Auckland Airport

Annual Information Disclosure

Regulatory Performance Summary
For the year ended 30 June 2018

Chief Executive's report

FY18 marked another year of progress in Auckland Airport's ambitious 30 year vision to build the airport of the future. Executing this vision will see us continue as guardian's of New Zealand's gateway to the world.

Our ambition is to:

- operate and invest in an airport that New Zealanders are proud of;
- grow travel, trade and tourism markets that generate economic growth for our regions and cities;
- be a good neighbour to our local communities; and
- operate sustainably.

We are pleased to report that while the most significant construction is due to start in 2020, we are making material progress and have reached some important milestones in our core aeronautical and infrastructure development programme. Key highlights to date include:

- completing our new international Pier B extension, opening up two new gates for operation;
- reaching 90% completion of our multi-stage redevelopment of the international terminal departure zone – which will be largely completed by the end of the calendar year;
- increasing remote stand capacity; and
- introduction of a wide range of new transport projects to improve the flow of traffic around the airport precinct and to support the growth in public transport connectivity to the airport.

Our 30 year vision includes major upgrades to our terminal, airfield and ground transport infrastructure. Almost every part of Auckland Airport's precinct will be transformed. Our vision is influenced by our overarching focus on making journeys better. We provide a safe, secure and efficient airport for our airlines and travellers, and we strive to take care of every one of the 30 airlines operating here, and the 55,000 travellers passing through Auckland Airport on average every day.

Auckland Airport is not alone in undertaking significant infrastructure development. It is taking place across the country, and evidence of construction is commonplace around Auckland city. Each development programme will have its own unique circumstances and challenges. Our point of difference is the need to continue operating a very busy airport throughout the construction phase. We are therefore conscious that executing our 30 year vision requires smart planning and careful sequencing as we work to replace, upgrade and build new infrastructure across all parts of an airport that never sleeps.

We know that this journey will be challenging, for us and for our customers. We are committed to consulting and looking after our customers and community through this period of significant change and potential disruption.

This disclosure is the first disclosure relating to the price setting event that applies from 1 July 2017 to 30 June 2022 (PSE3). It is an opportunity for us to report on our performance since setting these prices and provide information that gives our stakeholders confidence that we are delivering for our customers.

On 1 November 2018 the Commission released its Final Report on the pricing decision for FY18 – FY22 for Auckland and Christchurch airports. The Commission's summary of its review was that:

- There is still room for improvement in some areas
- Transparency has improved since the Input Methodologies Review
- Targeted returns have gone down
- It will review Wellington Airport's price setting next
- It then intends to do an overall review of performance across all airports.

In respect of Auckland the Commission did not identify concerns with the demand forecast, asset valuation, treatment of the Moratorium and operating cost or capital expenditure forecasts used in pricing. While the Commission did have remaining concerns about our target return, it acknowledged the inherent uncertainty in determining the right return for Auckland Airport and that not all of the difference between the Commission's sector-wide benchmark midpoint WACC estimate and Auckland Airport's target return should be regarded as excess returns. We are reviewing the Commission's findings in detail.

Adrian Littlewood
Chief Executive

Investing in sustainable growth and trade

In the 52 years since Auckland Airport opened, the airport has evolved and grown from several hundred thousand travellers in 1966 to over 20 million in 2018. By 2040 we predict traveller numbers to increase to approximately 40 million per year.

Auckland Airport is also New Zealand's second largest cargo port by value, handling $12 billion of imports and $7 billion of exports and a total of 240,000 tonnes of airfreight each year.

Our strategy is to support growth and drive positive travel, trade and tourism outcomes for our company, our city, and our country.

We work actively with our airline customers and industry partners to grow travel markets by improving the number of destinations, frequency and price competitiveness of travel to travellers. In FY18 we made significant efforts to develop routes and facilitate the movement of freight.

In the 2018 financial year we announced a number of new routes and new opportunities with our airline partners, including the introduction of:

- a new Chicago direct route, which is forecast to inject $70m into the New Zealand economy annually;
- new non-stop flights between Auckland and Taipei, with the addition of 4368 tonnes of air cargo capacity;
- daily direct flights to Bali and Dubai;
- enhanced services from Auckland to Singapore (from two flights daily to three);
- daily flights from Bangkok to Auckland;
- the first Auckland to Manila direct service; and
- daily services between Apia and Auckland.

As well as the clear benefits to travellers, the development of new routes also facilitates the movement of freight. Opening up new markets to New Zealand exporters and providing New Zealand consumers with more important choices.

We have also continued to actively support the New Zealand tourism and export industries. Each year we offer a $100,000 grant to New Zealand-based tourism operators and organisations who identify strategies to stimulate year-round visitation to New Zealand. In 2018 we awarded two grants of $50,000 each to Eat NZ and Haka Tours. We supported the ExportNZ awards, and we organised and sponsored a business-to-business seminar to grow the New Zealand – Philippines cargo market, with the support of Philippine Airlines and New Zealand Trade and Enterprise.

Auckland Airport's vision is to continue to support initiatives that contribute towards New Zealand's wellbeing, through our direct initiatives and by supporting our wider community to do the same. These initiatives will build on the value provided to our country and community from our airport operations. For example, the next ten years of our activity is estimated to result in the following:

- direct economic benefits to New Zealand from airport activity:
  - $31.6 billion in GDP;
  - 22,750 FTEs; and
  - $14.2 billion in household income;
- together with related business activity, total regional economic benefit:
  - $51.8 billion in GDP;
  - 40,000 FTEs; and
  - $22.8 billion in household income.

For further information, refer to Section 16.

FY18:

+5.7%
total passengers (from FY17 to 20.5m total passengers)

+6%
international cargo volumes

30
international airlines

46
international destinations

1,000
new wide body operations into Auckland Airport in FY18 (worth $450m to the country annually)

75%
share of all international arrivals to New Zealand

In FY18 we made significant progress in the delivery of our 30 year vision:

Completed

- 12,755m² addition to the airfield, a Code F Mars Remote Stand (Stand 75 & Stand 19)
- $120m extension of the international terminal Pier B
- Airfield slab replacement programme
- New guest lift in international terminal departures
- New 6,000m² MPI building
- 10 new fuel-efficient airside buses
- 2 new mobile aircraft ramps
- New lounge (Strata Lounge)
- Introduction of High Occupancy Vehicle lanes
- "The Landing" intersection

Under construction

- Completed 90% of the international departures expansion project, including the new customs and security screening processing area
- Nixon Road / Southern bypass almost completed

Progressed design and planning

- Terminal development plan
- DTB rejuvenation
- Second runway
- Surface access

Planning, building and delivering a world class airport experience

Auckland Airport seeks to deliver an affordable and high quality experience for airline customers and travellers. In mid-2017 we announced a circa $2 billion aeronautical investment programme, to take place over the next five years. Our infrastructure plan was the result of a 17 month consultation with airlines. The programme is unprecedented for Auckland Airport and marks the beginning of a new investment era which will shape the legacy which is left for future generations.

This next stage in the delivery of our 30 year vision will unfold in three key phases (with some crossover):

1. Design, Plan and Prepare (2014-2019): detailed design, logistical planning, and relocation of certain tenants to clear space for the new build.
2. Build (2020-2022): the most significant phase of construction, where new builds and roading configurations are established).
3. Deliver a world class airport experience (2023+): completion of the integrated terminal, providing a customer experience for New Zealanders and visitors to enjoy and be proud of.

Now in the fourth year of executing our 30-year vision, we have invested $724m in aeronautical infrastructure since 2014.

We have delivered a number of key projects in FY18. Yet FY18 has also been a year dominated by planning - the lead up toward construction and delivery. Given the scale of investment, the scope of infrastructure affected and the number of stakeholders involved, this phase is important. All parties are mindful of the significant legacy this development will leave for future generations.

We are designing infrastructure for a future where aviation journeys can be expected to be fundamentally different from today. Through innovation some existing processes will become more streamlined (such as check in), whilst others will remain subject to continuous change and improvement (such as security processes). We continue to facilitate regular consultation with airlines, and to engage with NZTA, AT and other stakeholders, to understand their requirements. In some areas, like transport and security, requirements have changed since feasibility design in FY16. Naturally, this has caused the direction, shape and technical detail of our vision to shift a little. Through this consultation there are a range of views on what should be built, but common ground exists around key requirements including ease of access, good connections, capability to meet the needs of future travellers, room for growth and need for resilience.

Improving land transport access to and from Auckland Airport is one of our key priorities, as this will strongly impact our ability to invest in sustainable growth. The strong and ongoing growth of Auckland continues to put pressure on the city's transport infrastructure, including around Auckland Airport. We expect the number of trips to and from the airport to increase from 90,000 per day in 2018 to more than 127,000 per day in 2044. Currently, the majority of these trips are in private cars. We have made significant progress on our roading and rapid transit network planning and continue to work with the NZTA and AT on public transport options to the airport.

FY18 was an important year for the delivery of significant improvements to the international terminal experience. Key projects included the completion of the Pier B extension and opening a significant proportion of a new airside departure and dwell area. Other key projects are reflected in the sidebar and detailed in Section 6.

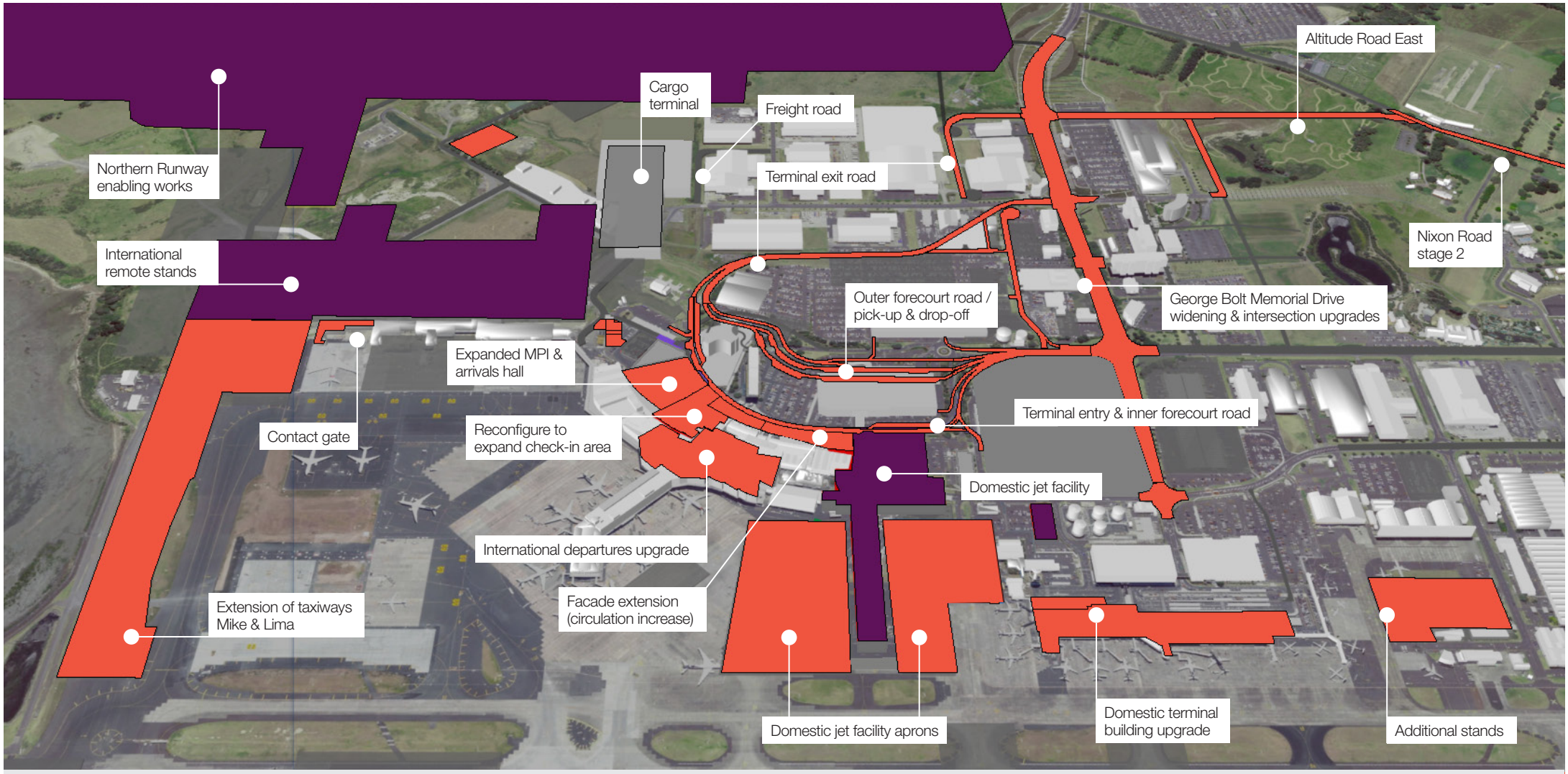
Overall standalone projects which are relatively independent of the wider system are progressing on time, whilst projects that have interdependencies are proving more complex and taking longer than forecast. We (and our airline customers) believe that time spent upfront will ensure that the projects we deliver are the best possible solutions, even if that means that projects are delivered slightly later than originally forecast.

For further explanation of our commitment to invest, refer to Section 4 for commissioned assets and Section 6 for capital expenditure.

Implementation of our 30-year vision is well underway

Priced / commissioned by FY22

Not priced / commissioning after FY22



$522m
invested in PSE2

$215m
invested in FY18

$2b
aeronautical investment planned for FY18-FY22

42
projects over $1m underway in FY18

>$1m
invested every working day to build the airport of the future

Committed to innovation and operating efficiently and effectively

We continue to actively drive efficiency from our assets and the broader system. Our vision is that by 2044 our smart buildings and equipment will tell us when things need attention, and we'll have smart tools at our fingertips so that we can fine-tune every part of our world class airport system. We have some way to go but are starting to turn our aspirations into reality.

A very important milestone this year has been hiring a new GM Operations and resetting our Operations Strategic plan which include:

- next level customer service;
- reliability, integrity and resilience;
- optimise system capacity; and
- operational excellence.

To deliver on these strategies, we are focussed on four key pillars: people, process, partners and technology. These pillars have all contributed to our operation in FY18.

The service outcomes at Auckland Airport are the result of a combined effort from our airport staff and over 20,000 employees of partner organisations. We are proud of the progress we have made in FY18 through our existing Collaborative Operations Group (COG) forums. In FY18, COG worked to meet the milestones set around measuring service levels. Collaborative decision making with this group has delivered a step change in our partner relationships. In FY18, Auckland Airport tasked our working groups to identify areas of concern based on metrics and indications proposed during pricing, agreed data sharing parameters between forum participants and agreed our approach to measure our progress and eliminate data gaps.

Auckland Airport also leads an industry forum, the Airfield Capacity Enhancement Group, which includes representatives from Auckland Airport, airlines, BARNZ and Airways. In FY18 this group collectively agreed to target efficiency gains to increase the throughput of the existing runway to 50 movements per hour by 2022.

It is commonly understood across our stakeholders that, as we build the airport of the future, parallel work streams are required to design processes that will make travellers' journeys more seamless and the operation more efficient. Significant time is spent challenging the models of today, designing those of the future and encouraging service providers at Auckland Airport to do the same. This year, we led a forum including airlines and border agencies called Thinksmash. The group brainstormed a range of innovative ideas to explore. From this, proof of concepts are now being tested around increased digitisation, the use of biometrics and opportunities to work with the Australian government to streamline cross-border processing.

We value sustainable operational, maintenance and construction practices. We partnered with EECA to upgrade our lighting and heating systems as we redesigned our aeronautical infrastructure. This included providing new power units to allow aircraft to use national grid electricity, rather than jet-powered generators when on stands. In terms of efficiency, the reduction in per-traveller energy use has produced cost savings for our airline partners, whilst reducing our carbon footprint by 22.6%.

For further evidence of our commitment to innovation and operating efficiently and effectively refer to Sections 6, 11, 12, 13 and 15.

Our golden metrics around efficiency and effectiveness show for FY18:

- Interruptions dropped 18% to 66
- Airport related on time departure delays dropped 27% to 43
- Runway capacity per hour increased from 40 to 45 movements.

Important initiatives in this area:

- Vehicle movements on domestic forecourts were reduced by 45% through a new design.
- Developed the Yellow U23 SMART Approach for aircraft
- Fully Internet Protocol based Video Management System was introduced to support our 800+ cameras
- Collaborated with the EECA to achieve energy efficiencies
- Introduction of 10 new Skybuses.

Meeting and exceeding customer expectations

Our overall goal as a company is to make journeys better for our travelling guests and airline customers. This year we have clarified our commitments as a host and stepped up our customer facing solutions. We have run a successful pilot for a customer contact centre and will establish this as a permanent function in FY19.

Auckland Airport is responsible for providing an end-to-end service for our guests, from the time they book flights online, to the time they step on to the plane. In providing a quality service, we consider this journey in its entirety. We understand that our customer experience does not begin and end on the airport precinct, but well before.

In FY18, we continued to work to enhance our customers journey from beginning to end, with a number of initiatives:

- we launched Ava, Auckland Airport's first online artificial intelligence customer service tool that can assist travellers' journeys from the point they leave their home through to departure;
- acknowledging the importance of getting 20.5 million guests to and from the terminals, we implemented significant improvements to our transport networks and engaged with transport authorities to deliver a better experience to travellers;
- we reconfigured our check-in areas to provide additional capacity;
- we expanded the capability of our mobile check-in kiosks, to improve the customer experience and processing efficiency at check in. Our kiosks were used by more than one million travellers in the last year;
- we upgraded key stages of our new international departures experience, including a new customs and security screening processing area; a new space for travellers to repack and relax after security screening; use the new toilet facilities; or check their flight details before continuing on to the new dwell and retail hub;
- we recruited 70 assistants to facilitate and support the movement of travellers around the airport; and
- we also ensured that our Pier B design provided important features to improve traveller experience. These included:
  - new lounge seating with USB and power outlets at all four gates;
  - a modern and open space that incorporates New Zealand landscape artwork and Weta Workshop sculptures; and
  - new toilet areas and baby change rooms.

