issue date	Yield shown on the Bloomberg NZ "A" fair value curve for a bond with a tenor equal to, or closest to, the original tenor of the qualifying debt	NZ swap rate quoted by Bloomberg for a tenor equal to the original tenor of the qualifying debt	The yield shown on the Bloomberg NZ "A" fair value curve for a bond with a tenor of 5 vears	NZ swap rate quoted by Bloomberg for a tenor of 5 years	A=(C-D)-(E-F)	Original Issue Tenor	Qualifying Debt?		
10-Aug-09	10-Aug-16	25,000,000	7.8727%	5.7900%	7.4576%	5.4830%	0.00108	7.0 yrs	1.0	Bonds	
15-Nov-08	15-Nov-16	129,992,000	7.8802%	6.5200%	7.8284%	6.4950%	0.00027	8.0 yrs	1.0	Bonds	
17-Oct-11	17-Oct-17	100,000,000	6.0181%	4.3925%	5.5535%	3.9800%	0.00052	6.0 yrs	1.0	Bonds	
13-Dec-12	13-Dec-19	100,000,000	5.4580%	3.5484%	4.9041%	3.2332%	0.00239	7.0 yrs	1.0	Bonds	
11-Apr-14	11-Apr-17	150,000,000	N/A	N/A	N/A	N/A	N/A	3.0 yrs	0.0	Bonds	FRN
1-Oct-15	1-Oct-18	75,000,000	N/A	N/A	N/A	N/A	N/A	3.0 yrs	0.0	Bonds	FRN
28-May-14	28-May-21	150,000,000	5.5704%	4.5200%	5.3513%	4.3300%	0.00029	7.0 yrs	1.0	Bonds	
9-Nov-15	9-Nov-22	100,000,000	5.0325%	3.3925%	4.5351%	3.1475%	0.00252	7.0 yrs	1.0	Bonds	
7-Apr-16	7-Apr-19	92,000,000	N/A	N/A	N/A	N/A	N/A	3.0 yrs	0.0	Commercial Paper	
29-Oct-14	29-Oct-17	45,000,000	N/A	N/A	N/A	N/A	N/A	3.0 yrs	0.0	BTMU	
29-Oct-14	29-Oct-19	100,000,000	5.1790%	4.1775%	5.1790%	4.1775%	-	5.0 yrs	1.0	BTMU	
29-Oct-14	1-Dec-17	83,752,795	N/A	N/A	N/A	N/A	N/A	3.1 yrs	0.0	CBA	A$
7-Apr-16	7-Apr-18	100,000,000	N/A	N/A	N/A	N/A	N/A	2.0 yrs	0.0	CBA	NZ$
7-Apr-16	7-Apr-19	-	N/A	N/A	N/A	N/A	N/A	3.0 yrs	0.0	BNZ	Standby
7-Apr-16	7-Apr-19	-	N/A	N/A	N/A	N/A	N/A	3.0 yrs	0.0	WPAC	Standby
15-Feb-11	15-Feb-21	65,061,348	7.2369%	5.4580%	6.2698%	4.6750%	0.00184	10.0 yrs	1.0	USPP	
12-Jul-11	12-Jul-21	65,061,348	6.5004%	5.1050%	5.8331%	4.3375%	- 0.00100	10.0 yrs	1.0	USPP	
15-Feb-11	15-Feb-23	65,061,348	7.2369%	5.4580%	6.2698%	4.6750%	0.00184	12.0 yrs	1.0	USPP	
25-Nov-14	25-Nov-26	294,707,061	5.5578%	4.3675%	4.5080%	4.1225%	0.00805	12.0 yrs	1.0	USPP	
Total		1,194,883,105									
		1,740,635,900									

B - Execution cost of an interest rate swap

Issue date	Maturity date	Book value of the qualifying debt at issue date	Execution cost for an interest rate swap (half the wholesale bid offer spread)	Execution cost for an interest rate swap (half the wholesale bid offer spread)	Original Issue Tenor	Qualifying Debt?		
10-Aug-09	10-Aug-16	25,000,000	0.0195%	4,885	7.0 yrs	1.0	Bonds	
15-Nov-08	15-Nov-16	129,992,000	0.0076%	9,878	8.0 yrs	1.0	Bonds	
17-Oct-11	17-Oct-17	100,000,000	0.0151%	15,145	6.0 yrs	1.0	Bonds	
13-Dec-12	13-Dec-19	100,000,000	0.0191%	19,108	7.0 yrs	1.0	Bonds	
11-Apr-14	11-Apr-17	150,000,000	N/A	N/A	3.0 yrs	0.0	Bonds	FRN
1-Oct-15	1-Oct-18	75,000,000	N/A	N/A	3.0 yrs	0.0	Bonds	FRN
28-May-14	28-May-21	150,000,000	0.0386%	57,886	7.0 yrs	1.0	Bonds	
9-Nov-15	9-Nov-22	100,000,000	0.0055%	5,534	7.0 yrs	1.0	Bonds	
7-Apr-16	7-Apr-19	92,000,000	N/A	N/A	3.0 yrs	0.0	Commercial Paper	
29-Oct-14	29-Oct-17	45,000,000	N/A	N/A	3.0 yrs	0.0	BTMU	
29-Oct-14	29-Oct-19	100,000,000	0.0061%	6,067	5.0 yrs	1.0	BTMU	
29-Oct-14	1-Dec-17	83,752,795	N/A	N/A	3.1 yrs	0.0	CBA	A$
7-Apr-16	7-Apr-18	100,000,000	N/A	N/A	2.0 yrs	0.0	CBA	NZ$
7-Apr-16	7-Apr-19	-	N/A	N/A	3.0 yrs	0.0	BNZ	Standby
7-Apr-16	7-Apr-19	-	N/A	N/A	3.0 yrs	0.0	WPAC	Standby
15-Feb-11	15-Feb-21	65,061,348	0.0204%	13,252	10.0 yrs	1.0	USPP	
12-Jul-11	12-Jul-21	65,061,348	0.0196%	12,771	10.0 yrs	1.0	USPP	
15-Feb-11	15-Feb-23	65,061,348	0.0403%	26,195	12.0 yrs	1.0	USPP	
25-Nov-14	25-Nov-26	294,707,061	0.0018%	5,255	12.0 yrs	1.0	USPP	
Total		1,194,883,105		175,974				
		1,740,635,900						

C - Notional debt issue cost readjustment

Issue date	Maturity date	Original tenor of qualifying debt	Book value of the qualifying debt at issue date		Original Issue Tenor	Qualifying Debt?		
		A	B	Q = ((1.75%/A)-0.35%)xB				
10-Aug-09	10-Aug-16	7.0	25,000,000	(25,049)	7.0 yrs	1.0	Bonds	
15-Nov-08	15-Nov-16	8.0	129,992,000	(170,809)	8.0 yrs	1.0	Bonds	
17-Oct-11	17-Oct-17	6.0	100,000,000	(58,599)	6.0 yrs	1.0	Bonds	
13-Dec-12	13-Dec-19	7.0	100,000,000	(100,098)	7.0 yrs	1.0	Bonds	
11-Apr-14	11-Apr-17	3.0	150,000,000	349,202	3.0 yrs	0.0	Bonds	FRN
1-Oct-15	1-Oct-18	3.0	75,000,000	174,601	3.0 yrs	0.0	Bonds	FRN
28-May-14	28-May-21	7.0	150,000,000	(150,293)	7.0 yrs	1.0	Bonds	
9-Nov-15	9-Nov-22	7.0	100,000,000	(100,196)	7.0 yrs	1.0	Bonds	
7-Apr-16	7-Apr-19	3.0	92,000,000	214,667	3.0 yrs	0.0	Commercial Paper	
29-Oct-14	29-Oct-17	3.0	45,000,000	104,760	3.0 yrs	0.0	BTMU	
29-Oct-14	29-Oct-19	5.0	100,000,000	(192)	5.0 yrs	1.0	BTMU	
29-Oct-14	1-Dec-17	3.1	83,752,795	180,710	3.1 yrs	0.0	CBA	A$
7-Apr-16	7-Apr-18	2.0	100,000,000	525,000	2.0 yrs	0.0	CBA	NZ$
7-Apr-16	7-Apr-19	3.0	-	-	3.0 yrs	0.0	BNZ	Standby
7-Apr-16	7-Apr-19	3.0	-	-	3.0 yrs	0.0	WPAC	Standby
15-Feb-11	15-Feb-21	10.0	65,061,348	(113,951)	10.0 yrs	1.0	USPP	
12-Jul-11	12-Jul-21	10.0	65,061,348	(113,951)	10.0 yrs	1.0	USPP	
15-Feb-11	15-Feb-23	12.0	65,061,348	(132,899)	12.0 yrs	1.0	USPP	
25-Nov-14	25-Nov-26	12.0	294,707,061	(601,988)	12.0 yrs	1.0	USPP	
	Total		1,194,883,105	(1,568,024)				
			1,740,635,900					