We are aware that our responsibility as host extends beyond customer initiated complaints or suggestions. We actively seek feedback from travellers, to identify opportunities to improve our service and create a seamless user experience. Our metrics for customer service in FY18 show that, despite the intensive development taking place in terminals and elsewhere in the airport precinct, we have maintained strong customer satisfaction. Our internationally recognised Airport Service Quality customer satisfaction rating remains stable at just over four out of five. Our customer in-terminal kiosk score sits at 4.1 out of 5, a 3.8% increase on FY17. The extent to which Auckland Airport serves its customers is also reflected in the fact that, for the second year running, Auckland Airport was named in Colmar Brunton's top 10 most trusted New Zealand companies.

For the airlines asset reliability is critical. In FY18 the reliability of airport- provided assets improved and impacts to airport-caused on time departure performance of airlines reduced.

For further explanation of our commitment to delivering quality services, refer to Sections 4, 14 and 15.

Our golden metrics around customer service show for FY18:

- Traveller satisfaction of 8/10
- Interruptions dropped 18% to 66
- Asset reliability >99%
- Airport related on time departure delays dropped 27% to 43

Important initiatives in this area:

- Launch of Ava, our online artificial intelligence customer service tool.
- Improving the scope, quality and performance of our public Wi-Fi, delivering significant new capacity and access points to accompany the new terminal
- Introduced two airside ramps for bus operations.

Continuing to deliver for consumers, New Zealanders, and our shareholders

Our strategy is to be a great New Zealand business. Our staff care about making the lives of New Zealanders better, and contributing to a world class aviation industry.

Fair pricing matters to us. We recognise that customers benefit if we are able to grow costs slower than volumn growth. To the extent we can maximise the utility of existing assets and keep unit prices down we endeavour to do so. In turn, these savings are passed back to our customers. This philosophy and outlook is consistent with our PSE3 pricing path which enabled us to reduce prices in the first year and keep prices broadly in line with inflation over the five year pricing period.

We care about sustainable outcomes and we are conscious about the impact of our charges on the total cost of travel and the flow on impact for New Zealand's international competitiveness. Equally, it is critical that charges support our ability to deliver an investment plan that will create material long-term benefits for consumers. FY18 was the first year of our new aeronautical charges for the five-year period FY18 to FY22. In the context of a circa $2bn investment plan, Auckland Airport was able to announce a very modest price path, by targeting a 7.06% return overall and 6.99% return on assets covered by landing, passenger, check in and aircraft parking charges.

We take a longer term approach to investment and pricing, rather than focussing on the return for a particular year. In order to provide a relatively stable price path, we forecast returns to be relatively higher at the beginning of the period and lower at the end, with an effective target return of 7.06% for the five year period.

In FY18 operating revenues and operating cost were marginally higher than forecast. Depreciation was lower than forecast due to the slight delay in a commissioning of the assets which were works under construction as at 30 June 2017 (e.g elements of the outbound departures project which has been a very challenging project). Adjusting for this small timing difference, FY18 performance is tracking relatively well against expectations. For further information on aeronautical returns refer to Section 1.

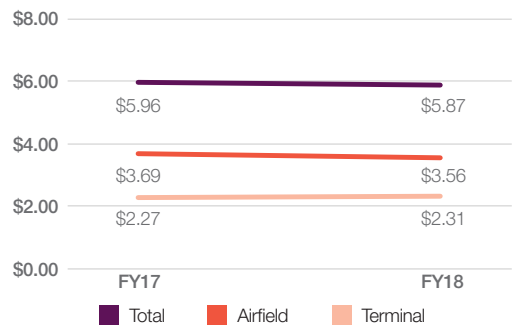
We aim to be a good employer, a strong and productive member of the community and a considerate neighbour. We were the first major airport in New Zealand to have its safety management system certified by the Civil Aviation Authority. In FY18 we exceeded our target of doubling the number of safety observations logged in our risk manager system. In FY18 we saw a 49% reduction in passenger injury rate. As at the end of FY18, Ara, our jobs and skills hub, which connects local people with local jobs had invested in 1,082 training opportunities, placed 215 people into new jobs and set up 68 students in work experience. We also granted $335,530 to community projects in South Auckland through the Auckland Airport Community Trust.

This commitment to sustainable practices is not new for Auckland Airport. Our longevity and consistency in working to improve outcomes in this area is recognised by certifications from global bodies. In FY18 we:

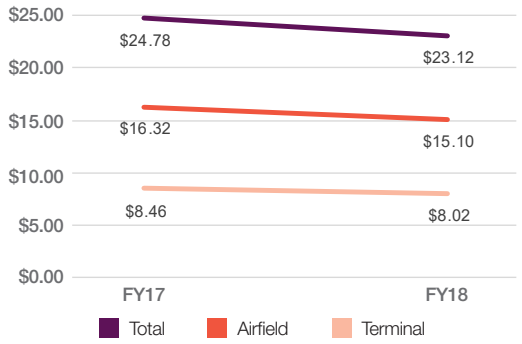
- continued to be actively engaged in the Climate Leaders Coalition, Sustainable Business Council and New Zealand Green Business Council;
- maintained our CEMARS and carboNZero certifications;
- were included in the Dow Jones Sustainability Index for the eighth consecutive year and in the FTSE4Good index for the eleventh consecutive year, with a rating in the top quartile for our sector;
- received the Green Airports Award for waste minimisation, reducing our waste to landfill per passenger by 27% over the prior five years;
- became the first company in Oceania and the first airport in the world to set a publicly disclosed carbon reduction target based on the UN-supported Science Based Targets initiative;
- were recognised by Enviro-Mark as one of NZ's top carbon reducers in the past year; and
- scored five stars from the Global Real Estate Sustainability Benchmark (GRESB) for its environmental, social and governance practices.

For further information on commitments on health and safety and sustainability, refer to Section 15.

Average charges per Pax - Domestic



Average charges per Pax - International



Auckland Airport

Annual Disclosure Commentaries

30 June 2018

Auckland Airport

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Introduction

The purpose of annual Information Disclosure (ID), under the Commerce Act 1986 (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 Commerce Commission (Commission) to analyse performance over time, and compare it with Wellington International Airport Limited and Christchurch International Airport Limited.

We note that the Government does not require the Commission to regulate airport prices but rather to thoroughly review our price-setting decisions and annual disclosures so as to promote greater understanding of our performance. In June 2017 we set prices for the third five yearly pricing event (PSE3) since the introduction of the ID regime. Our aim was to seek the appropriate balance between charging reasonable prices, incentivising the most significant investment programme we have ever contemplated and continuing to deliver high quality customer experiences from FY18-FY22.

Auckland International Airport Limited (Auckland Airport) remains committed to the ID regime and working with the Commission and our passengers and customers to ensure our decision-making promotes the long term benefits of consumers. 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 seek to support the long-term interests of consumers by encouraging competitive access to Auckland Airport for all transport modes (both sky and land).

We encourage interested parties to exercise caution when interpreting variances between actual performance and the ID benchmarks, and when making comparisons between airports. We set aeronautical prices to target a specific rate of return on the aeronautical pricing asset base over the entire five-year period and for this reason present many of our outputs relative to the five-year target including period to date performance. We have sought to explain material variations between ID benchmarks and forecasts. However, we note that interrelationships exist between capital and operational expenditure, innovation and quality and therefore it is difficult to draw conclusions on forecast versus actual outcomes for one benchmark and over a short time period.

This disclosure is the first disclosure relating to PSE3, which runs from 1 July 2017 to 30 June 2022 (FY18 – FY22).

The following Annual Disclosure Commentaries and the Information Disclosure Information Templates (ID Templates) comply with the ID requirements and provide 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; and

e) earning a fair and reasonable return on the investments made.

The detailed commentaries provided below support the information contained in the ID Templates and summarise our approach towards promoting the above outcomes.[1] To assist with usability, the numbering of sections within this report is consistent with the schedule numbers contained in the ID Templates that provide empirical data on how we have performed against the Part 4 objectives this disclosure year.

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. Innovation can also lead to reductions in operational risk that might not be obvious to the travelling public.

One of the key drivers of innovation is destination competition. To compete effectively with the likes of Sydney, Melbourne, Brisbane and Christchurch Airports, Auckland Airport strives to match or outperform the aeronautical operating performance of our competitor airports. This objective helps inform the terminal design, which ultimately supports passenger satisfaction.

Auckland Airport is building the airport of the future. Conceptualising and developing an airport that is built to exist in a context thirty years from now requires innovation in process, technologies and delivery of infrastructure. We seek to innovate to support all of our key purposes and principles. Innovation can direct and prioritise appropriate investment, work to improve customer service quality, and help to generate efficiencies in the business. Auckland Airport is continuously focused on the introduction of new processes and technologies to improve the overall experience on the precinct. Successful initiatives can increase the propensity to travel or trade and increase the capacity of existing infrastructure, thus optimising capital expenditure on new infrastructure.

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 is an active partner to the aviation industry, committed to the identification and development of innovations. This is more important than ever, for an industry competing for the international traveller and faced with a range of increased costs across the system which present risks to the competitiveness of New Zealand's tourism product. Auckland Airport actively facilitates the identification and prioritisation of opportunities and works together with the Board of Airline Representatives New Zealand (BARNZ), our major customer Air New Zealand and government agencies to bring about change. Auckland Airport delivers airport investments that create value for the industry (such as increasing the productivity of existing infrastructure and providing infrastructure that leads to superior economic, social or environmental outcomes). In such situations, the benefits of innovation can flow directly or indirectly to consumers.

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

Please refer to the following sections for non-exhaustive examples of how Auckland Airport's innovation in FY18 improved:

[1] For further detail refer to previous disclosures.

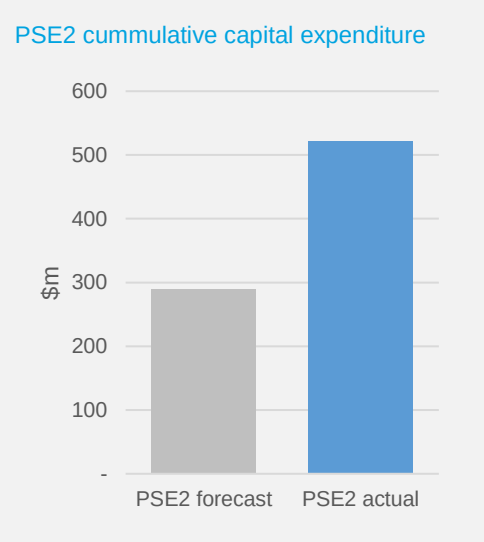
- reliability and performance - Section 11;
- capacity utilisation of terminal and airfield facilities - Sections 12 and 13; and
- operational improvement processes - Section 15.

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.

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 economies of Auckland and New Zealand. Our vision extends 30 years so that it can be planned and built in stages. This is so as to ensure that it is realistic and affordable, but also so that operations can continue without disruption, to the greatest extent possible.

In setting prices for PSE2 (FY12-FY17), both Auckland Airport and our substantial cutomers did not forsee the substantial increase in demand that subsequently eventuated. Our track record shows, during PSE2 we responded to this unforeseen increase in aeronautical demand by accelerating our core airport infrastructure programme. We invested $522m, an 80% increase ($232m) on the forecast of $290m when prices were set and the demand environment was more subdued than forecast in the PSE2 plan.



We are New Zealand's front door, and hosted more than 20 million passenger movements in FY18, some of whom were being welcomed into New Zealand for the first time. In mid-2017 we announced a circa $2bn aeronautical investment program. This program is unprecedented for Auckland Airport and marks the beginning of an investment era. We are in the midst of design and consultation and expect to get underway with construction throughout PSE3, and into PSE4.

Our investment philosophy is that:

- 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;
- customers provide valuable feedback which influences the design process and timeframes.
- sustainable demand growth and resilience will be the main triggers for infrastructure development;

- investments should be safe, 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 the extent possible to ensure the vision is affordable and implementable;
- trade-offs are required around constructability and delivering infrastructure in stages;
- infrastructure delivery in any sector involves substantial risk that needs to be identified. Any frustrations or disruptions to our passengers need to be proactively mitigated;
- a reasonable long-term return as close as possible to our weighted average cost of capital (WACC) should be earned on investment; and

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. We make the key investment decisions following extensive consultation with airlines. As in other sectors, no one customer is the same. Airlines do not always agree, particularly on their appetite for new capacity and/or the quality of infrastructure required and, within airlines, views change over time. Ultimately, Auckland Airport must decide on what is in the long-term interests of consumers. That said, over time our airline customers have provided unique insights, which have caused us to change our views. Key principles that are applied when evaluating options are the relative fit with demand, customer journey and experience, operational efficiency, resilience, flexibility, future proofing, buildability, affordability, safety and security in design and sustainability.

We acknowledge that substantial investment does not always go to plan. Our priority is to ensure that the projects we deliver are the best possible solutions for all parties involved. We seek to achieve this by meeting with airlines regularly to agree investment requirements and priorities. Sometimes, this requires the design and/or timing of projects to change from what was originally planned given then long-term nature of the investment, parties agree it is better to take the time to get the design right.

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. Desired outcomes in service delivery are founded in high quality, broad choice, and strong reliability. Auckland Airport works actively across all three levels, to increase the range of services and capacity on offer to passengers and freight operators, to and from New Zealand.

We recognise that as our facility grows and quality of service is improved over time, consumers may nevertheless 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; and
- review of direct feedback on performance to identify where quality issues may be emerging.

Evidence of our efforts in this area include our:

- membership of the global airport service quality (ASQ) service rating system;
- Real time survey data via numerous in-terminal customer satisfaction kiosks; and
- placement in the Skytrax World Airport Awards.

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; and
- consultation on terminal and airfield development and service priorities.

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.

Auckland Airport is focused on working alongside our partners to continually make improvements to the customer and passenger experience, 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 customer choice and the size of the overall market. We see our customers every day and seek to understand their needs and concerns intimately.

In FY18, Auckland Airport achieved an improvement in reliability measures on the prior year, maintained our overall passenger ASQ rating and took part in a number of operational initiatives with airlines and border agencies to identify and develop solutions to improve service quality. Please refer to the following sections for summaries of the initiatives taken by Auckland Airport in FY18 to improve service quality:

- Section 11 describes the reliability of services delivered to airlines and passengers. We report against a range of metrics that describe on time performance and interruptions to core services (if any). In addition to this, we measure ourselves against the percentage of time the assets are available for use;
- Section 14 sets out our results for ASQ, a customer satisfaction analysis and benchmarking programme. Within this schedule, we also describe the key service level changes within facilities, which target the maintenance or improvement of passenger service levels; and
- Section 15 summarises operational improvement initiatives, some of which have the effect of improving service levels.

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 ensure that our airline customers and the travelling public share the benefit of higher passenger volumesover time .

Auckland Airport benchmarks well in international comparisons of airport operating costs. We are unusual in the scale of both our domestic and international operations. Often airports are predominantly characterized as either 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 efficiency gains with consumers over time, either through price or quality decisions. We actively explore options for generating process efficiencies, prior to making any significant capital expenditure commitments. As we approach potential diseconomies of scale, we will continue to seek to apply technologies in new ways to achieve more with our existing infrastructure.

Auckland Airport recognises its role within the complex system of tourism and aviation. Collaboration with partners is a critical part of operating as an efficient airport. Outcomes in efficiency are a result of a combined effort from 500+ airport staff and ~20,000 employees of partner organisations. In some instances, we take a leadership role to facilitate broader opportunities for what is a fragmented system. 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. To the extent that Auckland Airport's investment reduces the aeronautical pricing of other partners operating at the airport, this makes the network cost of Auckland Airport more competitive, which can only be in the long-term interests of consumers.

Efficiencies are generated through Auckland Airport's route development activities as greater passenger volumes enable the operating and capital costs to be spread over a broader base when prices are reset. Within a pricing period consumers benefit from increased competition, improved prices and greater choice. These initiatives also deliver benefits for passengers through increased destination choice and price competition. Route development success and unanticipated passenger and aircraft movements growth during PSE2 enabled average prices to fall at the start of PSE3.

We want to be a good corporate citizen and a good neighbour and help build strong, vibrant local and national communities. These communities include people working on and 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 creates long-term, sustained benefits for all parties.

We also have an active environmental program, which manages the water and energy we use and the carbon emissions and waste we generate. We take a broad approach to sustainability and consult with our stakeholders, staff and community to develop a sustainability policy and strategy that addresses issues that are important to them. We are transparent about our sustainability targets and performance – each year we disclose performance in our annual corporate social responsibility report.

Please refer to the following sections for examples of how Auckland Airport generated efficiencies, and shared the benefits, including:

- how costs have been managed through the period versus forecast – Section 6;

- increased asset utilization, which means our assets are becoming more productive over time, which will in turn help to limit prices – Sections 12 and 13;
- the quality of service delivered to airlines in terms of reliability, passengers in terms of satisfaction levels and operational improvement processes – Sections 11, 14 and 15. Discretionary initiatives taken throughout the period to maintain or improve service quality at Auckland Airport, or for the aviation sector, exemplify how efficiency gains can be shared; and
- demand growth during the period and routes which have been developed - Section 16.

Earning a fair and reasonable return on the investments made

Auckland Airport targets a reasonable aeronautical return when setting prices once every five years. Because of the counterveiling influence of the regulatory regime and the Commission's strong views on target return, for PSE3 our target return is less than our estimated airport specific WACC. Target return is determined 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 our 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. On an annual basis, we seek to finance our investment programme efficiently, drive volume, control costs, and deliver on our pricing commitments. In FY18, our actual returns were consistent with what we expected.

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 aviation, tourism and trade trends, innovation and efficiency opportunities.

Auckland Airport has a strategy of responsibly seeking to stimulate demand in air connectivity, tourism and trade. This strategy has long lead times and comes with a significant degree of uncertainty. When this strategy is successful, Auckland Airport may have a temporary benefit in the pricing period - consumers and logistics operators benefit from greater choice, and/or prices may be lowered at the next price reset.

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.

The growth in passenger numbers over PSE2 has led to the acceleration of our capital programme. This acceleration is expected to result in the displacement of some existing assets in PSE3 as we build the Airport of the Future[2]. The business cases will be challenging for some shared (i.e. aeronautical and second till) assets where there will be little if any incremental

[2] Auckland Airport's 30-year vision to build a world-class, yet uniquely New Zealand airport that can accommodate 40 million passengers and 260,000 flights by 2040 to ensure it can continue to connect Auckland to New Zealand, and New Zealand to the world

second till revenues from moving those existing business activities from their current locations to new sites.

In targeting a reasonable return on investment, 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.

Glossary:

A-CDM	Airport Collaborative Decision Making
Act	Commerce Act 1986
AES	Airport Emergency Services
AIP	Aeronautical information publication
AOS	Airport Operation System
APOC	Integrated Airport Operations Centre
ASQ	Airport Service Quality, a global service quality certification body
ASX	Australian Stock Exchange
AT	Auckland Transport
ATOC	Auckland Traffic Operations Centre
Auckland Airport	Auckland International Airport Limited
Avsec	Aviation Security Service
BARNZ	Board of Airline Representatives of New Zealand
BNZ	Biosecurity New Zealand
CAA	Civil Aviation Authority
CCTV	Closed circuit television
COG	Collaborative Operations Group
Commission	The Commerce Commission
CPI	Consumer price index
DJF	Domestic Jet Facility
DTB	Domestic Terminal Building
e-gates	Electronic gates
FCR	Flexible contingent runway
FOD	Foreign object debris
FEGP	Fixed electrical ground power
FTE	Full Time Equivalent
GAAP	Generally accepted accounting practice
GBMD	George Bolt Memorial Drive
HVAC	Heating, ventilation and air conditioning
ID	Information Disclosure
ID Determination	Information Disclosure Determination
IM	Input methodologies
IRR	Internal rate of return
ITB	International Terminal Building
MARS	Multi aircraft ramp system
MCTOW	Maximum certified take-off weight
MPI	Ministry of Primary Industries
MVAU	Market value alternative use
NZ IAS	New Zealand international Accounting Standards
NZ IFRS	New Zealand International Financial Reporting Standards
NZTA	New Zealand Transport Authority
NZX	New Zealand Stock Exchange
OTD	On-time departure
PAX	Passenger
PFAS Foam	Firefighting foam containing perfluorooctane sulfonic acid
PSE2	Price setting event 2 – FY12-FY17
PSE3	Price setting event 3 – FY18-FY22
R&M	Repairs and maintenance
RAB	Regulatory asset base
ROI	Return on investment
SMS	Safety management system
TDP	Terminal Development Plan
WACC	Weighted Average Cost of Capital

Section 1: Return on investment

1.1 Context

Revaluations

The approach an airport takes to value its assets and account for revaluations can materially impact its reported returns. For interested parties unfamiliar with the history of pricing decisions and the technicalities of input methodologies, below we provide some further context. In 2006 (PSE1) Auckland Airport implemented a moratorium on asset revaluations for at least 10 years for Airfield and Terminal Assets. In the most recent pricing period, it was determined to continue that practice and the decision was supported by the airlines.

Auckland Airport carefully considered the impact of the changes made by the Commission to the asset valuation input methodologies in the 2016 review in light of the moratorium. Ultimately, we decided that the best way to provide transparency to interested parties about Auckland Airport's price setting approach was to restate our regulatory asset values for Airfield and Terminals to exclude revaluations from the start of the information disclosure regime – eliminating the previous mismatch between "pricing" and "regulatory" asset values. Auckland Airport used these restated regulatory values as a starting point to determine the asset base for determining Standard Charges. Auckland Airport also elected to make and disclose a further downwards adjustment to remove the impact of revaluations between the start of the moratorium in 2006 and the start of the information disclosure regime in 2010 – using the carryforward mechanism introduced by the Commission in 2016. This adjustment will be a continuing feature of our annual disclosures.

Commerce Commission review of Auckland Airport's target return for PSE3

On 1 November 2018 the Commission released its Final Report on the pricing decision for FY18 – FY22 for Auckland and Christchurch Airport. The Commission's summary of its review was that:

- there is still room for improvement in some areas;
- transparency has improved since the Input Methodologies Review;
- targeted returns have gone down;
- it will review Wellington Airport's price setting next; and
- it then intends to do an overall review of performance across all airports.

In respect of Auckland Aiport the Commission did not identify concerns with the demand forecast, asset valuation, treatment of the Moratorium and operating or capital cost forecasts used in pricing. The Commission did have remaining concerns about our target return, but acknowledged the inherent uncertainty in determining the right return for Auckland Airport and that not all of the difference between the Commission's sector-wide benchmark midpoint WACC estimate and Auckland Airport's target return should be regarded as excess returns. We are reviewing the Commission's findings in detail.

1.2 Change in methodology

In October 2017, the Commission provided Auckland Airport with a conditional exemption from the prescribed form of ROI disclosure as set out in Schedule 1 of the ID Determination. This is because the annual *ex-post* regulatory disclosures have not yet been amended to reflect changes already implemented for the five yearly *ex-ante* price setting disclosures to better reflect actual price-setting approaches followed by different regulated airports. For example, Auckland Airport does not upwardly revalue its aeronautical land each year as currently prescribed by the annual ID regulations. In granting the exemption, the Commission noted that for to comply with the current report on ROI requirements in Schedule 1 of the ID Determination, Auckland Airport would be required to disclose information which is not useful to interested parties.

The exemption was granted on the condition that Auckland Airport includes with its annual disclosure of its financial position for the disclosure years ended 30 June 2018 and 30 June 2019 in accordance with clause 2.3(1) of the ID Determination:

i. an annual return on its regulatory asset base, on a post-tax basis, using an approach consistent with the approach used for its disclosed pricing methodology;
ii. a description of how the annual return is consistent with its forecast return in its pricing methodology;
iii. the calculation used to produce its annual return; and
iv. the assumptions used for its annual return, including:
    a. cash-flow timings for revenue and expenditure;
    b. any carry forward adjustments used to adjust its opening and closing regulatory investment value.

As a result, the following should be noted in relation to Auckland Airport's return for the disclosure year ended 30 June 2018:

i. the FY18 return is calculated on a basis consistent with how Auckland Airport set prices for PSE3 as contained in its price setting disclosure dated 1 August 2017;
ii. refer to Section 1.3 below for a description of how Auckland Airport's annual return is consistent with its forecast return in its pricing methodology;
iii. refer to Appendix 1 for a copy of the calculation used to produce Auckland Airport's FY18 IRR;
iv. key assumptions include:
    - cash flow timings of 30 December 2017 and 2 February 2018 for expenses and revenue respectively;
    - a carry-forward and closing moratorium adjustment to the regulatory investment value which is consistent with that set out in our price setting disclosure;
    - a carry-forward Pier B adjustment which is consistent with that set out in our price setting disclosure; and
    - the timing of the closing investment value for FY18 is 30 June 2018, consistent with the closing investment value for the assessment of IRR in Schedule 18 of Pricing Disclosure for PSE3.

1.3 Commentary on return on investment

Schedule 1 reports on Auckland Airport's ROI on its regulated activities compared with the Commerce Commission's 50th percentile ("mid-point") post-tax WACC estimates for the most recent three year periods starting 30 June – namely FY16, FY17 and FY18. This is an industry wide benchmark that is materially based on a sample of 26 global airports including one New Zealand entity, Auckland Airport. Auckland Airport's actual post-tax ROI under the Commission's ID methodology for the year to 30 June 2018 is 9.1%. This compares to the 9.3% forecast for FY18 as part of Auckland Airport's price setting disclosure.

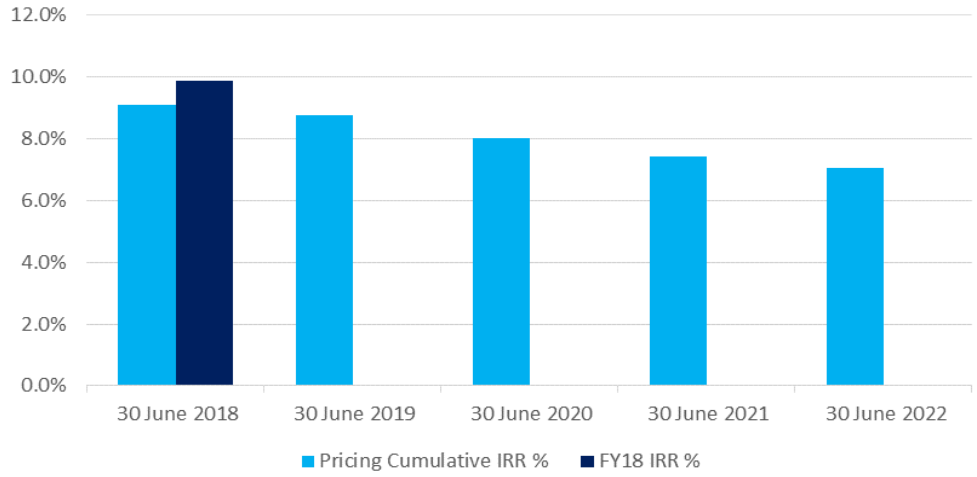
Auckland Airport has targeted an average post tax return (internal rate of return – IRR) of 6.99% for the entire PSE3 on our 'priced aeronautical activities' (for which landing, passenger, check-in and aircraft parking charges are levied on the airlines). Owing to the averaging approach necessary to avoid sudden and large aeronautical price movements during any five-year price setting period, above-target returns were forecast for the start of PSE3 followed by below-target returns at the end of the period. Consistent with comments raised in previous years, Auckland Airport does not believe that annual assessments of returns are informative for interested parties. Auckland Airport considers it more appropriate to consider its returns over the five-year period of PSE3 utilising an IRR methodology, and will disclose the cumulative IRR for PSE3 in subsequent annual disclosures. It should be noted that any IRR calculation over such a short period of time is inherently very sensitive to short term variances versus assumptions. These short term variances are expected to largely average out over the entire PSE3 period.

The table to the right shows that whilst FY18 ROI was lower than the price setting forecast, the more realiable IRR measure of 9.9% was above the price setting forecast of 9.1%.

Year ended 30 June 2018	ROI	IRR
Actual return for FY18	9.1%	9.9%
PSE3 forecast for FY18	9.3%	9.1%

Figure 1 below compares Auckland Airport's FY18 IRR to that forecast in the Price Setting Disclosure.

Figure1: Auckland Airport PSE3 IRR – Actual vs. Price Setting Disclosure



In comparing Auckland Airport's FY18 IRR to that set out in the Price Setting Disclosure for PSE3, we note the following:

(1) higher revenues of $4.0m for the year have been largely offset by higher operating expenditure of $3.0m on that forecast;

(2) assets commissioned in FY18 totaled $284.7m, $75.5m higher than that forecast for FY18 and the RAB at the end of FY18 was $23.7m higher than that anticipated at the time of setting prices. However, a small delay in the timing of commissioning assets between FY17 and FY18 and lower asset disposals in the first year of PSE3 has resulted in a 0.6% higher IRR in FY18 than that anticipated at the time of setting prices. The majority of this timing difference is expected to reverse over the remainder of PSE3;

(3) directly related to point (2) above (and contributing 0.4% of the 0.6% IRR variance identified), less regulatory depreciation was incurred in FY18 compared to the PSE3 price setting forecast. Delays in the completion of the complex level 1 international terminal departure expansion project resulted in the majority of the project being commissioned in FY18, one year later than that anticipated at the time of setting prices. Despite these assets indeed incurring depreciation in FY18 for statutory accounting purposes, the ID methodology does not permit assets to be depreciated in the first year of commissioning;

Adjusting for this temporary 0.6% effect, actual FY18 IRR would have been approximately 9.3%, i.e. almost equal to the 9.1% price setting forecast. Please refer to Section 6 for a detailed analysis of period to date operating expenditure and capital expenditure variances versus the original PSE3 pricing forecasts.

Section 2: Regulatory Profit

2.1 Comment on regulatory profit

Net operating revenues were $4.0m or 1.2% up on forecast reflecting stronger than anticipated lease, rental and concession income, partly offset by lower airfield and passenger service charges revenue. In FY18, actual aeronautical demand was well above forecast for lower yielding domestic passengers, and below forecast for the higher yielding international passengers. The above forecast domestic passenger growth in FY18 was materially higher than the domestic airlines indicated was likely during the PSE3 Pricing consultation process.

Operating expenses were $3.0m higher than forecast reflecting higher asset management and airport operations and asset maintenance costs, partly offset by lower corporate overheads. Refer Section 6: Actual to Forecast Expenditure for detailed discussion on the variances relating to operational expenditure.

Regulatory depreciation for FY18 was $5.2m (9.9%) lower than forecast as a result of a significant value of terminal development assets commissioning slipping into FY18 compared to FY17 assumed at the time of setting prices. These assets will begin being depreciated for regulatory purposes from FY19 rather than FY18 as assumed for the price setting forecasts.

2.2 Justification for merger and acquisition expenses

There were no merger and acquisition expenses in the year ended 30 June 2018 for the regulated airport business.

Section 3: Regulatory Tax Allowance

3.1 Disclosure of permanent differences and temporary adjustments

Other permanent difference – not deductible:

This is the allocated regulatory share of incurred entertainment expenses. These expenses cannot be deducted from profit for tax purposes.

Other temporary adjustments – current period:

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

- employee related provisions ($3.1m) for employee leave, ACC, FBT and staff incentives
- other accruals and provisions ($5.3m) including doubtful debts and non-specific accruals

These provisions will reverse during the year and be replaced with actual incurred non-deductible expenditure (hence the term “temporary adjustments”). These also include fixed asset timing differences of $2.4m, related to the disposal of fixed assets and consultative costs for acoustic treatment.

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 ($5.9m) and other accruals and provisions ($5.7m).

3.2 Regulatory tax asset value of additions

During FY18 $305.5m of regulatory assets were added to the tax register. This is higher than the $284.7m of assets added to the RAB. The difference is predominantly due to $33m of assets in the redevelopment of the International Terminal being already commissioned into the RAB in 30 June 2017 that hadn’t yet been processed for tax purposes.

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

Other adjustments to the RAB tax value relate to lost and found assets and adjustments resulting from cost allocation as described in Section 4.2 below.

Section 4: Regulatory Asset Base Roll Forward

4.1 RAB value—previous disclosure year

Restated asset values

Reflecting the recently revised input methodologies (IMs), Auckland Airport undertook a bottom-up restatement process to generate restated regulatory asset values for all individual assets as at 30 June 2016. These restated asset values were used to complete the "previous disclosure year" information in Schedule 4, and this restated asset base has then been rolled forward from 30 June 2017 to 30 June 2018 in accordance with the IMs.

This process has resulted in restated asset values that remove the impact of all revaluations for Airfield and Terminal assets from the start of the ID regime (FY10), consistent with the approach that Auckland Airport has taken for pricing purposes (i.e. consistent with the moratorium on asset revaluations for aeronautical pricing). The land value in the restated asset base also reflects the High Court's ruling (incorporated into the IMs by the Commission) that the value of land in the initial RAB should be its market value alternative use (MVAU) value as at 30 June 2010, rather than as at 30 June 2009 per the previous IMs.

The following table provides an overview of Auckland Airport's approach to asset values and revaluations in the RAB.

Segment	Land assets		Non-land assets	
	Base value	Revaluations included in RAB?	Base value	Revaluations included in RAB?
Airfield	2010 per hectare MVAU values	No	2009 disclosed value (or cost at commissioning)	No
Terminal	2010 per hectare MVAU values	No	2009 disclosed value (or cost at commissioning)	No
Aircraft and Freight	2010 per hectare MVAU values	Yes - 2011 MVAU revaluation and indexed at CPI since 2011	2009 disclosed value (or cost at commissioning)	Yes (CPI)
Land held for future use	2009 MVAU value	Yes – revaluation included to bring land value to 2010 MVAU values (consistent with RAB). No further revaluations included.	-	-

4.2 Lost and found assets and adjustments resulting from cost allocation

A capital expenditure project typically enters the fixed assets register initially as a single item (representing the project). 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 as well as impacting the value of the Allocated RAB.

The logical place to record these movements in Schedule 4 is in row 28, entitled "Adjustment resulting from cost allocation". However, because row 28 does not contain an area to input movements in Unallocated RAB, we have shown the $7.1 million Unallocated RAB movement due to asset splits and transfers in row 26, under the "Lost and found assets adjustment".

On an Allocated RAB basis, the adjustment resulting from cost allocation has resulted in a RAB decrease of $2.0 million.

4.3 Calculation of revaluation rate and indexed revaluation of fixed assets

Consistent with amendments to the IMs in December 2016, and with Auckland Airport's pricing decision for PSE2 and PSE3, the only disclosed revaluations for FY18 are indexed revaluations for assets directly allocated to Aircraft & Freight activities. CPI revaluations have been retained for Aircraft and Freight assets, which is more consistent with Auckland Airport's market-based approach to determining the revenue associated with these assets – covered by leases negotiated with individual customers. There are no revaluations for Airfield or Terminal assets in FY18, consistent with Auckland Airport's decision to continue its moratorium on asset revaluations for pricing purposes over PSE3. For further explanation of the moratorium refer to Section 1. Schedule 4b(iv) of the ID Determination (Calculation of Revaluation Rate and Indexed Revaluation of Fixed Assets) currently reflects the previous IM requirement that all assets must be revalued using CPI-indexation. This schedule, as currently specified, does not allow Auckland Airport to disclose the value of revaluations of the RAB in a manner consistent with our approach when setting prices – i.e. it does not allow us to apply revaluations only to a part of the RAB (Aircraft and Freight assets).

Auckland Airport has been granted an exemption by the Commission from the requirement to use the calculation of indexed revaluation for the RAB and the unallocated RAB as currently specified in Schedule 4b(iv), provided that Auckland Airport disclose its indexed revaluations in a manner most consistent with the approach used to set prices.

Auckland Airport has done so by including an additional line in Schedule 4b(iv) for the FY18 disclosure. This additional line has been labelled "Assets not subject to revaluation". This adjustment allows Auckland Airport to net out the value of airfield and terminal assets not subject to revaluation from the total value of the RAB, leaving only aircraft and freight assets that then have CPI indexation applied. Auckland Airport has also removed the automatic formula from the "Asset disposals" line, so that this cell reflects only asset disposals from aircraft and freight assets – i.e. the remaining part of the RAB not subject to revaluation have been removed.

4.4 Assets held for future use

Restatement of assets held for future use – previous disclosure year

As discussed above, Auckland Airport has restated its Airfield and Terminal assets to exclude all revaluations after the establishment of the initial RAB value as at 30 June 2010. To be as consistent as possible with the value of airfield land included in the RAB, Auckland Airport has restated the value of land included in assets held for future use as follows:

- the base value in the schedule remains the 30 June 2009 MVAU as required by the IMs;
- Auckland Airport has rolled this base value forward to align the value of assets held for future use with the 30 June 2010 MVAU proxy value used for airfield land in the RAB – effectively including a periodic land revaluation in 2010 for land held for future use. These revaluations are disclosed as "tracking revaluations" in accordance with the IM determination; and
- no further revaluations – CPI or periodic land revaluations – have been included for assets held for future use after 30 June 2010.