D - Attribution rate

RAB Value for the previous disclosure year	Leverage rate of 17%	Sum of the book value of each qualifying debt and non-qualifying debt as of the end of the disclosure year	
A	B	C	Q= (A*B)/C
1,163,604,506	17%	1,740,635,900	11.36%

	Regulated Airport	**Auckland International Airport Limited**
	For Year Ended	**30 June 2016**

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref *Version 2.0*

3a: Regulatory Tax Allowance

ref					($000)
7		Regulatory profit / (loss) before tax			140,589
8					
9	*plus*	Regulatory depreciation	52,000		
10		Other permanent differences—not deductible	138	*	
11		Other temporary adjustments—current period	9,447	*	
12					61,584
13					
14	*less*	Total revaluations	4,802		
15		Tax depreciation	35,182		
16		Notional deductible interest	9,060		
17		Other permanent differences—non taxable	–	*	
18		Other temporary adjustments—prior period	15,354	*	
19					64,398
20					
21		Regulatory taxable income (loss)			137,776
22					
23	*less*	Tax losses used	–		
24		Net taxable income			137,776
25					
26		Statutory tax rate (%)	28.0%		
27		Regulatory tax allowance			38,577

** Workings to be provided*

28

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).

3b(ii): Tax Depreciation Roll-Forward

ref			($000)	
45		Opening RAB (Tax Value)	593,959	
46	*plus*	Regulatory tax asset value of additions	67,422	
47	*less*	Regulatory tax asset value of disposals	3,739	
48	*plus*	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	–	
49	*less*	Tax depreciation	35,182	
50	*plus*	Other adjustments to the RAB tax value	11,607	
51		Closing RAB (tax value)		634,066

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

ref			($000)	
54		Tax losses (regulated business)—prior period	–	
55	*plus*	Current year tax losses	–	
56	*less*	Tax losses used	–	
58		Tax losses (regulated business)		–

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

Version 2.0

ref			Unallocated RAB * ($000)	Unallocated RAB ($000)	RAB ($000)	RAB ($000)
8		**RAB value—previous disclosure year**		1,380,897		1,163,605
9	*less*					
10		**Regulatory depreciation**		62,805		52,000
11	*plus*					
12		Indexed revaluations	5,693		4,802	
13		Non-indexed revaluations	–		–	
14		**Total revaluations**		5,693		4,802
15	*plus*					
16		Assets commissioned (other than below)	77,902		73,617	
17		Assets acquired from a regulated supplier	–		–	
18		Assets acquired from a related party	–		–	
19		**Assets commissioned**		77,902		73,617
20	*less*					
21		Asset disposals (other)	5,911		4,537	
22		Asset disposals to a regulated supplier	–		–	
23		Asset disposals to a related party	–		–	
24		**Asset disposals**		5,911		4,537
25						
26	*plus*	**Lost and found assets adjustment**		(8,969)		–
27						
28		**Adjustment resulting from cost allocation**				8,171
29						
30		**RAB value** †		1,386,808		1,193,658

31 **Commentary**

32 Refer to Disclosure Commentary Note 4.

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

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

4b: Notes to the Report

4b(i): Regulatory Depreciation

		Unallocated RAB ($000)	RAB ($000)
	Standard depreciation	62,805	52,000
	Non-standard depreciation	–	–
	Regulatory depreciation	62,805	52,000

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

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
67					
68					
69					
70					
71					
72					

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
74			
75			
76			

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

77			
78			
79	CPI at CPI reference date—previous year (index value)		1,200
80	CPI at CPI reference date—current year (index value)		1,205
81	Revaluation rate (%)		0.42%

		Unallocated RAB		RAB	
82					
83	RAB value—previous disclosure year		1,380,897		1,163,605
84	*less* Revalued land	–		–	
85	*less* Assets with nil physical asset life	8,650		6,615	
86	*less* Asset disposals	5,911		4,537	
87	*less* Lost asset adjustment	–		–	
88	Indexed revaluation		5,693		4,802

4b(v): Works Under Construction

		Unallocated works under construction		Allocated works under construction	
89					
90					
91	Works under construction—previous disclosure year		84,296		75,359
92	*plus* Capital expenditure	124,210		110,205	
93	*less* Asset commissioned	77,902		73,617	
94	*less* Offsetting revenue	–		–	
95	*plus* Adjustment resulting from cost allocation				(161)
96	Works under construction		130,604		111,785
97					

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

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

ref *Version 2.0*

4b(vi): Capital Expenditure by Primary Purpose

ref				
105		Capacity growth	71,837	
106	*plus*	Asset replacement and renewal	38,368	
107		Total capital expenditure		110,205

4b(vii): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
110		RAB value—previous disclosure year	366,117	230,692	539,967	26,828	1,163,605
111	*less*	Regulatory depreciation	3	11,263	31,583	9,151	52,000
112	*plus*	Indexed revaluations	1,525	960	2,206	111	4,802
113	*plus*	Non-indexed revaluations	–				–
114	*plus*	Assets commissioned	4,304	14,851	42,908	11,554	73,617
115	*less*	Asset disposals	–	143	4,301	93	4,537
116	*plus*	Lost and found assets adjustment	–	–	–	–	–
117	*plus*	Adjustment resulting from cost allocation	584	(360)	5,943	2,004	8,171
118		RAB value	372,528	234,737	555,140	31,252	1,193,658

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

4b(viii): Assets Held for Future Use

ref			Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
121		Assets held for future use—previous disclosure year	179,820	104,008	(6,523)	(33,934)	256,416
122	*plus*	Assets held for future use—additions[1]	2	21,731	(1,337)	(740)	22,330
123	*less*	Transfer to works under construction	–	–	–	–	–
124	*less*	Assets held for future use—disposals	2,183	487	–	(147)	2,523
125		Assets held for future use[2]	177,638	125,252	(7,860)	(34,528)	276,223

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

126 *[2] Each category value shown in the 'Assets held for future use' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year' .*

ref			
127		Highest rate of finance applied (%)	8.475%

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Regulated Airport	Auckland International Airport Limited
For Year Ended	30 June 2016

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 2.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	–
Operational expenditure	5,631
Related party capital expenditure	200
Market value of asset disposals	1,110
Other related party transactions	5,832

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
Auckland Council	Auckland Council's shareholding of Auckland International Airport exceeds 20 percent and as such accounting standard NZ IAS 24 requires the transactions with Auckland Council to be treated as related party transactions. All transactions were on an arms-length commercial basis, without special privileges.
City Park Services	Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council. All transactions were on an arms-length commercial basis, without special privileges.
Watercare	Auckland Airport also receives water, waste water and compliance services from Watercare, a 100% subsidiary of Auckland Council. All transactions were on an arms-length commercial basis, without special privileges.
Auckland Airport (non-regulated business)	The part of Auckland Airport that does not supply specified airport services.
Other - key management personnel	Key management personnel
Other - Auckland International Airport Marae Ltd	Two members of Auckland Airport's senior management team are on the board of Auckland International Airport Marae Ltd. No fees were paid in relation to these appointments.

5(iii): Related Party Transactions

Entity Name	Description of Transaction	Average Unit Price ($)	Value ($000)
Auckland Council	Rates paid by Auckland Airport to Auckland Council for the regulated business	N/A	3,196
Auckland Council	Compliance, consent fees and other government regulatory obligations	N/A	229
City Park Services	Grounds maintenance for the regulated business	N/A	1,319
Watercare	Water, wastewater and compliance services for the regulated business	N/A	1,089
Auckland Airport (non-regulated business)	Disposal of land held for future use to the non regulated business for use as carparking at Park and Ride.	$70 per sqm	1,110
Key management personnel	Remuneration of directors	N/A	1,029
Key management personnel	Remuneration of the senior management team	N/A	4,785
Auckland International Airport Marae Ltd	Maintenance and occupancy costs for the regulated business	N/A	19

Commentary on Related Party Transactions

Refer to Disclosure Commentary Note 5.