The "previous disclosure year" information in Schedule 4b(viii) reflects this restated value.

Transfer of land from assets held for future use

In FY18, there was a transfer of 0.57 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 deducted at its current disclosure carrying value ($0.5m) via the Assets held for future use – disposals line.

Section 5: Related Party Transactions

5.1 Transactions with related parties

All trading with related parties, including and not limited to license 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 the Auckland International Airport Marae Ltd at no charge; and
- transfers of land held for future use to a Park & Ride facility at the regulatory carrying value in accordance with the ID Determination.

No guarantees have been given or received.

5.2 Auckland Council and its subsidiaries

Auckland Council's shareholding of Auckland 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 2018 were:

- rates of $2.6m (2017: $2.4m);
- compliance, consent costs and other local government regulatory obligations of $0.2m (2017: $0.4m);
- City Park Services – grounds maintenance costs of $1.5m (2017: $1.6m); and
- Watercare – water, waste water and compliance services costs of $1.3m (2017: $1.2m).

As reported in the prior year, the conditional agreement between Auckland Council on 28 October 2010, 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. This transaction was completed on 20 February 2017 once conditions were satisfied at a cost of $3.3m. These roads were previously classified as unregulated activities and were excluded from the RAB. This year the classification has been corrected and they have now been transferred into the unallocated RAB with a partial allocation to the RAB.

5.3 Auckland International Airport Marae Ltd

Auckland International Airport Marae Ltd has two members of the Auckland Airport's senior management team on its board. During the year ended 30 June 2018, maintenance and occupancy costs of $0.03m (2017: $0.07m) were incurred in relation to the marae by the airport business.

5.4 Auckland Airport's non-regulated business

As mentioned in Section 4.4 above, Auckland Airport transferred circa 0.57 (2017: 1.6) hectares of land held for future aeronautical use to a Park & Ride facility at the value of $0.5m (2017: $1.4m).

5.5 Associate entities

Auckland Airport's related parties include associate entities being Tainui Auckland Airport Hotel Limited Partnerships and Queenstown Airport Corporation. Auckland Airport's holding in North Queensland Airports was sold during the FY18 financial year. There were no transactions between the associates and the airport during the year.

Section 6: Actual to Forecast Expenditure

This note is in two parts. The first is a summary of operating expenditure and the second capital expenditure.

6.1 Operating expenditure overview

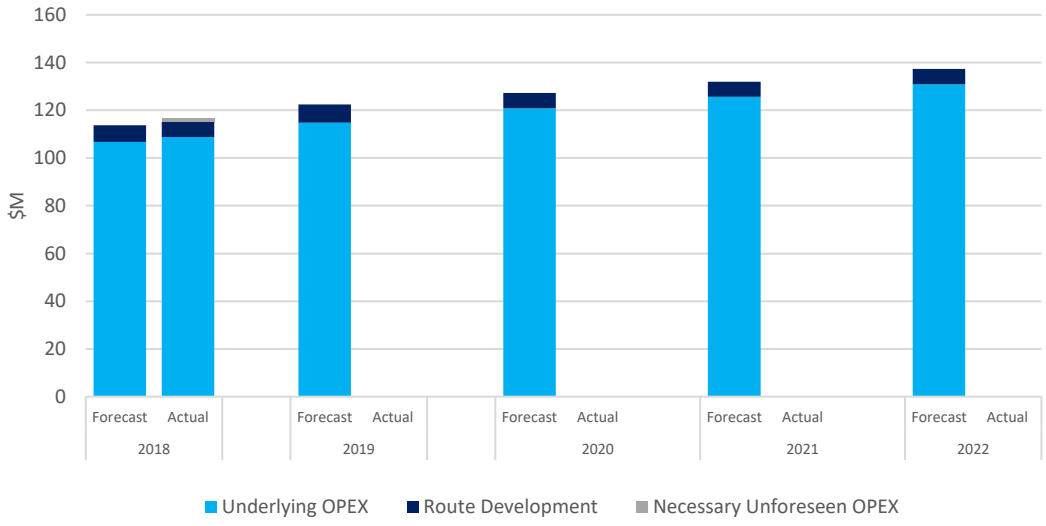
The table in Schedule 6a requires an allocation of operating costs between three categories: “corporate overheads”, “asset management and airport operations” and “asset maintenance”. Auckland Airport has undertaken this allocation based on the primary activities of the business units where costs are incurred. In FY18 we have revisited these allocations following BARNZ advice that there were differences in Auckland Airport cost classifications and those of both Christchurch and Wellington airports. We have made changes to some business unit classifications to enhance comparability with other regulated airports. We have also restated our operating expenditure forecasts for PSE3 to reflect these classification changes to support variance analysis through PSE3.

We note that the asset maintenance cost category variance shown therefore includes not only the ‘pure’ $0.8m Repairs and Maintenance variance explained in the next 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.

Operational expenditure – variance analysis

FY18 regulated costs were slightly up on the pricing forecasts by $3.0m (+2.6%). The following chart summarises the differences between actual operating costs incurred and the PSE3 price setting forecast.

Figure 2: Operational expenditure – Actual vs. Price Setting Disclosure

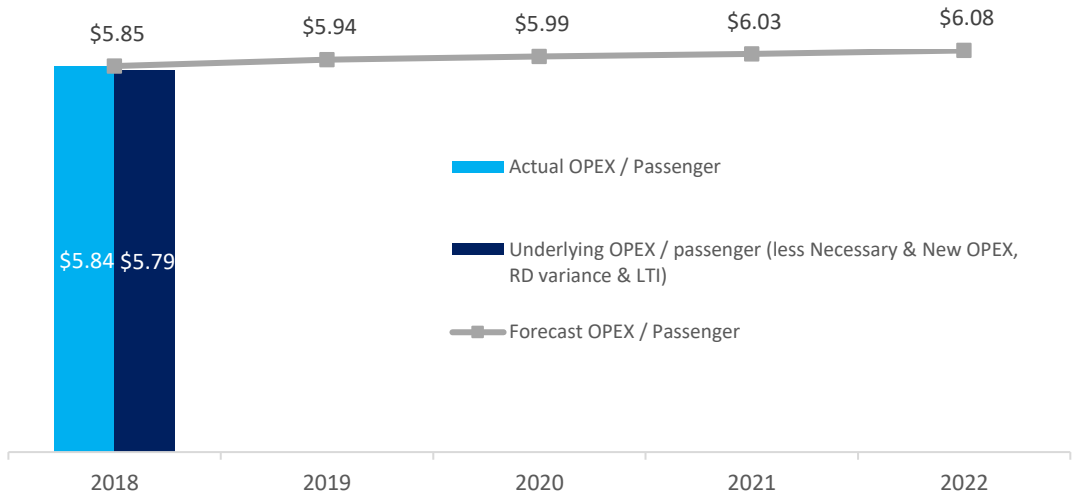


Together with a positive variance in passenger demand, actual expenditure per passenger for FY18 was $5.84, close to the pricing forecast at $5.85. Underlying costs came in at $5.79 per

PAX, however we incurred one necessary unforeseen operational expenditure in the disposal of the firefighting PFAS foam in FY18.

Although regulated costs were slightly up on the pricing forecast, Auckland Airport was able to deliver the forecast efficiency on a per passenger basis as shown on the following chart.

Figure 3: Operational expenditure per pax – Actual vs. Price Setting Disclosure



The operating cost variances are described below:

Area	FY18 Variance	PSE3 Variance	FY18 variance explanation
Marketing, Promotions & PR	-$1.1m	-$1.1m	Marketing, Promotions and PR costs were $1.1m less than pricing forecast in FY18. This variance is primarily 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 driven by lower committed airline route marketing (payable when airlines achieve agreed capacity targets) and business-as-usual marketing (including airline and non-airline marketing, general route and destination marketing, market research and company-wide promotions).
Personnel Costs	$2.0m	$2.0m	Personnel costs were $2.0m more than the pricing forecast for FY18. Personnel increased in our Security and Emergency services team to comply with regulatory requirements. Engineering and Maintenance personnel also increased to support the continued growth of investment in infrastructure and equipment asset base. Increases in Health and Safety, Human Resources and Master Planning reflect the general uplift in activity for long term growth in construction and capital works.
Repairs & Maintenance	$0.8m	$0.8m	Repairs & Maintenance (R&M) costs were $0.8m more than the pricing forecast in FY18. R&M costs are mostly within the Asset Maintenance cost category and include contracted services. The major area of work contributing to the variance is the one-off unforeseen cost of $1.2m for the disposal of the PFAS foam used in the rescue fire trucks.

Area	FY18 Variance	PSE3 Variance	FY18 variance explanation
Consultancy, Audit & Legal	$1.9m	$1.9m	Consultancy, Audit & Legal costs were $1.9m higher than pricing forecast in FY18. The primary drivers for variance to pricing forecasts were: - costs associated with a fuel feasibility study to determine a future road map on the design and development of the Joint User Hydrant installation for growth resilience, commissioned with BARNZ, funded by the airport; - airside bus consultancy for the deployment of new airside busses and Aviramps and stand planning optimisation for peak seasons to improve efficiency on the apron and utilisation of new gates, studies for master planning around light rail; and - Business Technology transition costs associated with development of business case and strategy behind the decision to outsource core IT maintenance services.
Management Fees	$1.8m	$1.8m	Management Fees were $1.8m higher than pricing forecast in FY18. The main drivers of this variance were: - the increased baggage handling services costs on the western domestic system, extra resource and full year impact of the now 24/7 support; - higher costs to service the growing number of airlines / passengers using the lounge; and - transfer of the technology support function to an external service provider incurred transition costs not forecasted. The new technology operating model will provide additional benefits in the form of improved network resilience, security and IT support over the remainder of the pricing period. This will allow Auckland Airport management to focus on technology strategy to improve customer experience and drive efficiency.
Utilities/Other	$0.1m	$0.1m	Utilities costs were $0.1m higher than pricing forecast in FY18. This variance was driven by faster growth in infrastructure.
Other expenses	-$2.5m	-$2.5m	Other expenses were $2.5m less than the pricing forecast for FY18. These savings were achieved across insurance, travel & training, cleaning, rates, shareholder expenses, telco & computing and other minor expenses.
Total variance	**$3.0m**	**$3.0m**	

6.2 Capital expenditure overview

The base case forecast capital expenditure for PSE3 represented Auckland Airport's best view of the likely range of capital expenditure required over the forthcoming pricing period. The airlines generally agreed that the level and timing of planned investment was appropriate.

We are in a constant cycle of plan, build and project delivery. However, at a macro level our 30-year vision can be identified by three key phases (with some crossover):

1. Design, Plan and Prepare (2014-2019): detailed design, logistical planning, and relocation of certain tenants and infrastructure to clear space for the new build);

2. Build (2020-2022): the most significant phase of construction including terminal and roading infrastructure; and

3. Deliver a world class airport experience (2023+): completion of integrated domestic jet facility, providing a customer experience for New Zealanders to enjoy and be proud of.

FY18 has involved a heavy programme of consultation with our key customers on requirements and optioneering around major projects such as arrivals expansion, airfield expansion, surface access network, and the new Domestic Jet Facility.

In 2018 Auckland Airport has successfully delivered the Pier B expansion, completed the majority of the Level 1 expansion at the International Terminal, delivered an additional remote stand, optimised international check-in space through desk reconfiguration and investment in mobile kiosks and commenced improvements to the current Domestic Terminal to improve service levels until the new domestic facility is commissioned.

The level of investment that Auckland Airport has committed to undertake in PSE3 is unprecedented and involves several large distinct but interdependent developments across the aeronautical campus. We are committed to delivering generational assets that best meet the competing demands of all stakeholders. Regular consultation has enabled a better understanding of the options and trade-offs that the airlines and airport consider to be best in the long term for consumers. Through this process we have incorporated material new information from third parties that has the potential to affect the programme (e.g. from New Zealand Transport Authority (NZTA) and the Civil Aviation Authority (CAA)) and developed a greater understanding of the construction pathway. Overall, projects which are relatively independent of the wider airport system are progressing on time (e.g. the airfield), whilst projects that have interdependencies are proving more complex and taking longer than forecast. The airport and airlines have worked collaboratively recognising that it is better to take slightly longer in design, given the legacy and life these major investments will have. We continue to invest the time to ensure that the projects we deliver are the best possible solutions for the long term.

In 2018, we undertook Project Core, a project that focused on reconfirming that the Terminal Development Plan remained aligned to the long-term requirements of our stakeholders. We concluded that there are no significant changes which would cause the airport or the airlines to re-consider the key priorities of the programme, other than the aforementioned changes by NZTA and CAA.

As we deliver the programme we are conscious of four key risks:

- Change fatigue by our customers: A key source of the complexity at Auckland Airport, is the fact that the shallow “bean-like” shape of the terminal cannot easily be deepened as the airfield and roads act as constraints. Therefore, in order to enable growth, existing activities must be displaced. We are thankful to businesses which have agreed to move in order to enable growth. We are also conscious that the travelling public will be inconvenienced through this construction period and that we must educate them, both of the greater vision and how to best travel through the airport during the construction cycle.
- Delivery: One of the most challenging issues we face in this development cycle concerns how we are able to deliver large scale infrastructure projects in a live 24/7 environment without compromising service levels and the overall experience of all our customers. There is no easy solution to this challenge, however there have been many key learnings from the two recent major projects undertaken being the extension of Pier B that is now complete

and the Level 1 Departures expansion that will complete in FY19. Lessons learned from these projects are in the process of being incorporated into the delivery framework for future major projects.

- Broader system risks: An airport is a system and the planning and resourcing decisions of all parties to the system (from NZTA, to government departments and the airport) materially affect the productivity of the system. We work actively with stakeholders to understand how our infrastructure affects their productivity, and how their decisions affect the productivity of the broader system.
- Shallow construction pools: We do hold concerns that changes in the external construction market (including Fletcher Building withdrawing from bidding on any new vertical construction projects) and significant constraints at head and sub-contractor levels has reduced the number of suppliers which have the scale to deliver the projects that will be undertaken in PSE3.

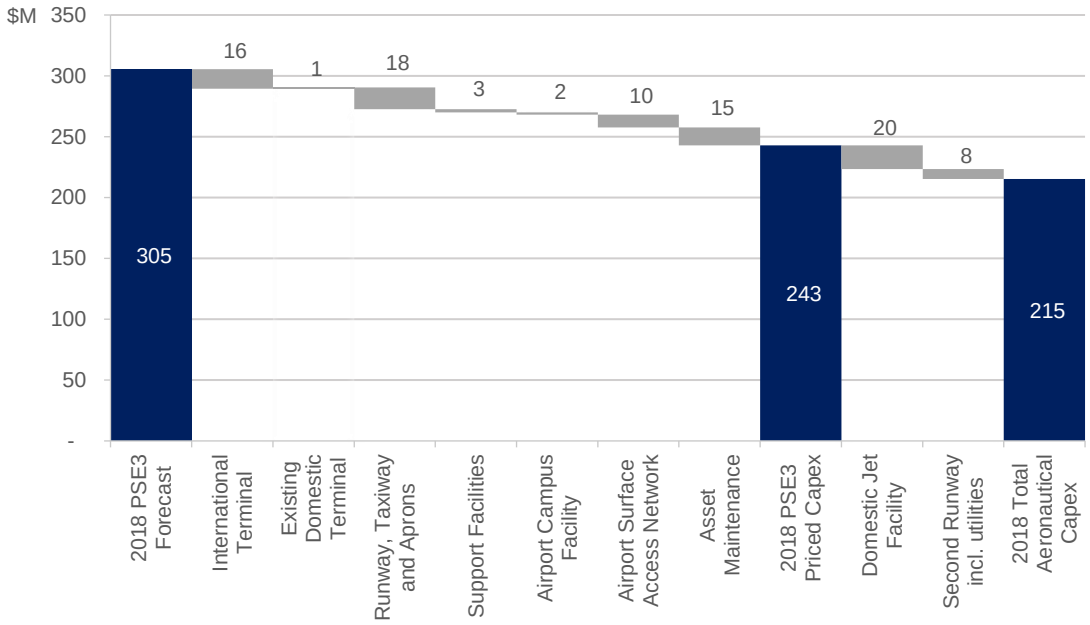
We will continue to consult with our stakeholders on the design and timing of the new Domestic Jet Facility and we expect to ramp up enabling works for this project in the second half of 2019.

Similar to previous PSE periods, Schedule 18's forecast capital priorities will be reviewed and reprioritised regularly during PSE3. All major changes to capital expenditure plans will be discussed with the airlines and BARNZ.

Capital expenditure – variance analysis

Due to extended periods of design consultation we have not commenced all projects as scheduled in FY18. Consequently, capital expenditure in FY18 is 30% ($90m) below the Schedule 18 pricing forecast, albeit the total commissioned RAB for which aeronautical charges were levied was approximately $24 million above forecast as at 30 June 2018. The FY18 capital expenditure forecast to actual variance by programme is shown in the graph below.

Figure 4: FY18 Variance by capital investment programme



Despite the reduced capital expenditure in FY18, Auckland Airport remains confident that it will commission the value of assets in PSE3 from which PSE3 regulated aeronautical charges were calculated. The assets that were forecast to be commissioned are primarily the arrivals expansion at the International Terminal, taxiways Mike and Lima extensions, additional aircraft gates and stands and significant improvements to roading.

Projects which were not forecast to be commissioned in PSE3 include the Domestic Jet Facility and the Second Runway including Utilities. They sit outside PSE3 prices. The projects which do not commission in PSE3 are heavily featured in the programmes with an asterisk after the title in the following capex variance analysis section.

Key Capital Expenditure Projects Variance Analysis

The variance in capital expenditure for FY18 compared to pricing forecasts is primarily due to prolonged consultation and alignment with stakeholders on the arrivals expansion, the Domestic Jet Facility (terminal and airfield) and terminal roads. These projects are all interrelated and given their size and complexity pose a significant risk to both the day-to-day operation of the airport and future development pathway if the planning and design phase is rushed and we commence construction without broad stakeholder support.

The table below briefly describes line item variances of more than 10% period to date.

Key Capital Project	Commentary
International Terminal (Check-in, Outbound Baggage & Landside Dwell)	
PSE3 actual to date: $5,441k *FY18 variance:* $(6,475)k *PSE3 variance:* $(6,475)k	**Project description and objectives** The objectives of this programme are to create additional capacity through check-in (back of house bag screening, kiosks, automated bag drops) and the reconfiguration of the existing International Terminal Building. Towards the end of PSE3, Auckland Airport is expanding the check-in area into the current MPI arrivals area, which will be vacated through the Arrivals programme of works. **Progress in PSE3** In FY18, a new lift to level 1 of the departure hall was added to increase capacity; procured additional check-in kiosks and mobile service desks; reconfigured the Zone E check-in desks and continued to invest in the baggage system to increase capacity. In addition, a project to implement back of house regional hold baggage screening was planned following guidance by the CAA . The CAA is yet to implement this requirement for aircraft <90 seats and therefore implementation is on hold.
International Terminal (Arrivals)	
PSE3 actual to date: $862k *FY18 variance:* $(19,301)k *PSE3 variance:* $(19,301)k	**Project description and objectives** The objective of this programme is to provide a consistent journey time through the end-to-end international arrivals process. The largest project in PSE3 within this programme is the expansion of the MPI arrivals area. **Progress in PSE3** In FY18 key projects delivered or underway were the MPI Green Lane to up throughput and upgrades to toilets. Significant progress was made on concept design for the arrivals project. The cost of design activity to date is included in the Domestic Jet Facility (DJF) programme as the Arrivals concept and preliminary design for both projects are being delivered by a single delivery team to ensure alignment. At the conclusion of the preliminary design phase the detailed design of the MPI expansion will be delivered under this programme of works. Auckland Airport plans to complete detailed design activity in FY19. Other projects delivered or underway in FY18 included improvements to the configuration of the MPI Green lane to increase throughput and upgrades to toilet facilities.

Key Capital Project	Commentary
International Terminal (Airside Emigration & Dwell)	
PSE3 actual to date: $85,731k *FY18 variance:* $34,729k *PSE3 variance:* $34,729k	**Project description and objectives** The objective of this programme is to deliver airside capacity within the International Terminal building. This programme is dominated by two major projects in PSE3, the Level 1 expansion at the International Terminal building scheduled for completion in FY19, and Airside enabling for the "Wedge" which is forecast to commence in FY22 and is not priced. **Progress in PSE3** Phase 3 has been underway since September 2015 and involved refurbishing or extending 36,000m2 of the existing international terminal building – a space larger than the new International Convention Centre being built in Auckland city. It has been a difficult and complex project in the operational heart of the terminal and included substantial structural work to upgrade the international departures experience to cater for future growth. It has also resolved legacy issues within the original building such as misaligned floor levels, building services and asbestos remediation. The end result is significant improvement in the passenger experience. From security screening through to the Pier A node, the nature and quality of the new dwell spaces will leave passengers with a memorable and lasting impression of Auckland and New Zealand and the enhanced capacity of the new border processing area will allow us to better accommodate thousands of passengers each day and improve the summer peak experience. A key lesson from this project has been that more time in the design and planning phases can pay-off later in the process. This lesson is shaping our current approach to the TDP programme.
International Terminal (Pier and Connections)	
PSE3 actual to date: $54,439k *FY18 variance:* $(23,755)k *PSE3 variance:* $(23,755)k	**Project description and objectives** The objective of this programme is to provide additional stand and bus lounge capacity as well as improving the transit experience for transferring international services. **Progress in PSE3** The Pier B expansion was completed in FY18 on time and below budget. This project involved an expansion of Pier B to the west and delivered two new gated Code F MARS stands (17 & 18) which are now both in daily operation. This project was relatively less complex than others as the construction site for the majority of the build was landside, reducing security complications, and the expansion itself was primarily a greenfields development.
Ground Transport Centre / Plaza - Aeronautical elements*	
PSE3 actual to date: $ - *FY18 variance:* $(1,138)k *PSE3 variance:* $(1,138)k	**Project description and objectives** The objective of this programme is to deliver passenger dwell and protected landside transition routes in the area in front of the International Terminal Building and between the Car Parks and Hotels. **Progress in PSE3** Concept design was planned in FY18 and is being delivered as part of the DJF concept design as the same team is responsible for both. Detailed design and construction costs will be recorded against this programme once commenced.

Key Capital Project	Commentary
Integrated Facility (Domestic Jet Facility (Phase 5))*	
PSE3 actual to date: $16,182k *FY18 variance:* $(19,672)k *PSE3 variance:* $(19,672)k	**Project Description and Objectives** The objective of this programme is to provide a staged pathway towards an integrated terminal facility capable of processing international and domestic passengers. The first deliverable on this pathway is to construct a new domestic facility adjacent to the current international terminal which will have common landside functions (e.g. check-in capacity). **Progress in PSE3** In FY18 Auckland Airport has focused on progressing the concept design of the new DJF including consultation with stakeholders. This project interfaces with all parts of the infrastructure required to deliver the aeronautical functions of the airport and as a result is complex. Management has elected with airline support to increase the design time to ensure that the solution appropriately balances functionality, affordability, constructability and seeks to minimise the disruption to airlines and the travelling public through the transition period.
Existing Domestic Terminal (Extension of life)	
PSE3 actual to date: $1,050k *FY18 variance:* $1,050k *PSE3 variance:* $1,050k	**Project description and objectives** The objective of this programme is to ensure that the current Domestic Terminal continues to meet the requirements of domestic carriers and passengers until the new DJF is commissioned. **Progress in PSE3** Work was not forecast to commence until FY19, however based on demand and identified capacity constraints a decision to commence activity in FY18 was made. Projects currently underway include realignment of the DTB forecourt to increase capacity, expansion of the western landside area of the DTB, terminal expansion for regional carriers and upgraded public toilet facilities.
Runway, Taxiway and Aprons (Code F taxiway, stands and aprons)*	
PSE3 actual to date: $5,954k *FY18 variance:* $(5,391)k *PSE3 variance:* $(5,391)k	**Project Description and Objectives** The objective of this programme is to meet airfield capacity requirements through the construction of new stands, modifications to and extension of taxiway and taxilane infrastructure and the construction of new aprons capable of handling Code F aircraft. **Progress in PSE3** In FY18, Stand 75 (a fully serviced Code F MARS stand) was completed on time and under budget. In addition, Auckland Airport commenced feasibility and preliminary design works on extending Taxiways Lima and Mike to Pier B and the development of aprons, stands and taxilanes to the north of Pier B.

Key Capital Project	Commentary
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5))	
PSE3 actual to date: $ - *FY18 variance:* $(5,481)k *PSE3 variance:* $(5,481)k	**Project Description and Objectives** The objective of this programme is to meet airfield capacity requirements through the construction of new stands, modifications to and extension of taxiway and taxilane infrastructure and the construction of new aprons capable of handling Code B/C/E aircraft. The largest single project in PSE3 of this programme will be the construction of 12 fully serviced Code C jet stands, 2 remote stands and associated apron infrastructure to service the new DJF. **Progress in PSE3** Concept design work for the new DJF stands began in FY18. The cost of activity to date is included in the DJF programme as both concept and preliminary designs for the new domestic terminal and associated stands are being delivered as a single project. At the conclusion of the preliminary design phase the detailed design of the stands will be delivered under this programme of works.
Runway, Taxiway and Aprons (Airfield utilities)	
PSE3 actual to date: $1,487k *FY18 variance:* $(7,188)k *PSE3 variance:* $(7,188)k	**Project description and objectives** The objective of this programme is to deliver efficient utilities for airfield operations including re-fuelling / energising aircraft and ground handler equipment. **Progress in PSE3** In FY18, the main projects were the continued development of the fuel hydrant system to ensure compliance with Health & Safety in Employment (Pipelines) Regulations 1999. These compliance activities were primarily forecast to be delivered in FY18 but due to resourcing challenges are now scheduled for completion in FY19. A multi-year project to implement electric vehicle charging units on the aprons for use by ground-handlers at the time PSE3 prices were set was scheduled to be delivered over FY18-19. However this project was deferred and is now scheduled to be delivered over FY19-20.
Runway, Taxiway and Aprons (Flexible contingent runway)	
PSE3 actual to date: $207k *FY18 variance:* $207k *PSE3 variance:* $207k	**Project description and objectives** The flexible contingent runway (FCR) programme aims to provide the required infrastructure and operational systems to provide an immediate second runway option if the main runway is compromised. This project was signalled as part of PSE3 pricing disclosure but was not reflected in aeronautical charges due to a high level of uncertainty in regard to total cost and timing. **Progress in PSE3** In FY18 work on the FCR progressed into the concept design phase and Auckland Airport is working closely with Airways New Zealand on lighting and navigational requirements for it.

Key Capital Project	Commentary
Support Facilities (Business technology)	
PSE3 actual to date: $3,865k *FY18 variance:* $(1,199)k *PSE3 variance:* $(1,199)k	**Project description and objectives** This programme delivers the core technology infrastructure upon which the airport operates, including but not limited to networks, servers, application monitoring, access control and end user computing. **Progress in PSE3** In FY18 the main projects undertaken were the introduction of improved tools to monitor application and network performance to build resilience, upgrades to the core network and a refresh of end-user computer assets. The FY18 variance to plan is primarily driven by timing of activity and the accounting treatment of setup costs which were deemed to be operational expenditure rather than capex.
Support Facilities (Acoustic mitigation)	
PSE3 actual to date: $1,501k *FY18 variance:* $(124)k *PSE3 variance:* $(124)k	**Project description and objectives** The objective of this project is to comply with the legal obligation under Auckland Airport's Designation 1100 to offer land-owners of affected properties that fall within the area qualifying for aircraft noise contour acoustic treatment and related ventilation to achieve an internal acoustic environment of 45 dBALdn. In order to meet the annual obligation, Auckland Airport makes a capital provision based on an estimate of the number of landowners that will accept an acoustic treatment package. **Progress in PSE3** This programme is largely running to plan.
Support Facilities (AD&D support projects)	
PSE3 actual to date: $2,807k *FY18 variance:* $(2,094)k *PSE3 variance:* $(2,094)k	**Project description and objectives** The objective of this programme is to provide the capability, infrastructure, statutory planning and holistic planning studies to underpin the effective delivery of the aeronautical development plan. **Progress in PSE3** In FY18, the main projects included development of the stormwater catchment, continued refinement of the TDP, upgrades to systems and processes for major project planning and delivery, installation of 125 survey control points across the campus and development of a tactical transport model. The variance to plan in FY18 is related to the timing of construction support facilities to support the efficient delivery of future major projects which are now expected to occur in FY19-20.
Support Facilities (Airport Emergency Services)	
PSE3 actual to date: $1,257k *FY18 variance:* $465k *PSE3 variance:* $465k	**Project description and objectives** The objective of this programme is to ensure that the Airport Emergency Services (AES) function has the capital resources and infrastructure required to maintain compliance with the CAA regulations. **Progress in PSE3** In FY18, the main projects were replacement and upgrades of AES fire appliances, rescue and protective equipment. The variance to plan is timing related with some projects planned for FY19 being delivered in FY18.

Key Capital Project	Commentary
Support Facilities (Marketing customer service and communications)	
PSE3 actual to date: $157k *FY18 variance:* $(466)k *PSE3 variance:* $(466)k	**Project description and objectives** The objective of this programme is to continue to develop and implement communications infrastructure to measure and improve customer experience. **Progress in PSE3** The primary project in FY18 was the implementation of a larger, improved digital arrivals screen.
Support Facilities (Corporate)	
PSE3 actual to date: $1,936k *FY18 variance:* $751k *PSE3 variance:* $751k	**Project description and objectives** The objective of this programme includes the regulated share of company-wide projects that support the operation of the Auckland International Airport company. Examples of these types of projects include new systems for corporate service functions such as human resources, procurement and health & safety. **Progress in PSE3** Key activities in the year were the expansion and fit-out of office facilities for Auckland Airport in the Quad precinct. This was required due to an increase in size of the capital development and delivery team, the deployment of a new contract management system and commencement of an upgrade to the existing staff time sheeting and scheduling system.
Airport Campus Utilities (Utilities - Storm water)	
PSE3 actual to date: $ - *FY18 variance:* $(678)k *PSE3 variance:* $(678)k	**Project description and objectives** The objective of this programme is to ensure that Auckland Airport has sufficient capacity and resilience in the storm water system to meet demand, particularly during extreme conditions. **Progress in PSE3** In FY18, capital works on storm water assets have focused on renewal projects to the existing storm water network and were instead delivered under the Maintenance - business as usual programme.
Airport Campus Utilities (Utilities - Water and wastewater)	
PSE3 actual to date: $1,047k *FY18 variance:* $(1,068)k *PSE3 variance:* $(1,068)k	**Project description and objectives** The purpose of this programme is to ensure that the water and wastewater networks have sufficient capacity to meet aeronautical requirements. **Progress in PSE3** The primary project in FY18 was the upgrade of the main watermain to the airport campus involving the installation of a new 450mm watermain and rehabilitation of the existing 250mm watermain to provide further resilience. In addition, an upgrade to the main airport sewer rising main was completed. The FY18 variance is driven by demand triggers not being reached that necessitate the next phase of work.

Key Capital Project	Commentary
Airport Campus Utilities (Utilities - Power - LV and HV Power)	
PSE3 actual to date: $ - *FY18 variance:* $(305)k *PSE3 variance:* $(305)k	**Project description and objectives** The objective of this programme is to ensure that Auckland Airport has sufficient capacity to meet future needs and provide resilience. **Progress in PSE3** In FY18, capital works on maintaining the electricity network primarily focused on renewals and were instead delivered under the Maintenance - business as usual programme .
Airport Surface Access Network (Terminal roads)	
PSE3 actual to date: $1,359k *FY18 variance:* $(6,148)k *PSE3 variance:* $(6,148)k	**Project description and objectives** The objective of this programme is to deliver a resilient terminal roading network which caters for growth, and allow for consistent journey times throughout the precinct. **Progress in PSE3** In FY18 work was undertaken on the DTB forecourt to improve traffic flow rates, reduce volume of traffic on the Cyril Kay / George Bolt Memorial Drive (GBMD) roundabout, reduce conflicts between commercial, Air NZ Koru Valet and public pick-up/drop-off traffic and allow for the increased frequency of public transport. Other projects included progressing the design of the new terminal exit road and the central connector (pedestrian bridge over GBMD) projects. The new terminal exit road is a key requirement for the new DJF, arrivals expansion and forecourt works. Delays to progressing the design of the DJF and arrivals expansion have had a negative impact on this programme and is the primary driver of the variance.
Airport Surface Access Network (Arterial and Other Roads)	
PSE3 actual to date: $7,293k *FY18 variance:* $(4,120)k *PSE3 variance:* $(4,120)k	**Project description and objectives** The objective of this programme of works is to develop the broader airport roading network to cater for growth and improve journey times. **Progress in PSE3** The main projects undertaken in FY18 were the upgrade of the GBMD / Landing Drive Roundabout in conjunction with NZTA, developing a southern bypass using Nixon Road and installing a high occupancy vehicle lane east bound on Tom Pearce Drive. In addition, traffic control signalisation has been introduced on key roundabouts to better manage traffic flow at peak times. As with the terminal exit road the design schedule was delayed to enable additional modelling to support the design of this critical infrastructure.

Key Capital Project	Commentary
Asset Maintenance (Slab replacement and runway works)	
PSE3 actual to date: $11,985k *FY18 variance:* $3,319k *PSE3 variance:* $3,319k	**Project description and objectives** Airfield slab replacement is an annual activity undertaken by Auckland Airport to ensure the continuous service provision of the runway and to maintain safety standards. The project replaces aging, deteriorating and damaged slabs based on annual condition assessments. **Progress in PSE3** In FY18, Auckland Airport undertook more slab replacement than was initially planned, however this is expected to balance out over the remainder of PSE3. Due to operational requirements, Auckland Airport expects that some of the activity previously planned for FY19 will be deferred to FY20.
Asset Maintenance (Airbridge refurbishment)	
PSE3 actual to date: $115k *FY18 variance:* $(1,401)k *PSE3 variance:* $(1,401)k	**Project description and objectives** The objective of this programme is to carryout comprehensive refurbishment or full replacement of airbridges or ancillary equipment to maintain agreed service levels. **Progress in PSE3** Activity in FY18 was limited to completing a project commenced in 2017 to replace air-conditioning duct reelers of certain airbridges. While spend is currently below plan it is forecast to balance out over the remainder of PSE3.
Asset Maintenance (Business as usual)	
PSE3 actual to date: $7,338k *FY18 variance:* $(6,923)k *PSE3 variance:* $(6,923)k	**Project description and objectives** The objective of this programme of work is to ensure that property, plant and equipment is maintained across the remainder of the aeronautical campus to meet safety and service requirements. **Progress in PSE3** In FY18, projects included the continued upgrade of the CCTV network from an analogue to a digital system to improve security. The move to a digital platform also opens up new functionality concerning more efficient and effective monitoring of the airport campus including transport. Renewal works also took place on airfield lighting, terminal, HVAC, HV power systems, baggage handling systems, terminal public address system and airside and landside roading rehabilitation.
Second Runway including utilities*	
PSE3 actual to date: $3,262k *FY18 variance:* $(8,008)k *PSE3 variance:* $(8,008)k	**Project description and objectives** The aim of this programme is to deliver a step change in capacity and resilience through the development of a second runway parallel to and north of the existing one. The specific objectives in PSE3 are to complete detailed design and if the base case timing is confirmed following consutlation, commence earthworks for the second runway. **Progress in PSE3** Given the value and duration of this programme, Auckland Airport recognises that it is critical to make the right design, delivery timing and funding decisions. To this end activity on this programme in FY18 was focused on determining if a two-stage delivery process for the second runway, as indicated in the PSE3 pricing document is viable, or if the full length second runway can only be delivered in a single stage.