Regulated Airport For Year Ended: **Auckland International Airport Limited** — **30 June 2016**

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	71,837	15,667	358.5%	176,140	169,070	4.2%
Asset replacement and renewal	38,368	21,226	80.8%	112,625	72,561	55.2%
Total capital expenditure	110,205	36,893	198.7%	288,765	241,630	19.5%
Corporate overheads	35,365	21,239	66.5%	132,603	90,481	46.6%
Asset management and airport operations	25,361	25,261	0.4%	90,916	94,273	(3.6%)
Asset maintenance	37,255	36,411	2.3%	136,513	134,257	1.7%
Total operational expenditure	97,981	82,911	18.2%	360,032	319,011	12.9%
Key Capital Expenditure Projects						
Short term capacity enhancements (DTB)	–	–	Not defined	25,515	31,883	(20.0%)
Baggage Reclaim Expansion (RECLAIM 1)	–	–	Not defined	13,301	11,214	18.6%
BHS feed expansion (or BHS 2)	–	6,343	(100.0%)	–	12,371	(100.0%)
Check in project	589	–	Not defined	589	7,151	(91.8%)
ITB Forecourt Reconfiguration (or FC3)	–	4,702	(100.0%)	–	4,702	(100.0%)
Landside ground floor capacity enhancement	–	2,425	(100.0%)	–	2,425	(100.0%)
New Stand 1	3,516	–	Not defined	3,516	10,119	(65.3%)
New Stand 2	6,515	–	Not defined	6,515	11,750	(44.5%)
Taxilane 1	–	–	Not defined	–	11,244	(100.0%)
Pier B ground boarding project (or PIERB 1)	8,955	–	Not defined	10,137	15,275	(33.6%)
Asphalt apron replacement	2,240	627	257.4%	6,589	4,167	58.1%
Concrete runway and apron replacement	9,085	6,269	44.9%	18,546	22,329	(16.9%)
ITB Airbridge refurbishment	–	502	(100.0%)	6,172	4,848	27.3%
Taxiway Lima	(6)	–	Not defined	14,538	21,534	(32.5%)
Premium lounge	1,158	–	Not defined	8,937	–	Not defined
ITB Level 1 - Phase 3	32,553	–	Not defined	38,183	–	Not defined
ITB Baggage Phase 1.2	5,762	–	Not defined	9,357	–	Not defined
Northern Runway Mode of Operation	1,302	–	Not defined	4,674	–	Not defined
Operations centre relocation	7,798	–	Not defined	7,798	–	Not defined
Other capital expenditure	30,736	16,025	91.8%	114,398	70,617	62.0%
Total capital expenditure	110,205	36,893	198.7%	288,765	241,629	19.5%

Explanation of Variances

Refer to Disclosure Commentary Note 6.

** Disclosure year coincides with Pricing Period Starting Year + 3.*

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

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

ref | *Version 2.0*

6b: Forecast Expenditure

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended): 30 June 2013

	Expenditure by Category	for year ended	Pricing Period Starting Year 30 Jun 13	Pricing Period Starting Year + 1 30 Jun 14	Pricing Period Starting Year + 2 30 Jun 15	Pricing Period Starting Year + 3 30 Jun 16	Pricing Period Starting Year + 4 30 Jun 17
77	Capacity growth		48,365	64,863	40,175	15,667	27,515
78	Asset replacement and renewal		17,220	17,910	16,205	21,226	20,605
79	Total forecast capital expenditure		65,585	82,773	56,379	36,893	48,120
80							
81	Corporate overheads		24,466	23,577	21,199	21,239	21,860
82	Asset management and airport operations		22,000	23,064	23,948	25,261	26,558
83	Asset maintenance		30,903	32,535	34,408	36,411	38,324
84	Total forecast operational expenditure		77,369	79,176	79,555	82,911	86,742

	Key Capital Expenditure Projects	for year ended	Pricing Period Starting Year 30 Jun 13	Pricing Period Starting Year + 1 30 Jun 14	Pricing Period Starting Year + 2 30 Jun 15	Pricing Period Starting Year + 3 30 Jun 16	Pricing Period Starting Year + 4 30 Jun 17
87	Short term capacity enhancements (DTB)		11,138	20,732	12	–	–
88	Baggage Reclaim Expansion (RECLAIM 1)		221	10,993	–	–	–
89	BHS feed expansion (or BHS 2)		–	–	6,028	6,343	–
90	Check in project		552	3,223	3,375	–	–
91	ITB Forecourt Reconfiguration (or FC3)		–	–	–	4,702	9,712
92	Landside ground floor capacity enhancement		–	–	–	2,425	13,674
93	New Stand 1		–	10,119	–	–	–
94	New Stand 2		–	–	11,750	–	–
95	Taxilane 1		–	11,244	–	–	–
96	Pier B ground boarding project (or PIERB 1)		–	–	15,275	–	–
97	Asphalt apron replacement		552	577	2,411	627	326
98	Concrete runway and apron replacement		5,520	6,922	3,617	6,269	6,520
99	ITB Airbridge refurbishment		1,767	1,615	965	502	391
100	Taxiway Lima		21,534	–	–	–	–
101	Other capital expenditure		24,300	17,347	12,946	16,025	17,497
102	Total forecast capital expenditure		65,584	82,773	56,379	36,893	48,120

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Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref *Version 2.0*

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Airfield	–	103,430	–	103,430
Passenger Services Charge	154,941	–	–	154,941
				–
				–
Lease, rental and concession income	15,126	1,669	11,522	28,317
Other operating revenue	1,390	1,091	1,302	3,783
Net operating revenue	171,457	106,191	12,824	290,471
Gains / (losses) on asset sales	(4,265)	(211)	(4)	(4,480)
Other income				–
Total regulatory income	167,191	105,980	12,820	285,991
Total operational expenditure	67,146	27,431	3,404	97,981
Regulatory depreciation	31,776	18,600	1,624	52,000
Total revaluations	1,783	2,754	265	4,802
Allowance for long term credit spread	86	125	12	223
Regulatory tax allowance	19,329	17,012	2,237	38,577
Regulatory profit/ loss	50,638	45,567	5,807	102,012
Regulatory investment value	461,149	673,123	63,726	1,197,998

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

Commentary on Segmented Information

Refer to Disclosure Commentary Note 7.

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2016**

SCHEDULE 8: CONSOLIDATION STATEMENT

Version 2.0

8a: CONSOLIDATION STATEMENT

($000)

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	Airport Company– GAAP
Net income	285,991	4,623	290,614	281,695	572,309
Total operational expenditure	97,981	–	97,981	45,701	143,682
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	188,010	4,623	192,633	235,994	428,627
Depreciation	52,000	4,086	56,086	16,867	72,953
Revaluations	4,802	(13,193)	(8,391)	79,010	70,619
Tax expense	38,577	(2,604)	35,973	62,356	98,330
Net operating surplus / (deficit) before interest	102,235	(10,052)	92,183	235,781	327,963
Property plant and equipment	1,193,658	1,171,921	2,365,579	2,342,521	4,708,100

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

($000)

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
The depreciation is $4.086m higher under GAAP due to: 1) Depreciation starting immediately under GAAP, but the year following commissioning for ID. 2) Differing valuation methodologies between regulatory and GAAP reporting. Further information is in the accompanying commentary document.	Depreciation	4,086
The difference in revaluations between regulatory and GAAP is due to the different valuation approaches used as described in the accompanying commentary document.	Revaluations	(13,193)
The regulatory/GAAP adjustment of $2.604m relates to deferred tax "income" of $6.497m that is recognised in Airport Business GAAP, offset by the tax effect of $2.599m in relation to the notional interest deduction, which is not claimed in the the GAAP tax calculation and the tax effect $1.294m due to differences between the GAAP gain on disposal of assets and the regulatory loss on disposal of	Tax expense	(2,604)
The Airport Business - GAAP PP&E is $1,171.921m higher because: 1) the GAAP asset valuations have resulted in higher values than the regulatory valuations. Further information on valuations is in the accompanying commentary document. 2) Future Use assets are excluded from "Airport Businesses" but included in "Airport Businesses - GAAP".	Property plant & equipment	1,171,921
	[Select one]	
	[Select one]	
	[Select one]	

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

Commentary on the Consolidation Statement

Refer to Disclosure Commentary Note 8.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