Key Capital Project	Commentary
Other capital expenditure	
PSE3 actual to date: $44k *FY18 variance:* $(9,723)k *PSE3 variance:* $(9,723)k	**Project description and objectives** This programme includes aeronautical related investment not elsewhere classified. No single project within this programme exceeds $5m. The primary projects are the development of a new Engineering Services (ES) depot, International terminal building roof replacement and replacement of radio systems. The development of the new ES depot and subsequent relocation from its current location will allow for the construction of new regional stands. **Progress in PSE3** Due to scheduling conflicts with other key aeronautical projects, work under this programme has been rescheduled to be delivered in FY19-20
Total capital expenditure	
PSE3 Actual to Date:	**$215,319k**
FY18 Variance:	**$90,136k**
PSE3 Variance:	**$90,136k**

Section 7: 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. The vanilla (pre-tax) return on investment can be estimated for each regulated segment for the year ended 30 June 2018 by dividing regulatory profit/loss by regulatory investment value. 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 FY18 ROI of 9.1% across the regulated segments is as follows: Passenger Terminal 9.8%, Airfield 8.2%, Aircraft, and Freight 13.5%.

While passenger charges are allocated entirely to the Specified Passenger Terminal segment in these disclosure statements, 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. These negotiations are underpinned by market based valuations and contractual dispute resolution procedures. The re-negotiation of leases and licenses in this category occur regularly and on different cycles to the five yearly aeronautical price consultation process and we recommend interested parties monitor returns in this area over a longer period.

Section 8: Consolidation Statement

8.1 Depreciation

A part of the difference between regulatory and GAAP depreciation is due to a requirement under GAAP for statutory reporting purposes to depreciate assets from their commissioning date, resulting in depreciation for part years of new assets. The IMs do not provide for new assets to be depreciated in the year they are commissioned resulting in lower regulatory depreciation than GAAP depreciation for those assets.

Another major factor in the difference relates to different revaluation policies for GAAP and regulatory reporting. Assets have been revalued for financial reporting purposes, which has increased the value of non-land assets and in turn increased the depreciation expense on those assets for financial reporting (GAAP). For regulatory purposes, the Airport business does not revalue non-land assets in the same way, which leads to a difference in depreciation expenses for financial reporting and regulatory purposes. In the 2018 financial year, the difference between the depreciation expense for regulatory and financial reporting purposes is again more pronounced than previous years due to the large amount of terminal development assets commissioned and depreciated in the current year GAAP accounts. These assets will only begin being depreciated for regulatory purposes next year which has lowered the FY18 depreciation expense for regulatory purposes.

8.2 Revaluations

The revaluations for the Airport businesses consist of a CPI roll-forward for aircraft and freight assets as at 30 June 2018 consistent with the IM determination and Auckland Airport's pricing approach for PSE3. There are no revaluations for airfield and terminal assets.

The valuations for the Airport Company - GAAP include the revaluation movements on investment property ($152.2m increase) and land assets within the property, plant and equipment portfolio ($1,189.6m increase).

Infrastructure assets within the property, plant and equipment portfolio were not revalued at 30 June 2018.

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.

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 IM 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 reflects actual interest revenue and expenses incurred.

8.4 Property, plant and equipment

As noted above, the GAAP values for property, plant and equipment are carried at fair value.

As noted above in 8.2, for regulatory purposes, only aircraft and freight assets are revalued using a CPI roll-forward approach. There are no revaluations for airfield and terminal assets.

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 in 8.1 above.

Section 9: Asset Allocations

There has been no material change from prior year asset allocations, however we have amended the allocation explanations to more clearly articulate the logic behind the asset allocators.

9.1 General information on 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; and

(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.

Section 10: Cost Allocation

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

10.1 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 that 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 within 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; and

  (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. Operating costs associated with roads that primarily carry traffic to and from the international terminal are allocated across a range of regulated and non-regulated activities using the roadways 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; and.

  (ii) secondly 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).

10.2 Comparison of outcome of cost allocations

Overall operating expenditure allocated to regulated categories has reduced from 68% in FY17 to 66% in FY18, and is now considerably lower than 75% in FY11. These changes are not due to the cost allocation processes themselves that have been highly consistent across FY11 to FY18, but instead reflects the relatively fast growing cost in the unregulated (non-aeronautical) segment and assessments of the current use of assets.

Section 11: Reliability Measures

11.1 Reliability

While traveller demand continued to grow in FY18, the reliabilityof Auckland Airport's services has remained at high levels. The interruptions to runways, taxiways, stands, airbridges, baggage systems and ground power units have continued to be minimal in relation to the service availability of these assets.

The tables outlined in Schedule 11 report the number and duration of material service interruptions – discussed further in the following sections.

To provide the most appropriate context for readers, a further way to view this reliability information is to consider the proportion of the time that the material service is available. For the year ended 30 June 2018, the percentage of time that Auckland Airport's material services were available were as follows:

Services	Availability
Runway	100.0%
Taxiway	100.0%
Remote stands and means of embarkation/disembarkation	100.0%
Contact stands and air-bridges	99.9%
Baggage sortation system on departures	100.0%
Baggage reclaim belts	100.0%

Auckland Airport's assets are available 24 hours a day, 365 days per year. This means that a 0.1% interruption equates to almost 9 hours of time when assets were not available for use across the year. Based on the table above, Auckland Airport's assets were available throughout the year, save for a very limited number of situations when interruptions occurred. The sections below outline details of those interruptions.

11.2 Interruptions

Auckland Airport captures and records outages to its services through its fault management system. Each outage that occurs is evaluated by Management to determine whether it meets the criteria for a reportable interruption. The assessment is undertaken in accordance with "Appendix C: Reliability Conditions for Disclosure" of the Information Disclosure (Airport Services) Reasons Paper published by the Commission on 22 December 2010.

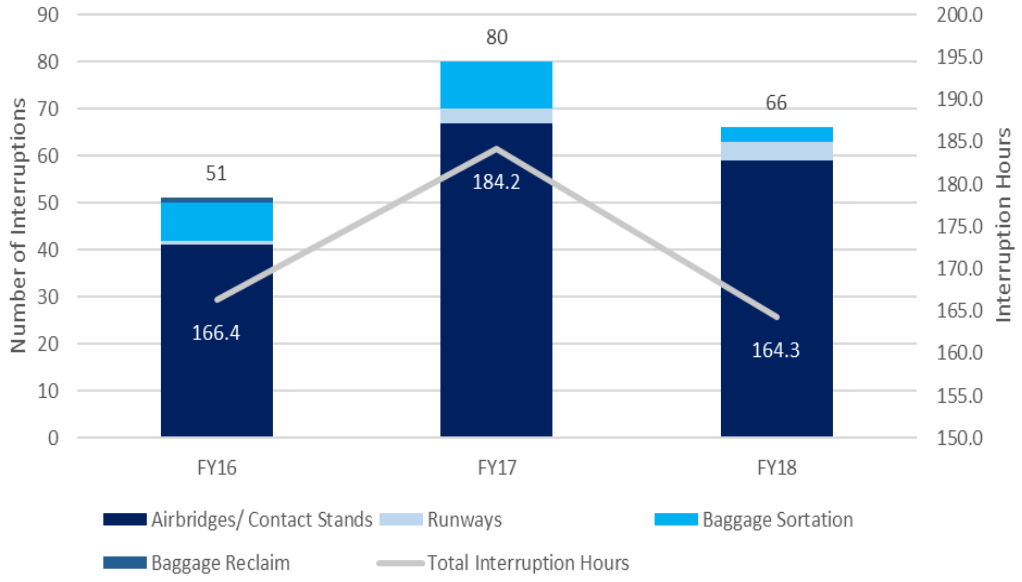
Auckland Airport is required to report interruptions for the following material services:

- runway;
- taxiway;
- remote stands and means of embarkation/disembarkation;
- contact stands and air-bridges;
- baggage sortation system on departures; and

- baggage reclaim belts.

As shown in the chart below, there were 66 reportable interruptions in FY18, down 18%, or 14 from FY17. The number of interruption hours also dropped by 11%, or 20 to 164.2 hours. The decreases in both number and duration of interruptions were largely due to the improved reliability in both airbridge and baggage sortation services.

Figure 5: Interruption Count and Duration



Details of interruptions for each material service are discussed in the following sections.

11.3 Runway performance

In the FY18 year, there were four runway interruptions which totalled 144 minutes in length, an increase on the three interruptions that totalled 50 minutes in FY17. Of the four interruptions in FY18, Auckland Airport was responsible for one interruption of 25 minutes, with the remaining three caused by airlines and other parties.

The interruption that Auckland Airport was responsible for occurred on 20 July 2017 and was caused by foreign object debris (FOD) found on the runway. The FOD was reported by a departed flight and a runway inspection was conducted immediately. Two large pieces of tyre were found on the runway centreline between taxiways Alpha 9 and Alpha 7. More rubber was found near the runway edge lights between taxiways Alpha 9 and Alpha 7. The runway was closed between 2115hrs and 2140hrs and caused no on-time departure (OTD) delays.

The second runway interruption occurred on 17 January 2018. The suspected punctured tyre and hydraulic issues of China Southern departing flight CZ306 caused a full emergency event resulting in the runway being closed for 20 minutes as a result of several runway inspections needing to be undertaken and hydraulic fluid spilt on the runway needing to be cleaned up. Two

other departing flights were delayed by a total of two hours and twenty minutes because of the event.

The third interruption was on 5 February 2018 and was caused by DHL flight Tasman One. The aircraft declared a hydraulic issue before landing. A full emergency was declared. The aircraft landed safely without incident but spilt hydraulic fluid on the runway. The runway was closed for a total of 40 minutes before being reopened. The event caused three other departing flights to be delayed by a total of one hour and twenty-five minutes.

The fourth interruption occurred in the early hours of 11 April 2018. The runway was closed for four hours, three due to high winds (excluded from the interruption schedule by the definitions contained in The Determination) and the last hour due to debris from FOD and insecure airline ground service equipment (GSE) needing to be retrieved. No flight was scheduled to arrive or depart during this last hour (although there were flights scheduled during the previous three hours when the runway was closed due to weather reasons which were delayed).

11.4 Taxiway performance

There was no interruption relating to taxiways in the 2018 financial year.

Auckland Airport has continued to work on upgrading asphalt on taxiways and the apron to improve reliability. In FY18, we completed remedial work on Taxiway Alpha between Taxiway Lima and Alpha 10. We also finished the work on Taxiway Alpha between Alpha 8 and Alpha 9.

11.5 Contact stand and air-bridge performance

There were 59 interruptions to contact stands and air-bridges in the 2018 financial year, down by 8, or 12% on the year before. Twenty-nine of the total 59 interruptions to contact stands and airbridges caused 30 OTD delays. Auckland Airport was responsible for 39 of the 59 total interruptions and 20 of the 30 OTD delays, down by 15% and 17% on last year respectively.

Airbridge interruptions totalled 157 hours, down by 10 hours or 6% on the year before. Auckland Airport was responsible for 144 hours of those interruptions, down by 4% on the last year.

More than 60% (99 hours) of the total airbridge interruption hours were caused by four interruptions that lasted longer than 10 hours each. Three of these interruptions were caused by mechanical problems and one by an electrical issue.

The four long interruption events were all random in nature with no normal predictability of failure and were complicated by the need to source the specialist skills required to complete the repair safely.

Steps undertaken towards minimising airbridge faults included:

- resolution of the interlocking door fault recorded in the FY17 disclosure;
- installation of a further four sets of pre-conditioned air electric duct reelers on bridges allowing easier and safer facilitation of the ducts to the aircraft; and
- purchasing of two hydraulic cylinders as critical spares for hydraulic bridges to reduce any extended airbridge downtime. Cylinder assemblies are special builds with a lead time of up to 3 months. Knowing the critical items are on site at Auckland Airport enables on-time-performance to be managed.

Auckland Airport continues to increase the use of non-destructive methods of condition assessment in its airbridge maintenance programme. Root cause analysis of failures identified the need for increased condition assessments to prevent air-bridge outages and to ensure that Auckland Airport continues to deliver high quality services to its customers.

11.6 Baggage sortation

There were three interruptions to the baggage sortation system in FY18, down by seven or 70% on year before. The interruption hours to the baggage sortation system also reduced by 69% to 5 hours.

Auckland Airport was responsible for two interruptions totalling 4.8 hours, down by 75% and 68% on last year respectively. Both interruptions were caused by belt malfunction. One occurred at Zone D-E in the international terminal and lasted 2.5 hours, causing six flights to be delayed by 2.4 hours in total. Fall-back procedures were implemented to minimise the impact on flight departures.

The third interruption was caused by a power spike in the Vector network. The interruption lasted 22 minutes and caused two flights to be delayed by a total of 49 minutes.

The overall improvement in baggage sortation reliability was a positive outcome of Auckland Airport's commitment to delivering ongoing continuous improvements. Initiatives undertaken in recent years have clearly paid dividends. The specific baggage handling system project (known as "BHS 3000") has continued throughout FY18 and continues into FY19 as our resiliency and optimisation programme.

11.7 Baggage reclaim

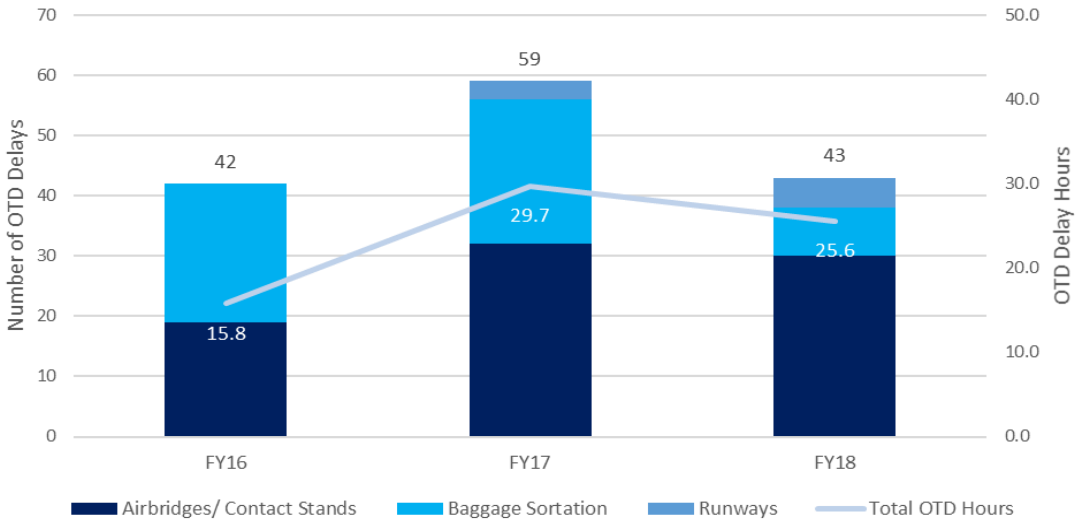
In FY16, Auckland Airport completed a 2,500 square metre expansion of its international baggage hall, including the addition of two extra baggage belts. The increased baggage capacity has helped us ease the pressure of rapid passenger growth during both 2016/2017 and 2017/2018 summer peak seasons. It is pleasing to report that Auckland Airport had no baggage reclaim related interruptions, for a second consecutive year in FY18.

11.8 On-time departure delays

The Determination defines OTD delays for the purposes of information disclosure reporting 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 departure delays that occur.

As with the interruption reporting, the upgrades to the fault management system and the Airport Operation System have improved the accuracy of on-time departure delay information, by making it easier to determine whether a flight was on-schedule or off-schedule.

Figure 6: OTD Delay Count and Duration



As shown in the chart above, there were a total of 43 OTD delays in FY18, down 16 or 27% on the previous year. As a proportion of the total number of movements, this represents 0.02%. Of these delays, 30 (70%) were due to contact stands and air-bridge outages and eight (19%) were caused by outages to the baggage sortation system. Runway unavailability caused five (11%) OTD delays.

Total OTD delay hours also decreased by four hours, or 14%, to 26 in the 2018 financial year.

The improvement in both OTD delays and OTD hours was largely attributed to the reduction in baggage sortation related delays, with baggage sortation related OTD delays down by 67% and OTD hours down by 73% on the year before.

Of the 43 OTD delays, Auckland Airport was responsible for 26 totalling 14 OTD hours in the year, down by 47% and 41% on the previous year respectively.

11.9 Fixed electrical ground power units

Fixed electrical ground power (FEGP) interruptions have been captured by matching the outage data from the fault management system with data on 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 FY18 was 98.4%, a slight decrease from 99.1% on last year.

In FY18, Auckland Airport continued with the scissor supports (crocodile arms) installation 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. A further two units were installed in FY18, taking the total number of installed units to 12.

Auckland Airport also continued to work with the airlines to support the introduction of wide body aircraft. Along with the new gate 17 and 18, four new AXA units capable of supporting wide body aircraft were installed in the year, taking the total number of AXA units to 12 at both Pier A and B.

Section 12: Capacity utilisation indicators for aircraft, freight and airfield activities

The reported runway description in these disclosures is consistent with the description that Auckland Airport also reports in the Aeronautical Information Publication (AIP). The declared capacity has been increased in FY18. This is based on reporting from Airways. The declared runway capacity under visual meteorological conditions is now set at 45 movements per hour. This reduces to 38 movements per hour in instrument meteorological conditions, when a greater separation is applied, and 22 movements per hour in fog.

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. But movement rates exceeding the declared capacity are not sustainable for extended periods.

In FY18, Auckland Airport's international aircraft movements increased 1.5% and domestic movements increased by 3.7%. Initiatives put in place to manage the additional growth included:

- increasing the level of service for passengers on aircraft arriving on/ departing from a remote stand by introducing ten new Cobus 2700 airside passenger busses. These buses are purpose built for the airside environment and encourage rapid loading and unloading of passengers;
- the conversion of two code F remote stands to two code F contact stands (or four code C contact stands); and
- the successful trial of the Aviramp units to support safer, more consistent embarking and disembarking of passengers from bus to aircraft on remote stands, and vice versa. The successful trial commits to another four Aviramp units being purchased on top of the two trial units.

The Airfield Capacity Enhancement Steering Group (ACE), was given a refresh in FY18 and now meets bi-monthly. The group is currently focused on initiatives to increase the runway throughput of the existing runway to 50 movements per hour by 2022. Key initiatives are:

- review, monitoring and reporting of Runway Occupancy Time;
- implementing arrival/departure flow bias;
- publishing Standard Taxi Routes; and
- reviewing opportunities to reduce separation distances on approach.

In FY18, Auckland Airport completed a concept design for the Flexible Contingent Runway (FCR) based on a detailed safety case for night operations of the FCR. Through consultation with Airways, airlines and CAA, the safety case has been extended to include day operations in the case of an emergency or works continuing into daylight hours. Detailed design is expected to continue through FY19 with the aim to have a FCR operational in FY20.

Looking further ahead, planning has begun to assess the need for a second runway which will provide additional capacity. Current forecasts suggest this will be needed by FY28.

Airways New Zealand, Auckland Airport and BARNZ continue to introduce new satellite-based navigation 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 are aligned with the Government's National Airspace and Air Navigation plan. There are currently four SMART approaches that are permanently in use at Auckland Airport. A further SMART approach from the north was trialled from 1 September 2015 to 31 August 2016. This flight path was known as Yellow U23. A draft report on the trial was published for consultation in October 2017 and following feedback some adjustments have been made to minimise the impact of the flight path on local communities. The modified flight path "Yellow U23A" will become operational in March 2019. Another Smart Approach from the south will also be trialled from March 2019.

Section 13: Capacity utilisation indicators for specified passenger terminal facilities

13.1 General comments on terminal capacity utilisation

Auckland Airport's preference is to maximise the utilisation 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 investments.

13.2 Key insights for FY18

International Terminal

The past few years' capacity utilisation indicators suggested that the outbound security screening is operating at times beyond peak capacity. As a result, Auckland Airport expanded its international departure area. This expansion includes a significant increase in the size of the emigration facility as well as an expanded airside passenger lounge and retail area. This expansion has delivered 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. During this construction period the terminal areas available to passengers have fluctuated as new areas came on line and other areas were closed for construction. In FY18, part of the outbound passport control and security screening floor space was delivered along with a portion of the airside passenger lounge and retail area. The remaining portion of the passport control, security screening, airside passenger lounge and retail areas are scheduled to be delivered in the first half of the 2019 financial year. The floor areas included in the FY18 schedules are based on the available floor and facilities as at 30 June 2018.

In-bound bio-security screening is at full capacity during peak hours, as indicated by the capacity utilisation report. This area is significantly impacted by off schedule arrivals. The pinch point for processing is at all three of the in-bound bio-security processes (risk assessment, x-ray, and search). Auckland Airport and Biosecurity New Zealand ("BNZ") installed an expanded risk assessment queue area for the 2017/18 summer peak to enable more efficient processing of low risk / nothing to declare Australian and New Zealand arrivals, and to reduce the congestion at risk assessment during peak hours. Additionally, to help ease the congestion at the x-ray stage, BNZ implemented an initiative for the 2017/18 summer peak that allows all nationalities, with nothing to declare, to use the green lane, post-risk assessment.

Domestic Terminal

The domestic terminal is nearing the end of its life-span. However, in FY18, Auckland Airport decided to further extend its life-span by kicking off another expansion project to the current facilities to accommodate for growth until the new Domestic Jet Facility is built. The domestic rejuvenation project was signed off in 2018, and construction activities are due to start in FY19, and be ready for use in the 2019/20 summer peak. The domestic rejuvenation project is

expected to deliver a better customer experience through increased floor space for seating, circulation, bathroom facilities, check-in, security screening, and arrival baggage collection, as well as increased forecourt capacity. Nevertheless, in FY18, the domestic security screening queue area was extended slightly to accommodate increasing jet aircraft passengers travelling on the main national trunk (Wellington, Christchurch, Queenstown, and Dunedin).

13.3 Floor space

In 2010, international aviation consultant Airbiz was engaged to compile 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. The reported floor spaces in Airbiz' work formed the base floor areas and have subsequently been reviewed and adjusted on an annual basis for any changes.

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

International Terminal - Outbound

- Passport Control (Outbound) – decrease of 179 sqm due to transferring passport control from the old area to the new area, with a smaller footprint due to hoardings that were put in place for the construction of the new departure preparation area.
- Security Screening (Excluding Transit and Transfer) – 1,712 sqm increase due to the near completion of the new floor space for the new Aviation Security smart lanes (x-ray machines), as well as the new re-composing / re-packing area post-security screening.
- Airside Circulation (Outbound) – increase of 4,152 sqm on levels 1 and 2 due to:
  - partial delivery of new footprint from international departures expansion (Phase 3) project for customer dwell and seating area on level 1; and
  - full completion of the Pier B expansion project that saw two more new contact gates (lounges and circulation areas) added onto the western end of the pier on level 2.
- Departure Lounge – increase of 875 sqm due to the full completion of Pier B expansion project as described above.

International Terminal – Inbound

- Airside Circulation (Inbound) – increase of 2,612 sqm due to:
  - Level 1 – full completion of Pier B expansion project as described above;
  - Ground floor – reclassification from unallocated to allocated airside circulation (inbound) usage for projects completed in FY17 and prior:
    i. Arrivals bus operations door number 13 area; and
    ii. Arrivals baggage reclaim hall female and disabled bathrooms, and parents room facilities.
- Baggage Reclaim – 199 sqm decrease owing to baggage belt 7 being hoarded off for construction works more than offsetting the return to operation of baggage belt 6.

Domestic Terminal

There were no significant changes to floor space in the Domestic Terminal.

13.4 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.

The notional capacity of the domestic terminal outbound baggage system was assessed by ascribing a practical capacity of 1,000 bags per hour for each of the two units. One of the units is owned and maintained by Auckland Airport, and the other by Air New Zealand.

Auckland Airport has seven international baggage reclaim belts, made up of five belts capable of handling up to Code F aircraft and two belts capable of handling up to Code E aircraft. The number of baggage belts operational at 30 June 2018 was reduced to six due to the closure of baggage belt 7 to complete the level 1 capital works. All seven belts are expected to be returned to service in FY19.

The notional capacity of the international baggage reclaim facilities as at 30 June 2018 is based on one reclaim unit being occupied by code E or smaller aircraft and five reclaim units being occupied by a 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 491 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 unit 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 2,253. To convert this to a notional capacity in bags per hour, this needs to be multiplied by the average number of bags carried by each passenger (1.06 bags per passenger). Multiplying the number of passengers per hour by Auckland Airport's calculated bags per passenger gives the notional capacity in bags per hour (2,379 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.

Airbiz used a similar methodology to estimate the notional capacity of the baggage reclaim units in the domestic terminal. Airbiz' notional capacity calculation assumes that a mix of narrow body aircraft and smaller turbo props land in a typical busy hour. Airbiz assume that a narrow body aircraft requires 20 minutes per claim unit and a turboprop aircraft requires 6 minutes per claim unit. 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 an 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 of 938.

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' advice used to determine notional capacity. 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, a record of the number of outbound bags processed during the year is available. Dividing the number of outbound bags by the number of outbound passengers (excluding transit and transfer passengers) gave an average of 1.06 bags per passenger.

Auckland Airport does not capture the number of inbound bags processed through the baggage reclaim facilities. 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.

13.5 Passport control

Customs New Zealand operates a mix of electronic gates (e-gates) and traditional manned desks for both the emigration and immigration passport control processes at Auckland Airport. The notional capacity during the passenger busy hour for outbound and inbound passport control has been calculated by considering the number of e-gates, the number of emigration and immigration desks, the transaction time per e-gate and the transaction time per emigration / immigration desk.

The average transaction time for an e-gate is estimated at 20 seconds. In FY18, there were 15 e-gates at immigration passport control process, and nine e-gates at emigration passport control process. As at 30 June 2018, e-gates can be used by New Zealand, Australia, United States, United Kingdom, Canada, China, France, Germany, Netherlands, and Ireland passport holders who are over 12 years of age. However, the number of nationalities eligible to use the facility is expected to be significantly increased by New Zealand Customs Service in the next few years.

The transaction time per passenger at an emigration counter was estimated to be 30 seconds and the transaction time per passenger at an immigration counter was estimated to be 55 seconds. The transaction time at emigration and 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. If an aircraft has relatively fewer passengers able to use the e-gates, the practical capacity will be lower.

13.6 Security screening

In FY18, Aviation Security Service (Avsec) moved from the old outbound security screening (excluding transit and transfer) to the newly built footprint as part of the international departures expansion (phase 3) project. As part of the move, Avsec upgraded their conventional security screening machines to the new Smart Lanes (x-ray machines) technology increasing notional capacity by 27% to 340 passengers per hour[3]. However, in FY18, there has been no increase in the total notional capacity from FY17 due to the reduction in smart lanes to six from the seven

[3] Avsec

conventional security screen machines when Avsec was in the old outbound security screening area.

The notional capacity for the international transit and transfer, and also the domestic terminal security screening during passenger busy hour remain unchanged from Airbiz' 2016 estimate in FY18. 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 outbound security screening is not necessarily the same busy hour for transit and transfer passengers. The number of transit and transfer passengers varies significantly for different air routes. During the identified busy hour for outbound security screening, there were no passengers estimated to have been processed through international transit and transfer screening. The percentage of notional capacity used at this busy hour is therefore 0%. The 30th busiest hour of the year when looking at transit passengers only, shows 486 passengers processed during that hour, this represents 90% of the notional capacity of the facility.

13.7 Departure lounges

The number of reported seats in both the international and domestic terminals was based on a physical count in October 2018.

13.8 Biosecurity screening and customs secondary inspection

The notional capacity of bio-security screening capacity during the passenger busy hour was estimated with reference to an international capacity review completed by Airbiz in 2016. This work was undertaken when reviewing the international slot parameters for the Northern Winter 2016 season. This work identified that, consistent with previous capacity studies, that the key pinch point for processing is at the risk assessment stage. The per hour capacity identified for risk assessment screening was identified as 2,145 passengers per hour. This capacity assessment took into account the modifications to the bio-security areas that were completed for the 2016/17 summer peak including the expansion of the green lane for low risk New Zealand and Australian passport holders. Please note that this throughput capacity is based on current bio-security risks, if the bio-security risk was raised due to a bio-security event (e.g. fruit fly infestation), this throughput could be significantly reduced.

13.9 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. This is 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 calculation of both of these categories of floor space. 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, Smarte Carte, had in use as at 30 June 2018.

Section 14: Passenger satisfaction indicators

14.1 General comments

Auckland Airport's facilities and operations responded well to the record traveller numbers across the international and domestic terminals during FY18, even in the midst of ongoing development works, with strong ASQ survey ratings across all key service indicators. An average score of 4.1 out of 5.0 was achieved at both international and domestic terminals.

ASQ is a survey programme developed and implemented by Airports Council International that measures travellers' satisfaction whilst they are travelling through an airport. Auckland Airport has been part of the ASQ programme for over ten years now.

The ASQ Survey is the airport industry's standard for measuring traveller satisfaction. ASQ surveys are currently conducted at around 320 airports in 41 languages in 84 countries. Over 75% of the world's top 100 airports are currently ASQ survey members. Each year, some 550,000 travellers worldwide are interviewed as part of ASQ Surveys.

The ASQ Survey measures 34 key service areas and includes eight major categories, such as access, check-in, security, airport facilities and food and beverage providers. 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 peers.

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

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

The survey is conducted quarterly with a minimum sample size of 500 travellers per quarter. The ASQ sample plan specifies 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 travellers. All interviews take place in the boarding gate area while travellers are waiting to board their flights. Each questionnaire is completed by one traveller 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 traveller interviews. A copy of the field work requirements can be found on Auckland Airport's website[4].

Traveller responses to each question are gathered according to a 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

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

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 a group of 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 peer airports are key destinations from Auckland and are subject to capital disciplines and of a similar size of 10-25 million travellers.

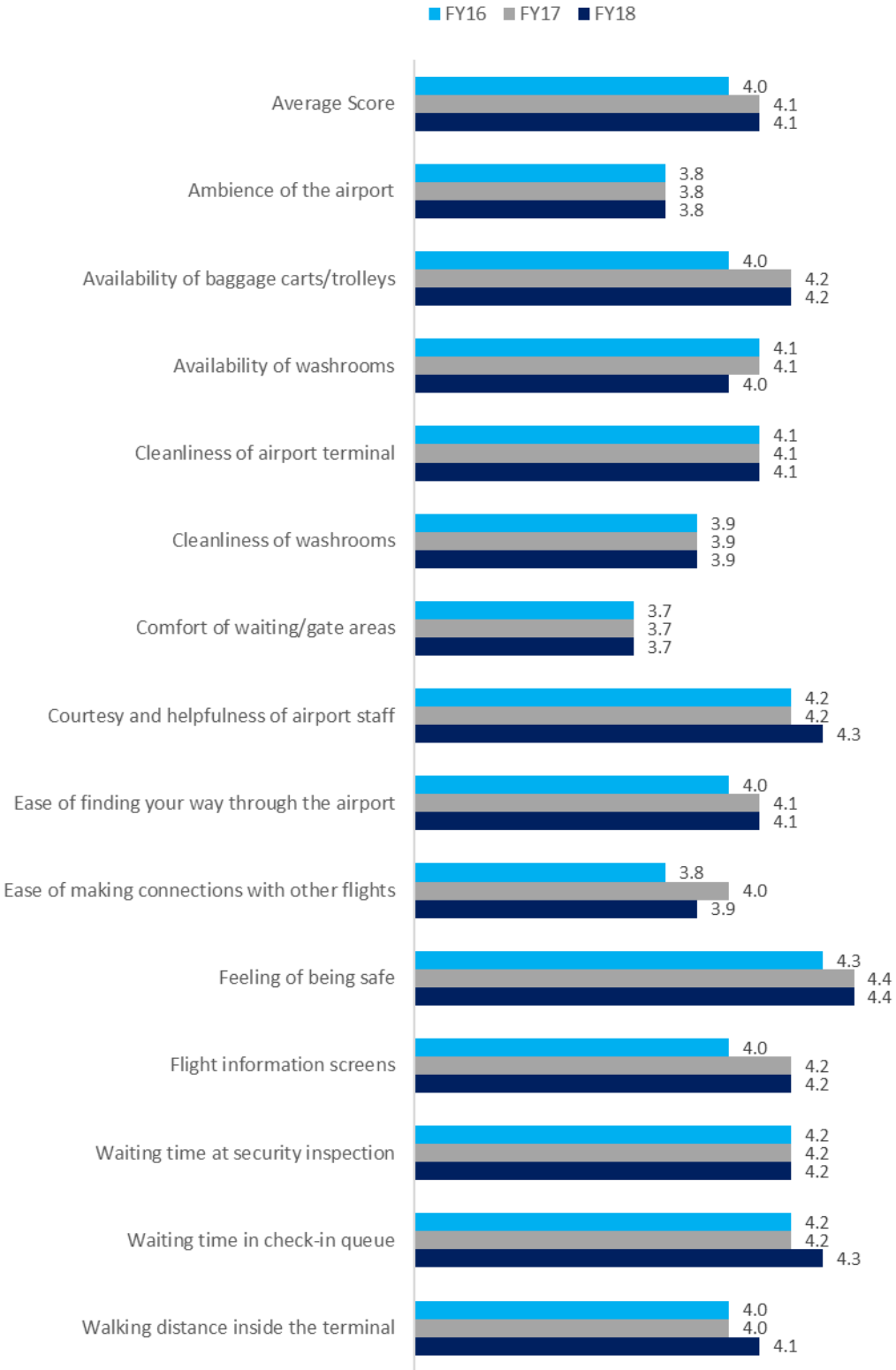
Each quarter Auckland Airport undertakes a detailed review of the survey scores. The results are fed into business activities and process improvement initiatives.

14.2 Domestic terminal

In FY18 our domestic passenger volumes rose by 7.7% from the previous year, to 9.3 million. Despite the sizeable growth, the average score of all regulated factors of 4.1 indicated that the quality of service to customers was not compromised.

As shown in the chart below, we maintained or improved the scores on 12 out of the 14 key indicators in 2018.

Figure 7: Domestic Terminal Scores



The high score on airport staff can be largely attributed to the extra Passenger Experience Assistants that we recruited during the busy summer peak months, and the additional Customer Service Agents employed throughout the year. The score indicates that their role of assisting guests in need and facilitating journeys was well received over the year by customers.

“Availability of washrooms” and “Ease of making connections with other flights” were the two categories which slightly declined on the previous year. They were likely impacted by the rapid growth in traveller numbers and the significant terminal development and construction activities across the airport campus.

The domestic terminal also performed well against our international custom benchmarks in FY18. The graph below compares Auckland Airport’s ASQ scores in the domestic terminal to the score average of our 28-airport peer group. The graph shows that Auckland Airport matched or outperformed the panel on almost all factors except the noticeable gap at “Ease of making connections with other flights” category.

Figure 8: FY18 Benchmarking – Domestic Terminal

In addition to the ASQ surveys, Auckland Airport also monitors customer experience using customer feedback kiosks.

Four kiosks were installed in the domestic terminal since FY17 with two in the arrival baggage area and two in departure bathrooms. Guests are now able to use these devices to rate their experience in real time and select the reasons for dissatisfaction if they rate a service poorly. These four kiosks have in total collected over 107,000 individual responses in FY18, with each kiosk collecting over 500 responses per week on average. The results are fed back in a timely manner, allowing any issues to be remedied as quickly as possible.