Version 2.0

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	205	319,431	25,463	345,099		345,099
Assets not directly attributable	21,864	5,031	534	27,429	9,809	37,238
Total value land				372,528		
Sealed Surfaces						
Directly attributable assets	–	234,737	–	234,737		234,737
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				234,737		
Infrastructure and Buildings						
Directly attributable assets	76,303	51,940	30,971	159,214		159,214
Assets not directly attributable	341,762	49,167	4,998	395,926	178,734	574,660
Total value infrastructure and buildings				555,140		
Vehicles, Plant and Equipment						
Directly attributable assets	6,409	10,854	167	17,430		17,430
Assets not directly attributable	9,062	4,392	369	13,823	4,606	18,429
Total value vehicles, plant and equipment				31,252		
Total directly attributable assets	82,918	616,962	56,601	756,480		756,480
Total assets not directly attributable	372,688	58,589	5,900	437,177	193,150	630,327
Total assets	455,605	675,551	62,501	1,193,658	193,150	1,386,808

Asset Allocators

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Buildings:	ITB and DTB Space	Proxy Cost Allocator	The utilisation of the terminal buildings changes from year to year between regulated and non-regulated activities depending on evolving passenger needs. Space is used as a proxy for estimating how the asset cost should be attributed between regulated and non-regulated activities. Separate analysis is undertaken for terminal zones built at different points in time (for example brownfield areas vs. greenfield development zones of Pier B and Expanded Arrivals).	Various asset elements
Infrastructure:	Company wide rule	Proxy Cost Allocator	The communications network provides benefit to the broader business. The company wide rule as described in the commentary to Schedule 10 is used as a proxy to share use between regulated and non-regulated activities. This proxy allocator is necessary as there is no usage / billing analysis available.	Communications network outside buildings
Infrastructure:	Charged Usage	Proxy Cost Allocator	The electricity network provides benefit to the broader business. The value of this asset is allocated based on share of Charged Usage by business unit and the allocation of those business units to regulated and non-regulated activities.	Electricity network outside buildings and related infrastructure in business unit
Infrastructure:	Charged Usage	Proxy Cost Allocator	The gas network provides benefit primarily to the terminal for general heating. The value of this asset is allocated based on share of Charged Usage by business units and the allocation of those business units to regulated and non-regulated activities.	Gas network outside buildings
Infrastructure:	Space	Proxy Cost Allocator	Where roads cannot be directly attributed (e.g. main arterials servicing the airport) they are considered to be shared across the business. ITB Space is used as a proxy for how roads are allocated. Where roads can be directly attributed to an activity (e.g. those servicing the runway or hangars) they are given an appropriate direct allocation. Roads directly servicing the domestic terminal are split based on the usage of space within the domestic terminal building. Forecourt areas are allocated according to a split between commercial and public space.	Roading and adjacent Infrastructure
Infrastructure:	Space	Proxy Cost Allocator	Lighting within shared areas is split based on the space based allocation of regulated and non-regulated activities use of those areas.	Lighting

36	Infrastructure:	Space	Proxy Cost Allocator	Pavement associated with shared business units such as forecourt, terminals and storm water is shared between regulated and non-regulated activities based on the respective analysis of space associated with the business unit.	Pavement - mainly for parking other than roading and footpaths
37	Infrastructure:	Space	Proxy Cost Allocator	There are a small number of shared assets which provide terminal signage and or access to terminal buildings. These assets are allocated using the ITB space allocation rule.	Signage outside buildings including traffic lights
38	Infrastructure:	Space	Proxy Cost Allocator	The storm water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of sealed surfaces associated with regulated and non-regulated activities.	Stormwater network outside buildings
39	Infrastructure:	Charged Usage	Proxy Cost Allocator	The waste water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of water used by each business unit which is in turn allocated to regulated and non-regulated activities.	Wastewater network outside buildings
40	Infrastructure:	Charged Usage	Proxy Cost Allocator	The water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of water used by each business unit which is in turn allocated to regulated and non-regulated activities.	Water network outside buildings
41	Land:	Space	Proxy Cost Allocator	Land under the terminal is allocated to regulated and non-regulated activities on the same basis as building structure – i.e. based on the share of terminal space.	Land under terminals
42	Plant & Equipment:	FTE Analysis	Proxy Cost Allocator	Motor vehicles used by Aeronautical management are shared between regulated and non-regulated activities based on the share of time spent between each regulated activity as indicated by staff in the operating cost business unit analysis.	Motor vehicles used by Aeronautical management
43	Plant & Equipment:	Internal R&M Analysis	Proxy Cost Allocator	Motor vehicles used by Engineering Support Services are shared between regulated and non-regulated activities based on the product of: • how their activity has been consumed, proxied by share of engineering support services by business unit; and • the business unit rule.	Motor vehicles used by Engineering Support Services
44	Plant & Equipment:	Internal R&M Analysis	Proxy Cost Allocator	In the same way as Plant & Equipment - Motor Vehicles internal R&M analysis above.	Plant
45	Plant & Equipment:	Space	Proxy Cost Allocator	Plant and equipment which is not directly attributed is allocated to regulated and non-regulated activities on the same basis as building structure - based on the share of terminal space.	Plant
46	Plant & Equipment:	Company-wide	Proxy Cost Allocator	Where Plant and Equipment (primarily IT related) cannot be directly attributed to a Specified Airport Service and non-Specified Airport Service and provides benefit to the broader business the company wide rule is used to allocate these assets.	Plant

47

Regulated Airport For Year Ended: **Auckland International Airport Limited** — **30 June 2016**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 2.0*

55 **9b: Notes to the Report**

56 **9b(i): Changes in Asset Allocators**

57 **($000)**

58 **Effect of Change**

59 **Current Year**

				CY-1 30 Jun 15	(CY) 30 Jun 16	CY+1 30 Jun 17
60	Asset category	I&B, L and V, P & E				
61	Original allocator or components	Space	Original	5,309	2,313	2,081
62	New allocator or components	Company-wide	New	14,407	6,275	5,646
63	Rationale	All Quad 5 assets have been split & transferred into IP and PPE to provide greater transparency of what the regulated assets are. All IP assets have been designated 100% Contestable. All PPE assets now allocated using the company-wide rule.	Difference	(9,098)	(3,963)	(3,565)
64						
65	Asset category					
66	Original allocator or components		Original			
67	New allocator or components		New			
68	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 Disclosure Commentary Note 9.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref *Version 2.0*

10a: Cost Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	1	–	–	1		1
Costs not directly attributable	21,269	13,271	825	35,364	11,492	46,857
Asset Management and Airport Operations						
Directly attributable operating costs	7,007	3,931	592	11,531		11,531
Costs not directly attributable	7,976	4,716	1,138	13,830	19,092	32,922
Asset Maintenance						
Directly attributable operating costs	26,049	2,976	621	29,646		29,646
Costs not directly attributable	4,844	2,537	228	7,610	15,117	22,726
Total directly attributable costs	33,058	6,907	1,213	41,178		41,178
Total costs not directly attributable	34,088	20,524	2,192	56,804	45,701	102,505
Total operating costs	67,146	27,431	3,404	97,981	45,701	143,683

Cost Allocators

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Asset Maintenance	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Nature of costs support company-wide use	All costs lines within the INVENTORY STORE business unit.
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the FACILITIES MNTCE - ADMIN business unit.
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the BUILDING AND TERMINAL SERVICES business unit.
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the ELECTRONIC SYSTEMS business unit.
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the WORKS & UTILITY SERVICES business unit.
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	All cost lines within the Electricity business unit, except electricity internal charges and repairs and maintenance costs
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	All cost lines within the Water business unit except water internal charges and repairs and maintenance costs
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	All cost lines within the Gas business unit except internal gas charges and repairs and maintenance costs
Asset Management & Airport Operations	Weighted average of stormwater and wastewater rules based on NBV of assets: Stormwater = weighted average of rules	Causal Relationship	Impermeable area and metered usage deemed to be causal factors for generating the associated revenues and costs	All costs lines within the STORMWATER & WASTEWATER business unit except repairs and maintenance costs.
Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Predominately employee related costs	All costs lines within the AERO COMMERICAL MANAGEMENT business unit except repairs and
Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Predominately employee related costs	All costs lines within the ENVIRONMENT MANAGEMENT business unit except repairs and maintenance costs.
Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Predominately employee related costs	All costs lines within the POLICY MANAGEMENT business unit except repairs and maintenance costs.

35	Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Predominately employee related costs	All costs lines within the TRANSPORT MANAGEMENT business unit except repairs and maintenance costs.
36	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Recovery on a network asset with company wide use.	All costs lines within the GAS LINE - PUHINUI RD BRIDGE business unit except repairs and maintenance costs.
37	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the GROUND CARE business unit except repairs and maintenance costs.
38	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the SECURITY business unit except repairs and maintenance costs.
39	Asset Management & Airport Operations	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the ASSET DATA SERVICES business unit except repairs and maintenance costs.
40	Asset Management & Airport Operations	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the PROJECTS AND PLANNING business unit except repairs and maintenance costs.
41	Asset Management & Airport Operations	Aeronautical revenues split	Proxy Cost Allocator	Costs associated with all aeronautical activities	All costs lines within the RESCUE FIRE ADMIN business unit except repairs and maintenance costs.
42	Asset Management & Airport Operations	Share of rental revenues between aeronautical and non-aeronautical revenues	Proxy Cost Allocator	Revenues and costs relate to tenancies within the ITB.	All costs lines within the ITB TENANCIES ADMINISTRATIVE business unit except repairs and maintenance costs.
43	Asset Management & Airport Operations	Share of area between aeronautical and non-aeronautical activities	Proxy Cost Allocator	Property is used for both aeronautical and administrative purposes.	All costs lines within the INTERNATIONAL JETBASE business unit except repairs and maintenance costs.
44	Asset Management & Airport Operations	Split of rental revenues between aeronautical and non-aeronautical activities	Proxy Cost Allocator	BU dominated by rental revenue	All costs lines within the DHL business unit except repairs and maintenance costs.
45	Asset Management & Airport Operations	Rules applying to individual assets within this BU weighted by NBV	Proxy Cost Allocator	Costs associated with maintaining roads in the airport district	All costs lines within the ROADWAYS business unit except repairs and maintenance costs.
46	Asset Management & Airport Operations	Share of aeronautical and non aeronautical activities undertaken by ground handler	Proxy Cost Allocator	Revenues received allow ground handler to conduct a variety of aeronautical activities	All costs lines within the SKYCARE GROUND HANDLING LICENCE business unit except repairs and maintenance costs.
47					

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

Version 2.0

Cost Allocators (cont)

ref	Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
57	Corporate Overheads	Employee time split	Proxy Cost Allocator	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the RETAIL MANAGEMENT business unit except repairs and maintenance costs.
58	Corporate Overheads	Employee time split	Proxy Cost Allocator	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the AERO MANAGEMENT business unit except repairs and maintenance costs.
59	Corporate Overheads	Employee time split	Proxy Cost Allocator	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the MARKETING AND BRANDING business unit except repairs and
60	Corporate Overheads	Employee time split	Proxy Cost Allocator	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the INSIGHT business unit except repairs and maintenance costs.
61	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the CORPORATE RELATIONS business unit except repairs and maintenance costs.
62	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the COMMUNITY RELATIONS business unit except repairs and maintenance costs.
63	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Nature of costs support company-wide use	All costs lines within the MARAE business unit except repairs and maintenance costs.
64	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the IT SYSTEMS business unit except repairs and maintenance costs.
65	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the BUSINESS SOLUTIONS business unit except repairs and maintenance costs.
66	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the ACCOUNTING business unit except repairs and maintenance costs.
67	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the BUSINESS INTELLIGENCE business unit except repairs and maintenance costs.
68	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the PURCHASING/PAYROLL business unit except repairs and maintenance costs.
69	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the MANAGING DIRECTOR & BOARD business unit except repairs and maintenance costs.
70	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the GOVERNMENT RELATIONS business unit except repairs and maintenance costs.
71	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the HUMAN RESOURCES business unit except repairs and maintenance costs.
72	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Nature of costs support company-wide use	All costs lines within the INTERNAL ELIMINATION business unit except repairs and maintenance costs.
73	Corporate Overheads	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the ENGINEERING SUPPORT SERVICES business unit except repairs and maintenance costs.
74	Corporate Overheads	Aeronautical revenues split	Proxy Cost Allocator	Costs associated with all aeronautical activities	All costs lines within the MERITS REVIEW business unit except repairs and maintenance costs.
75	Corporate Overheads	Aeronautical revenues split	Proxy Cost Allocator	Costs associated with all aeronautical activities	All costs lines within the COMMERCE AMENDMENT ACT business unit except repairs and maintenance costs.

76	Corporate Overheads	Mix of aeronautical revenues split and company-wide rule.	Proxy Cost Allocator	Marketing incentive costs are associated with aeronautical activities (airfield and passenger terminal), all other costs support the entire company.	All costs lines within the ROUTE DEVELOPMENT business unit except repairs and maintenance costs.
77	Corporate Overheads	Aeronautical revenues split excluding aircraft and freight revenues	Proxy Cost Allocator	Costs associated with both Airfield and Passenger Terminal Pricing	All costs lines within the AERONAUTICAL PRICING business unit except repairs and maintenance costs.
78	Asset Management & Airport Operations	70% terminal / 30% commercial	Proxy Cost Allocator	Management fees paid to Secure to management public and commercial forecourt areas	Management Fees within the PSVL (TRANSPORT LICENCE) business unit.
79	Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	Internal electricity charges within the ELECTRICITY (INCL RETICULATION & POWER CTRS) business unit.
80	Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	Internal water charges within the WATER (INCL RETICULATION, RESERVOIRS & PUMP STATION) business unit.
81	Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	Internal gas charges within the GAS (INCL RETICULATION) business unit.
82	Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Salaries associated with management of investment properties as well as aircraft and freight facilities	Salary costs within the PROPERTY Management business unit.
83	Corporate Overheads	Insurance-specific company-wide allocation based on nature of activities insured	Proxy Cost Allocator	Insurance premiums cover both aeronautical and non aeronautical activities	Insurance Premiums within the GENERAL COUNSEL & CO SECRETARY business unit.
84	Asset Maintenance	Various business unit allocation rules	Proxy Cost Allocator	All repairs and maintenance costs have been classified as asset maintenance expenditure. These costs have been allocated to regulatory segments based on the individual business unit	All Repairs and maintenance object codes within all business units.
85	Corporate Overheads	Aeronautical revenues / costs split excluding aircraft and freight revenues/expenses	Proxy Cost Allocator	Costs associated with both Airfield and Passenger Terminal operations management.	All costs lines within the AIRSIDE OPERATIONS MANAGEMENT business unit except repairs and maintenance costs.
86	Asset Management & Airport Operations	Space based split based on area of building occupied by AIAL and external tenants	Proxy Cost Allocator	Costs related to the Quad 5 Building including the AIAL Management Offices	All costs lines within the QUAD 5 business unit except repairs and maintenance costs.
87	Corporate Overheads	Employee time split	Proxy Cost Allocator	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the INTERNAL COMMS business unit except repairs and maintenance costs.
88	Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Costs associated with all aeronautical activities	All costs lines within the STATUTORY PLANNING business unit except repairs and maintenance costs.
89	Asset Management & Airport Operations	Aeronautical revenues split	Proxy Cost Allocator	Costs associated with all aeronautical activities	All costs lines within the AERO PERFORMANCE & PLANNING business unit except repairs and maintenance costs.
90	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	Support function to the entire Company	All costs lines within the CORPORATE OFFICE business unit except repairs and maintenance costs.
91	Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Costs associated with all aeronautical activities	All costs lines within the INTEGRATED TERMINAL FACILITY business unit except repairs and maintenance costs.
92					
121					

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

123

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 2.0*

10b: Notes to the Report

10b(i): Changes in Cost Allocators

($000)

				Effect of Change	Current Year	
				CY-1 30 Jun 15	(CY) 30 Jun 16	CY+1 30 Jun 17
Operating cost category	Asset Management & Airport Operations					
Original allocator or components	Aircraft & Freight - Direct		Original	58,575	10,559	4,025
New allocator or components	Terminal - Direct		New	58,575	10,559	4,025
Rationale	Previously costs in the DTB REGIONAL BUS LOUNGE business unit were allocated 100% to Aircraft & Freight. This business unit previously included costs relating to the lease of this cargo building. During FY2016 this building was repurposed from cargo to a domestic gate lounge to meet the growing demands of regional operations at the airport. The costs in this business unit have now been allocated 100% to Terminal Direct. There is no change in overall regulated opex.		Difference	–	–	–
Operating cost category						
Original allocator or components			Original			
New allocator or components			New			
Rationale			Difference	–	–	–
Operating cost category						
Original allocator or components			Original			
New allocator or components			New			
Rationale			Difference	–	–	–
Operating cost category						
Original allocator or components			Original			
New allocator or components			New			
Rationale			Difference	–	–	–
Operating cost category						
Original allocator or components			Original			
New allocator or components			New			
Rationale			Difference	–	–	–
Operating cost category						
Original allocator or components			Original			
New allocator or components			New			
Rationale			Difference	–	–	–
Operating cost category						
Original allocator or components			Original			
New allocator or components			New			
Rationale			Difference	–	–	–

Commentary on Cost Allocations

Refer to Disclosure Commentary Note 10.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

ref | *Version 2.0*

ref		Number	Total Duration Hours	Total Duration Minutes
6	**Runway**			
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	1	–	17
9	Airlines/Other	–	–	–
10	Undetermined reasons	–	–	–
11	Total	1	–	17
12	**Taxiway**			
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	–	–	–
15	Airlines/Other	–	–	–
16	Undetermined reasons	–	–	–
17	Total	–	–	–
18	**Remote stands and means of embarkation/disembarkation**			
19	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	–	–	–
21	Airlines/Other	–	–	–
22	Undetermined reasons	–	–	–
23	Total	–	–	–
24	**Contact stands and airbridges**			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	30	147	28
27	Airlines/Other	11	4	29
28	Undetermined reasons	–	–	–
29	Total	41	151	57
30	**Baggage sortation system on departures**			
31	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	8	9	22
33	Airlines/Other	–	–	–
34	Undetermined reasons	–	–	–
35	Total	8	9	22
36	**Baggage reclaim belts**			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	1	4	45
39	Airlines/Other	–	–	–
40	Undetermined reasons	–	–	–
41	Total	1	4	45
42	**On-time departure delay**			
43	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	36	13	36
45	Airlines/Other	6	2	9
46	Undetermined reasons	–	–	–
47	Total	42	15	45
48				

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2016**

Version 2.0

Fixed electrical ground power availability (if applicable)

The percentage of time that FEGP is unavailable due to interruptions*	1.42%

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

Commentary concerning reliability measures

Refer to Disclosure Commentary Note 11.

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.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

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	23L/05R	N/A	N/A
	Length of pavement (m)	3,635	N/A	N/A
	Width (m)	45	N/A	N/A
	Shoulder width (m)	30	N/A	N/A
	Runway code	4F	N/A	N/A
	ILS category	Category III B/Category I	N/A	N/A
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	40	N/A	N/A
	IMC (movements per hour)	32	N/A	N/A

Taxiway

		Taxiway #1	Taxiway #2	Taxiway #3	Taxiway #4
Description of main taxiway(s)	Name	Alpha	Bravo	Delta	Lima
	Length (m)	3,360	2,485	349	670
	Width (m)	45	23	24	25
	Status	Full length	Part length	Part length	Part length
	Number of links	11	11	4	3

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	12	6	16
	Domestic jet	9	1	–
	Domestic turboprop	–	14	6
Total parking stands		21	21	22

Busy periods for runway movements

	Date
Runway busy day	28 March 2016
Runway busy hour start time (day/month/year hour)	20 Jun 2016 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	115	–	5	120
	Domestic jet	117	9	–	126
	Domestic turboprop	–	233	14	247
	Total	232	242	19	493
Other (including General Aviation)					6
Total aircraft movements during the runway busy day					499

Number of aircraft runway movements during the runway busy hour: 39

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

Refer to Disclosure Commentary Note 12.

	Regulated Airport	**Auckland International Airport Limited**
	For Year Ended	**30 June 2016**

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

ref *Version 2.0*

	Outbound (Departing) Passengers	**International terminal**	**Domestic terminal**	**Common area †**
	Landside circulation (outbound)			
	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	23 Mar 2016 6 p.m.	11 Mar 2016 9 a.m.	N/A
	Floor space (m^2)	3,840	1,672	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,959	1,341	N/A
	Utilisation (busy hour passengers per $100m^2$)	51	80	N/A
	Check-in			
	Passenger busy hour for check-in—start time (day/month/year hour)	23 Mar 2016 6 p.m.	11 Mar 2016 9 a.m.	N/A
	Floor space (m^2)	4,148	841	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,959	1,341	N/A
	Utilisation (busy hour passengers per $100m^2$)	47	159	N/A
	Baggage (outbound)			
	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	23 Mar 2016 6 p.m.	11 Mar 2016 9 a.m.	N/A
	Make-up area floor space (m^2)	8,457	3,260	N/A
	Notional capacity during the passenger busy hour (bags/hour)*	3,060	2,000	N/A
	Bags processed during the passenger busy hour (bags/hour)*	2,048	1,033	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,959	1,341	N/A
	Utilisation (% of processing capacity)	67%	52%	N/A

** Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.*

	Passport control (outbound)	
	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	23 Mar 2016 6 p.m.
	Floor space (m^2)	891
	Number of emigration booths and kiosks	19
	Notional capacity during the passenger busy hour (passengers/hour) *	2,496
	Passenger throughput during the passenger busy hour (passengers/hour)	1,959
	Utilisation (busy hour passengers per $100m^2$)	220
	Utilisation (% of processing capacity)	78%

** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*

	Security screening		
	Passenger busy hour for security screening—start time (day/month/year hour)	23 Mar 2016 6 p.m.	11 Apr 2016 7 a.m.
	Facilities for passengers excluding international transit & transfer		
	Floor space (m^2)	303	552
	Number of screening points	6	5
	Notional capacity during the passenger busy hour (passengers/hour) *	1,620	1,350
	Passenger throughput during the passenger busy hour (passengers/hour)	1,959	1,206
	Utilisation (busy hour passengers per $100m^2$)	646	219
	Utilisation (% of processing capacity)	121%	89%
	Facilities for international transit & transfer passengers		
	Floor space (m^2)	85	
	Number of screening points	2	
	Notional capacity during the passenger busy hour (passengers/hour)*	540	
	Estimated passenger throughput during the passenger busy hour (passengers/hour)	124	
	Utilisation (busy hour passengers per $100m^2$)	146	
	Utilisation (% of processing capacity)	23%	

** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

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

Version 2.0

ref		International terminal	Domestic terminal	Common area †
61				
62	**Airside circulation (outbound)**			
63	Passenger busy hour for airside circulation (outbound)—start time			
64	(day/month/year hour)	23 Mar 2016 6 p.m.	11 Mar 2016 9 a.m.	
65	Floor space (m²)	8,320	2,273	
66	Passenger throughput during the passenger busy hour (passengers/hour)	2,083	1,341	
67	Utilisation (busy hour passengers per 100m²)	25	59	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	23 Mar 2016 6 p.m.	11 Mar 2016 9 a.m.	
70	Floor space (m²)	7,266	2,924	
71	Number of seats	2,876	960	
72	Passenger throughput during the passenger busy hour (passengers/hour)	2,083	1,341	
73	Utilisation (busy hour passengers per 100m²)	29	46	
74	Utilisation (passengers per seat)	0.7	1.4	
75	**Inbound (Arriving) Passengers**			
76	**Airside circulation (inbound)**			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	12 Jan 2016 12 p.m.	4 Mar 2016 11 a.m.	N/A
79	Floor space (m²)	10,139	2,298	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	1,895	1,452	N/A
81	Utilisation (busy hour passengers per 100m²)	19	63	N/A
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	12 Jan 2016 12 p.m.		
85	Floor space (m²)	1,656		
86	Number of immigration booths and kiosks	54		
87	Notional capacity during the passenger busy hour (passengers/hour) *	3,008		
88	Passenger throughput during the passenger busy hour (passengers/hour)	1,847		
89	Utilisation (busy hour passengers per 100m²)	112		
90	Utilisation (% of processing capacity)	61%		
91	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
92	**Landside circulation (inbound)**			
93	Passenger busy hour for landside circulation (inbound)—start time			
94	(day/month/year hour)	12 Jan 2016 12 p.m.	4 Mar 2016 11 a.m.	N/A
95	Floor space (m²)	1,491	1,672	N/A
96	Passenger throughput during the passenger busy hour (passengers/hour)	1,847	1,452	N/A
97	Utilisation (busy hour passengers per 100m²)	124	87	N/A
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	12 Jan 2016 12 p.m.	4 Mar 2016 11 a.m.	
100	Floor space (m²)	6,054	1,081	
101	Number of reclaim units	6	2	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	2,257	938	
103	Bags processed during the passenger busy hour (bags/hour)*	1,931	1,118	
104	Passenger throughput during the passenger busy hour (passengers/hour)	1,847	1,452	
105	Utilisation (% of processing capacity)	86%	119%	
106	Utilisation (busy hour passengers per 100m²)	31	134	
107	** Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.*			
108	**Bio-security screening and inspection and customs secondary inspection**			
109	Passenger busy hour for bio-security screening and inspection and			
110	customs secondary inspection—start time (day/month/year hour)	12 Jan 2016 12 p.m.		
111	Floor space (m²)	2,416		
112	Notional MAF secondary screening capacity during the passenger busy hour	1,527		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	1,847		
115	Utilisation (% of processing capacity)	121%		
116	Utilisation (busy hour passengers per 100m²)	76		
117	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
118	**Arrivals concourse**			
119	Passenger busy hour for arrivals concourse—start time (day/month/year hour)	12 Jan 2016 12 p.m.	4 Mar 2016 11 a.m.	N/A
120	Floor space (m²)	1,843	261	N/A
121	Passenger throughput during the passenger busy hour (passengers/hour)	1,847	1,452	N/A
122	Utilisation (busy hour passengers per 100m²)	100	556	N/A
123				

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

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

Version 2.0

ref		International terminal	Domestic terminal	Common area †
131	**Total terminal functional areas providing facilities and service directly for passengers**			
132	Floor space (m^2)	56,910	14,561	N/A
133	Number of working baggage trolleys available for passenger use			
134	at end of disclosure year	2,744	1,067	N/A

Commentary concerning capacity utilisation indicators for Passenger Terminal Activities

Refer to Disclosure Commentary Note 13.

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

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

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2016**

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 2.0*

Survey organisation

Survey organisation used	ACI
If "Other", please specify	

Passenger satisfaction survey score

(average quarterly rating by service item)

Domestic terminal	*Quarter for year ended*	**1 30 Sep 15**	**2 31 Dec 15**	**3 31 Mar 16**	**4 30 Jun 16**	**Annual average**
Ease of finding your way through an airport		3.9	4.1	4.1	4.1	4.0
Ease of making connections with other flights		3.6	3.7	3.8	4.0	3.8
Flight information display screens		3.9	3.9	4.1	4.2	4.0
Walking distance within and/or between terminals		3.8	4.0	4.0	4.0	4.0
Availability of baggage carts/trolleys		3.9	4.0	4.1	4.0	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.1	4.2	4.2	4.2	4.2
Availability of washrooms/toilets		4.0	4.0	4.1	4.2	4.1
Cleanliness of washrooms/toilets		3.8	3.9	4.0	4.0	3.9
Comfort of waiting/gate areas		3.7	3.7	3.7	3.8	3.7
Cleanliness of airport terminal		4.1	4.1	4.1	4.1	4.1
Ambience of the airport		3.7	3.8	3.8	3.8	3.8
Security inspection waiting time		4.0	4.1	4.2	4.2	4.1
Check-in waiting time		4.2	4.2	4.2	4.2	4.2
Feeling of being safe and secure		4.2	4.3	4.4	4.3	4.3
Average survey score		3.9	4.0	4.1	4.1	4.0

International terminal	*Quarter for year ended*	**1 30 Sep 15**	**2 31 Dec 15**	**3 31 Mar 16**	**4 30 Jun 16**	**Annual average**
Ease of finding your way through an airport		4.2	4.3	4.2	4.2	4.2
Ease of making connections with other flights		3.9	4.0	4.1	4.2	4.1
Flight information display screens		4.2	4.1	4.1	4.1	4.1
Walking distance within and/or between terminals		4.1	4.1	4.0	4.0	4.0
Availability of baggage carts/trolleys		4.3	4.2	4.1	4.0	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.3	4.3	4.3	4.3	4.3
Availability of washrooms/toilets		4.2	4.2	4.2	4.2	4.2
Cleanliness of washrooms/toilets		4.1	4.1	4.1	4.1	4.1
Comfort of waiting/gate areas		3.9	4.0	4.0	3.9	4.0
Cleanliness of airport terminal		4.3	4.3	4.3	4.3	4.3
Ambience of the airport		4.1	4.1	4.1	4.2	4.1
Passport and visa inspection waiting time		4.3	4.3	4.3	4.4	4.3
Security inspection waiting time		4.2	4.2	4.3	4.3	4.2
Check-in waiting time		4.0	4.1	3.9	4.1	4.0
Feeling of being safe and secure		4.4	4.4	4.4	4.5	4.4
Average survey score		4.2	4.2	4.2	4.2	4.2

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 margina of error requirement.

Commentary concerning report on passenger satisfaction indicators

Refer to Disclosure Commentary Note 14.

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	Auckland International Airport Limited
	For Year Ended	30 June 2016

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref	Version 2.0
6	**Disclosure of the operational improvement process**
7	Refer to Disclosure Commentary Note 15.
8	
9	
10	
11	*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.*
12	Page 33

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref *Version 2.0*

16a: Aircraft statistics

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

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Boeing - B777-200	2,470	727,083
Boeing - B777-300ER	2,060	718,653
Airbus Industrie - A-380-800	1,252	714,290
Boeing - B787-9 Dreamliner	2,501	613,007
Boeing - B737-800	6,133	483,765
Airbus Industrie - A-330-300	1,864	437,775
Airbus Industrie - A-320	4,677	356,925
Boeing - B767-300ER	1,668	311,716
Airbus Industrie - A-340-300	523	144,374
Boeing - B777-300	282	99,080
Boeing - B747-400	104	40,874
Boeing - B747-800	40	17,908
Boeing - B737-200	208	14,577
McDonnell Douglas - MD-11	16	4,576
Airbus Industrie - A-321	28	2,184
Bombardier - BD-700 Global Express	12	519
Boeing - B757-200	3	340
Boeing - B737-300	4	250
Airbus Industrie - A-330-200	1	242
Grumman - G-4	7	237
Boeing - B787-8 Dreamliner	1	228
Airbus Industrie - A-319	3	215
Bombardier Aerospace - Other	19	179
Grumman - Other	4	153
Boeing - B737-400	2	129
Fokker - F-70	3	125
De Havilland Canada - Dash 8 Q300	6	116
Canadair - CL-600 Challenger 600	5	98
Dassault - Falcon 7X	2	31
Cessna - 525B Citation CJ3	3	30
Cessna - Citation	2	27
Fokker - Other	1	19
Embraer - ERJ-135	1	19
Israel Aircraft Industries - Gulfstream G280 -	1	18
Bombardier - Learjet 35	2	15
British Aerospace - BAe-125-700/800	1	13
Hawker - Other	1	11
Cessna - 650 Citation 3/6/7	1	10
Pilatus - PC-12 Eagle	2	9
Cessna - 525 Citation CJ4	1	8
Tecnam - P-2006T	1	1
Total	23,915	4,689,831

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

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 Industrie - A-320	20,402	1,461,537
Boeing - B737-300	556	33,272
Boeing - B737-400	363	23,464
Boeing - B737-800	20	1,580
Boeing - B767-300ER	6	1,121
Boeing - B787-9 Dreamliner	4	980
Airbus Industrie - A-330-300	1	233
Bombardier - BD-700 Global Express	4	173
Airbus Industrie - A-319	1	76
Fokker - F-70	1	42
Grumman - G-4	1	34
Total	21,359	1,522,511

(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)
De Havilland Canada - Dash 8 Q300	14,581	284,403
Aerospatiale/Alenia - ATR-72-500	8,219	187,466
Beechcraft - B-1900	2,503	19,436
Convair - CV-580 Convair	623	16,114
Fairchild - SW-4B	1,128	8,241
Fokker - F-27 Friendship	273	5,452
Cessna - 208 Grand Caravan	1,034	4,106
Beechcraft - 300 Super King Air	260	1,769
Beechcraft - 200 Super King Air	146	831
British Aerospace - Jetstream 32	94	691
Beechcraft - 90 King Air	90	423
Cessna - Citation C25	52	404
McDonnell Douglas - DC-3 Dakota	22	268
Cessna - PA-31 Navajo	76	264
Beechcraft - 350 Super King Air	31	229
Cessna - 510 Citation Mustang	40	180
Cessna - 206 Stationair	42	142
Cessna - 441 Conquest 2	21	94
Cessna - 560 Citation 5 Ultra	10	78
Pilatus - PC-12 Eagle	12	55
Bombardier Aerospace - Other	3	32
Aerospatiale/Alenia - ATR-72-600	1	23
British Aerospace - Jetstream 32A	3	22
Canadair - CL-600 Challenger 600	1	20
Embraer - ERJ-135	1	19
Dassault - Falcon 7X	1	16
Cessna - Other	4	16
SAAB - Saab 340	1	13
Bombardier - Learjet 45	1	9
Beechcraft - 400 Beechjet	1	7
Cessna - 402 Businessliner	2	6
Beechcraft - Other	1	6
Mitsubishi - MU-2	1	5
Rockwell - Turbo Commander 690	1	5
Total	29,279	530,844

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

ref *Version 2.0*

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

	Total number of landings	Total MCTOW (tonnes)
Air passenger service aircraft less than 3 tonnes MCTOW	2,618	7,658
Freight aircraft	891	214,311
Military and diplomatic aircraft	26	1,620
Other aircraft (including General Aviation)	1,002	11,784

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

	Total number of landings	Total MCTOW (tonnes)
Total	79,090	6,978,558

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	47,205	–	2,391	49,596
Domestic jet air passenger service movements	39,361	1,883	2,126	43,370

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

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers†	3,998,272	4,710,026	8,708,298
Outbound passengers†	3,903,787	4,648,264	8,552,051
Total (gross figure)	7,902,059	9,358,290	17,260,349
less estimated number of transfer and transit passengers		578,714	578,714
Total (net figure)			16,681,635

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

16d: Airline statistics

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

Domestic	International
Air New Zealand	Air Caledonie International
Jetstar Airways	Air China
Air Nelson	Air New Zealand
Eagle Airways	Air Tahiti Nui
Mount Cook Airlines	Air Vanuatu
Barrier Air	AirAsia X
Air Chathams	American Airlines
Fly My Sky	Cathay Pacific Airways
	China Airlines
	China Eastern Airlines
	China Southern Airlines
	Emirates Airlines
	Fiji Airways
	Hawaiian Airlines
	Jetstar Airways
	Korean Air Lines
	LATAM
	Malaysian Airline System
	Philippine Airlines
	Qantas Airways

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2016**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref *Version 2.0*

Airline statistics (cont)

Domestic	International
	Singapore Airlines
	Thai Airways International
	Virgin Australia Airlines

16e: Human Resource Statistics

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
Number of full-time equivalent employees	211	106	5	322
Human resource costs ($000)				37,275

Commentary concerning the report on associated statistics

Refer to Disclosure Commentary Note 16.

Regulated Airport: Auckland International Airport Limited
For Year Ended: 30 June 2016

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	5,136
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	23,595
Net operating charges from airfield activities relating to international flights	76,361
Net operating charges from specified passenger terminal activities relating to domestic passengers	17,789
Net operating charges from specified passenger terminal activities relating to international passengers	151,456

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	2,055,073
Number of domestic passengers on flights of 30 tonnes MCTOW or more	5,835,884
Number of international passengers	**9,358,290**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	536,389
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,525,766
Total MCTOW of international flights	4,909,786

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	2.50	9.57
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	4.04	15.46
Average charge from airfield activities relating to international flights	8.16	15.55

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	2.25	16.18

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	5.90	24.34

Commentary on Pricing Statistics

Refer to Disclosure Commentary Note 17.

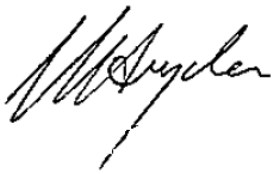
SCHEDULE 20

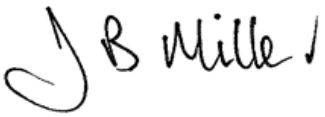
CERTIFICATION FOR DISCLOSED INFORMATION

Clause 2.7(1)

We, Sir Henry van der Heyden and James Miller, being directors of Auckland International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge the following attached audited information of Auckland International Airport Limited, prepared for the purposes of clauses 2.3(1) and 2.4(1) of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 complies with that determination.

Signed on behalf of the board by:





Sir Henry van der Heyden
Director, Chair of the Board

James Miller
Director, Chair of the Audit and Financial Risk Committee

23 November 2016

Deloitte.

INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF

AUCKLAND INTERNATIONAL AIRPORT LIMITED

Report on the Specified Airport Services Information Disclosure

We have audited the attached Specified Airport Services Information Disclosure Schedules comprised of Schedules 1 through to 17 of Auckland International Airport Limited for the year ended 30 June 2016 (the Schedules). This information is stated in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (Determination).

Responsibilities of the Board of Directors for the Disclosure Report

The Board of Directors is responsible for the preparation and certification of the Schedules for the year ended 30 June 2016 in accordance with the Determination, and for such internal control as the Board of Directors determine is necessary to enable the preparation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Schedules in accordance with clause 2.6 of the Determination based on our audit.

In relation to the historical financial information, we conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) with the objective of providing reasonable assurance that the disclosures of the historical financial information set out in Schedules 1 through to 10 (the Historical Financial Schedules) for the year ended 30 June 2016 have been prepared, in all material respects, in accordance with the Determination. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Historical Financial 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the Historical Financial Schedules.

In relation to the historical non-financial information, we conducted our audit in accordance with the Standard on Assurance Engagements 3100: *Compliance Engagements* (SAE 3100) with the objective of providing reasonable assurance that the disclosures of the historical non-financial information set out in Schedules 11 through to 17 (the Historical Non-Financial Schedules) for the year ended 30 June 2016 have been prepared in accordance with the requirements of the Determination, including guidance issued pursuant to the Determination, and the information is based on the records provided by Auckland International Airport Limited.

Our procedures included:

- Considering the methodologies used in preparing the historical non-financial information included in Schedules 11 through to 17 and confirming that they are in accordance with the guidance issued pursuant to the Determination; and

- Identifying key inputs to the information in Schedules 11 through to 17 and reconciling or agreeing them to source documents and systems.

In relation to the forecast financial information our procedures included:

- Agreeing the Forecast for Current Disclosure Year column in Schedule 6 to the Pricing Period starting Year+3 column in the price setting event disclosure published on 2 August 2012 (Schedule 18);
- Agreeing the Forecast for Period to Date column in Schedule 6 as the summation of the forecast pricing periods in the price setting event disclosure published on 2 August 2012 (Schedule 18);
- Agreeing the Effect of Changes in Asset Allocators CY+1 column in Schedule 9 to the forecast net book value as at 30 June 2017 provided by management; and
- Agreeing the Effect of Changes in Cost Allocators CY+1 column in Schedule 10 to the budget for the fiscal year 30 June 2017 provided by management, which had been approved on 2 August 2012.

Actual results are likely to be different from the forecast financial information since anticipated events frequently do not occur as expected and the variation could be material. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Inherent limitations

Because of the inherent limitations of the test nature of evidence gathering procedures and limitations associated with any internal control system it is possible that fraud, error or non-compliance may occur and not be detected.

As permitted by Clause 2.6(3) of the Determination we have relied on records that have been sourced from a third party in respect of certain non-financial information. For these items, our procedures were limited to confirming that the information in Schedules 11 to 17 agreed to the third party records provided to us.

Our audit provides assurance that the forecast information in Schedule 6, 9 and 10 was the forecast information prepared by the Company and required by the Determination 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 was (or will be) proved to be accurate.

Our Independence and Quality Control

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

Other than in our capacity as auditor, our firm carries out other assignments for Auckland International Airport Limited in the area of AGM vote scrutineer assistance and the provision of taxation services to a corporate tax payer group of which Auckland International Airport Limited is a member. In addition to this, partners and employees of our firm deal with Auckland International Airport Limited on normal terms within the ordinary course of trading activities of the business of Auckland International Airport Limited. These services have not impaired our independence as Auditor of Auckland International Airport Limited. The firm has no other relationship with, or interest in, Auckland International Airport Limited.

The firm applies Professional and Ethical Standard 3 (Amended): *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements (Amended)* issued by the New Zealand Auditing and Assurance Standards Board, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte.

Opinion

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

In our opinion;

- Subject to Clause 2.6(3) proper records have been kept by Auckland International Airport Limited to enable the complete and accurate compilation of required information, as far as appears from our examination of those records;
- The disclosure information in Schedules 1 to 17 for the year ended 30 June 2016 complies, in all material respects, with the Determination;
- The historical financial information included in Schedules 1 through to 10 has been prepared in all material respects in accordance with the Determination;
- Subject to clause 2.6(3), the historical non-financial information included in Schedules 11 through to 17 complies in all material respects with the requirements of the Determination, including guidance issued pursuant to the Determination, and the information is based on the records provided by Auckland International Airport Limited.

Use of this Independent Assurance Report

This independent assurance report has been prepared solely for the Directors of Auckland International Airport Limited and the Commissioners of the New Zealand Commerce Commission in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of Auckland International Airport Limited, and the Commissioners, or for any purpose other than that for which it was prepared.

Deloitte

Chartered Accountants
24 November 2016
Auckland, New Zealand