14.3 International terminal

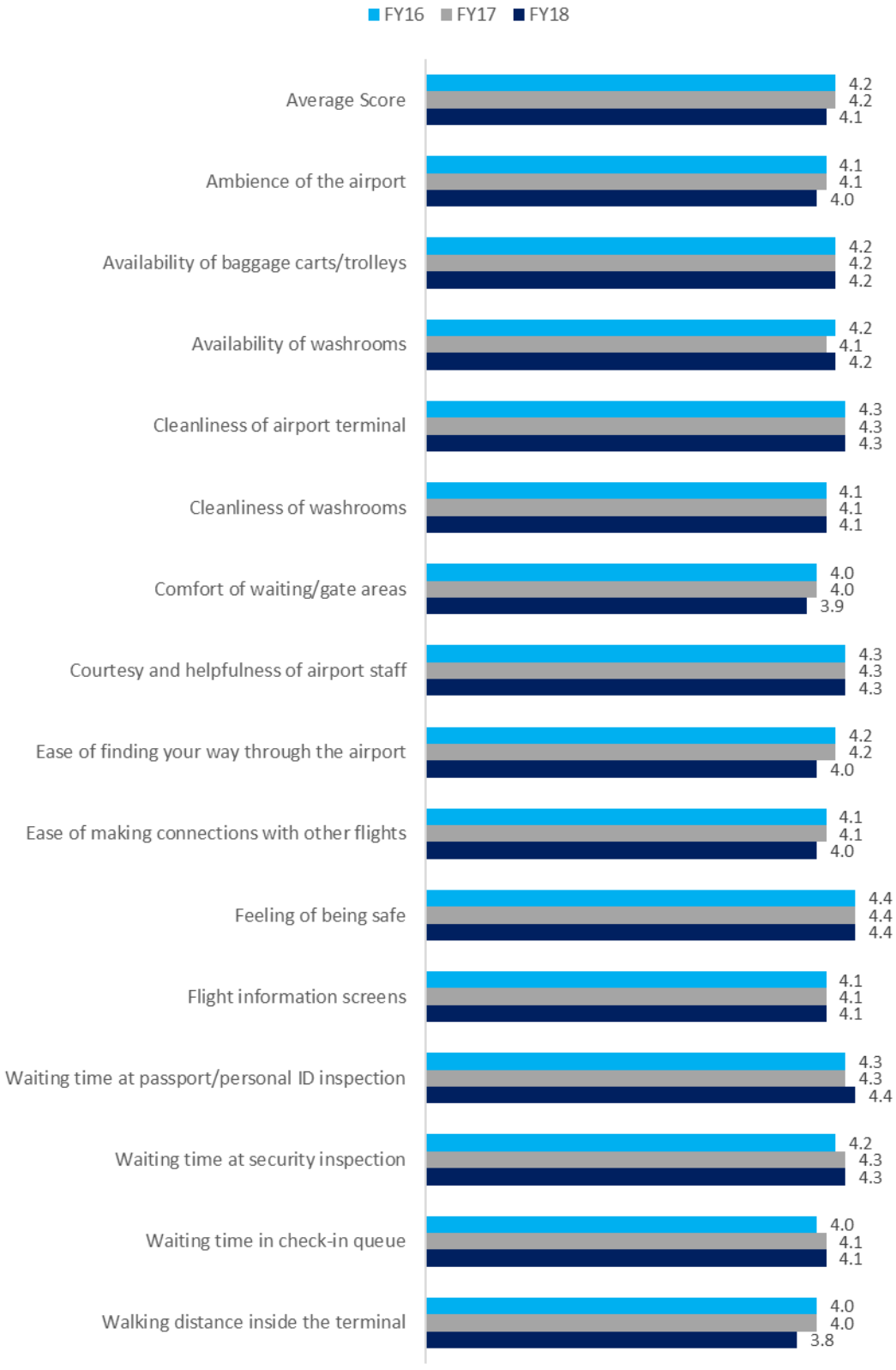
In FY18, international traveller numbers increased by 4.1% from the previous year, to 11.2 million. Meanwhile, the international terminal also experienced a number of important milestones in the core infrastructure development programme. Key projects include the completion of the Pier B extension, opening a substantial proportion of Phase 3 (the new area on the departures level of the ITB) and our multi-stage redevelopment of the airside departure and dwell area.

The increasing traveller demand and massive construction activities have inevitably put pressure on day-to-day operations and customer experience. However, Auckland Airport's commitment to guest satisfaction was maintained, particularly through the use of additional staff to assist travellers. For instance, the maintenance of scores in relation to check-in queue waiting time indicates that the work undertaken by Auckland Airport in conjunction with airlines and ground handlers regarding increasing the number of counters and self-service kiosks resulted in processing capacity increases and efficiency in line with traveller growth.

At the end of the year the average score of the 15 key ASQ indicators in the international terminal remained high at 4.1, which only represented a 0.1 slip from previous years.

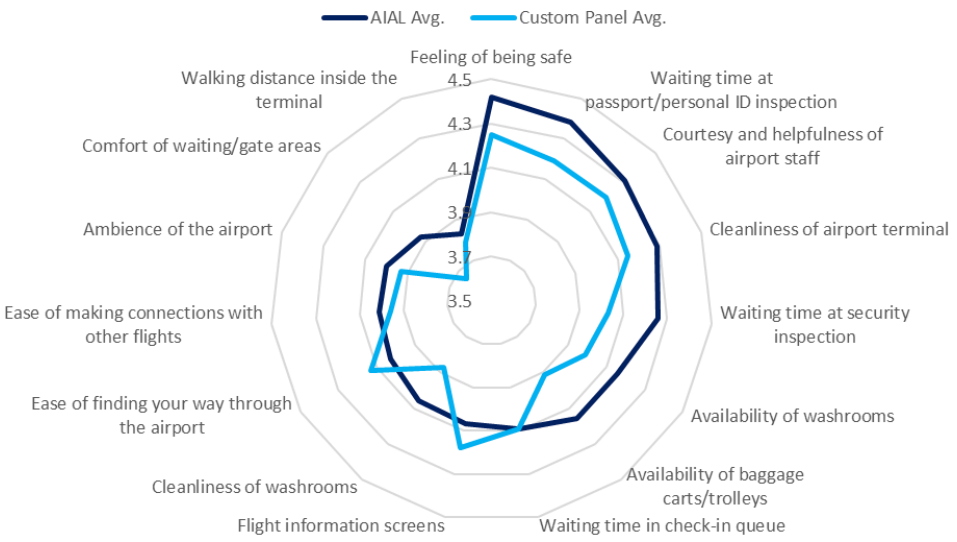
As shown in the chart below, out of the 15 indicators, 10 matched or outperformed the previous year. The only noticeable setbacks lay in "Ease of finding your way through the airport" and "Walking distance inside the terminal" categories, highly likely attributable to the construction work currently underway in the terminal.

Figure 9: International Terminal Scores



As the chart below highlights, Auckland Airport matched or exceeded the average scores of its benchmark panel in almost all areas with noticeable setbacks only in “Ease of finding your way through the airport” and “Flight information screens”.

Figure 10: FY18 Benchmarking – International Terminal



Apart from quarterly ASQ surveys, the international terminal also has 19 customer feedback kiosks installed across both landside and airside covering key bathrooms, baggage hall, departure gates and dwell areas. These kiosks have in total collected over 455,000 individual responses in FY18, with each kiosk collecting over 460 responses per week on average.

Major projects and initiatives undertaken in the international terminal in the 2018 financial year that supported an improved customer experience included:

- Pier B extension, including 2 new gate lounges (Gate 17 and 18) with new toilet areas, baby changing rooms, retail stores, and food and beverage outlets;
- refurbishing Gate 15 and 16 at Pier B with new carpet and lounge seating that incorporate USB and power outlets as that of Gate 17 and 18;
- installing further 15 mobile international self-service check-in kiosks (with total of 60 now)
- reconfiguring the international check-in area (Zone E) to provide 7 more serviced counters;
- installed a new passenger lift (Lift 8A) beside escalators and Lift 8 in the international Check-in area to provide additional capacity;
- reaching 90% completion of our multi-stage redevelopment of the international terminal departure zone, including a new Customs and security screening processing area with new toilet facilities;
- recruiting 70 Passenger Experience Assistants to help guests at the airport during the busy December and January months; and
- installing 8 WiFi access points to improve WiFi coverage and spread load.

Details of above projects and initiatives can be found in Schedule 15.

Section 15: Operational Improvement Processes

The 2018 financial year saw another strong year of growth for Auckland Airport. We continued to invest in operational improvement processes to provide quality services to our customers, and to help accommodate the ongoing increases in passengers and aircraft.

With dozens of active aeronautical investment projects underway across the airport, operational improvement processes are important to help minimise the impact of construction activities on passengers and our airport partners.

Auckland Airport has remained focused on working collaboratively and constructively with all of our stakeholders to maintain and improve service quality for both passengers and airlines.

As outlined below, in FY18 Auckland Airport:

- led a forum called Thinksmash. The group (which includes airlines and border agencies) brainstormed a range of innovative ideas to explore around the future of travel. From this, proof of concepts are now being tested around increased digitisation, the use of biometrics, and opportunities to work with the Australian government to streamline processing;
- took over the leadership of the Airfield Capacity Enhancement Group which is focussed on initiatives to maximising the efficiency and throughput of the existing runway;
- continued to foster a collaborative approach to operational improvement. Through forums such as the various Collaborative Operation Groups (COG), we worked alongside stakeholders to improve operational performance across the end-to-end journey. These forums provide stakeholders operating at the airport with an opportunity to input into short, medium and long term planning with their quality preferences. Key COG targets set in FY18 included 95% of passengers processed within 12 minutes at departure and 85% of passengers processed within 35 minutes on arrival.
- participated in a number of specific forums to facilitate operational improvement in targeted areas, such as the weekly baggage control meeting and the monthly airbridge meeting;
- identified a number of operational projects to improve passenger flows, improve customer satisfaction, manage peak volumes and enhance capacity through process improvements;
- continued to bed in the Airport Collaborative Decision Making (A-CDM) system, which has now been in place at Auckland Airport for three years. A-CDM provides a single source of real-time data that stakeholders across the airport can both access and use. This has facilitated a collaborative approach to manage activities on the airfield and in the terminals – helping us to accommodate growth in passenger and aircraft numbers, and improving the passenger experience;
- worked closely with airlines and border agencies to provide operational and/or capital solutions to accommodate stakeholder requirements; and
- invested in improved health and safety processes and outcomes.

Capacity enhancement, asset reliability and service quality

Pier B extension

Pier B is a key construction milestone for the development of the "airport of the future". We completed the first stage of the Pier B extension ahead of the 2017/18 summer peak travel period (which created Gate 17) and fully completed the project in March 2018 with the opening of Gate 18.

The $120 million, 12,240m2 Pier B extension is 190m long, the area of two rugby fields. It is a modern open space incorporating New Zealand landscape artwork and Weta Workshop sculptures. It also includes new toilet areas, baby changing rooms, retail stores, and food and beverage outlets. The pier provides two additional gate lounges (Gate 17 and Gate 18) and four air bridges enabling Pier B to handle four wide body aircraft or eight smaller aircraft at the same time, adding critical new aircraft stand and pier capacity.

In addition, the seating at Gate 15 was also increased to cater for a Code F aircraft. Gate 16 was also modified to improve the efficiency of boarding passengers at the gate. We have also refurbished both gates with new carpet and lounge seating that incorporate USB and power outlets for passengers and airline staff. Lounge seating with USB and power outlets are now available at all four gates on Pier B.

We also doubled the size of the bussing lounge below gate 15, catering for four Code C aircraft or two Code E aircraft. Following the introduction of the new gates 17 and 18, a year on year comparison in the month of April indicates that bussing of passengers on international flights has reduced from 10 per cent in April 2017 to 3 per cent in April 2018.

Airfield expansion and taxiway upgrades

To decrease congestion on the airfield and better service international aircraft during the busiest months, we have expanded airfield infrastructure over the last few years.

In the 2018 financial year we built an additional remote, fully serviced Code F Multiple Access Ramp System (MARS) stand (Stand 75). The stand supports the peak flow of Code C aircraft as well as the increase in the projected number of 787-900 aircraft. The new stand can accommodate an A380 or B787, or two smaller aircraft.

Auckland Airport has also continued to upgrade asphalt on taxiways and the apron to improve reliability. Over the year, we completed remedial work on Taxiway Alpha between Taxiway Lima and Alpha 10 as well as between Alpha 8 and Alpha 9.

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 fixed electrical ground power units were not able to meet the increased electrical demands of the 787-900s, therefore Auckland Airport has sourced new "AXA" units that can support the electrical requirements of these aircraft.

Four new AXA units were installed at the Pier B extension in the 2018 financial year, with a total of twelve complete AXA units installed on contact stands so far. The remaining units will be

progressively upgraded, giving Auckland Airport the flexibility to manage 787-900 aircraft as more are brought into service.

Runway performance, planning and resilience

As part of the Airfield Capacity Enhancement Group, and with the support of Airways, Auckland Airport has lifted the maximum runway throughput in FY18 to 45 movements per hour in suitable meteorological conditions. This rate is often achieved during peak hours when traffic mix and weather condition align.

We also completed a concept design for the flexible contingent runway based on a detailed safety case for night operations of the FCR. Through consultation with Airways, Airlines and CAA, the safety case has been extended to include day operations in the case of an emergency or works continuing into daylight hours. Detailed design is expected to continue through FY19 with the aim to have a FCR in FY20.

Looking further ahead, planning has begun to assess the need for a second runway which will provide additional capacity. Current forecasts suggest this will be needed by FY28. The Airfield Capacity Enhancement Group continues to explore opportunities to maximise the capacity of the existing runway.

Baggage system enhancements

Auckland Airport is committed to providing a robust and reliable baggage system and is investing to improve both capacity and resilience. Auckland Airport has established a specific "BHS 3000" project, which has delivered significant enhancements to the reliability and resilience of the baggage system through the 2018 financial year in conjunction with aligned capital expenditure projects. The improvements that have been delivered include:

- replacing metering conveyor at TC1;
- replacing merge conveyor at TC3 and TC5;
- replacing vertimerge conveyor and modifying transport conveyor at TC0;
- replacing power curve conveyors at AS1 and RC1;
- retuning conveyor TC0 and TC1;
- upgrading MIS database onto AIAL servers;
- upgrading communications to curves; and
- implementing SCADA on OOG2.

In addition to the capital initiatives underway, Auckland Airport has worked with its baggage system contractor, Glidepath, to monitor service levels and invest in continuous improvement initiatives, including through enhancements to the Operations and Maintenance agreement such as:

- increasing support from 22/7 to 24/7;
- additional staffing levels of both trades teams and manual encode operators as requested by airlines;
- enhanced software support as the automation of the system becomes more complex; and
- enhanced KPI's and monitoring.

Improvements to bus operations

Bus operations are commonplace in airports across the world, facilitating the transfer of passengers between lounges in the terminals and aircraft parked on remote airfield stands.

Bussing is an efficient means of providing peak capacity, and will continue to be an important part of Auckland Airport's operational model over the medium term as we seek to cater for existing peak services and growth in peak periods at the same time as managing an intensive construction period.

Ten new airfield buses have been delivered by SkyBus and have been fully operational since early 2018. They have been specifically designed for the comfort of passengers being transferred between the terminals and aircraft parked on remote airfield stands.

The new fleet has offered a significant uplift in service quality and provides a cost-effective, quality service for passengers and airlines. All buses provide real-time arrivals and departures information, comfortable air conditioning, and Wi-Fi capability that connects seamlessly to WiFi provided in the terminals.

The new bussing contract has also delivered service improvements for the benefit of airlines and passengers, including a consistent method of loading and unloading all buses, and increased monitoring, reporting and resolution of service performance matters.

Auckland Airport has also purchased two Aviramp mobile jet bridges to further improve the quality of service for bussed operations. Aviramps are covered ramps that provide an airbridge-like experience for aircraft parked on remote stands, improving the passenger experience, safety and the on-boarding and off-boarding process for aircraft.

The mobile jet bridges protect passengers from bad weather, are fully lit and allow passengers to enter or exit their aircraft without having to negotiate stairs. Aviramps significantly improve the travel experience for passengers with reduced mobility or using a wheelchair by eliminating the need for a separate lift vehicle.

The two Aviramps purchased in November 2017 were acquired as a trial to ascertain whether the Aviramp product would offer a safe, secure and consistent approach to boarding or disembarking an aircraft onto a bus at a remote stand in the environment at Auckland Airport. Two different Aviramp models were purchased - one a Continental model to accommodate smaller aircraft (from B737 up to B767) and one an International model to accommodate larger aircraft (From A320 up to the lower door of the A380).

The trial proved successful by meeting all success measures and improving the service level for remote stand usage. It also identified a number of modifications and improvements to future models in order to meet our requirements. Following the trial, four more Aviramp units are being procured to enable Aviramps to become the standard service level supporting bus operations from remote stands at forecast demand levels. Three will be of the International model and one will be of the Continental model.

15.2 Passenger Experience

Auckland Airport remains focused on our customers and ensuring they have safe and enjoyable journeys. In addition to investments in new infrastructure and capacity during the 2018 financial

year, we have continued to rollout other improvements as described below to support a quality customer experience.

Improved public address announcements

Our automated public address system (SimpleVox) was fully completed in FY18 for customer service and airline announcements. This system generates announcements in 15 different languages. It is accessible from the communications position in the airport's operations centre for customer service announcements, as well as gate lounges for airline staff to make announcements.

This platform provides ease of access for airline customers to make terminal wide announcements from the gate, without having to call the communications operator.

Following the introduction of the initiative, call volumes to the communications operator are expected to decrease by 50%, allowing the operator to focus more on flight information management.

New guest lift in international departure area

In FY18, we installed a new guest lift (Lift 8A) beside escalators and the main central lift (Lift 8) in the international check-in area to provide additional capacity. The existing lift was under capacity for current customer volumes, especially during peak periods. The long queues for the lift often exacerbated congestion in the adjacent check-in concourse. Also, travellers often transport wheelchairs and trollies on the lift, which reduces the number of people that the lift can hold. The new lift can take maximum 2000kg or 26 persons per load with up to 180 starts per hour.

New international departure zone

At the end of June 2017, the first stage of the international departures passenger security processing zone was opened. This represented the first significant change to the departure experience for guests as part of the staged upgrade of the international terminal.

One year later, we reached 90% completion of the multi-stage redevelopment of the international terminal departure zone – which will be largely completed by the end of the 2018 calendar year.

The upgraded international departures experience now has a new Customs and security screening processing area. It includes a new space for people to repack and relax after security screening, use the new toilet facilities or check their flight details before continuing on to the new lounge and retail hub. This development had provided the opportunity to fundamentally lift the standard of service provided to passengers on their outbound departure.

New resources

Extra employees, including more than 70 Passenger Experience Assistants (up 17% from 60 of last year) were recruited to help customers at the airport during the busy December and January months, plus additional Customer Service Agents to proactively assist guests in need throughout the year.

Post the summer peak, a smaller pool of Passenger Experience Assistants was retained to assist in the terminal during a period of significant terminal development and construction activity. Their role was to support customers during peak periods, as well as helping guests to navigate their way through scaffolding and hoardings.

The services of our customer facing staff have been well received by travellers over the year. Our annual ASQ survey score for "courtesy and helpfulness of airport staff" continued to improve and reached a new high in FY18.

Details of ASQ survey and Auckland Airport's scores can be found in Schedule 14.

Smarter, more resilient transport networks

Improving transport flows to and around the airport precinct was a major priority for Auckland Airport in the past year. We are focused on solutions that work for staff, travellers and freight operators, that are sensibly integrated with the wider Auckland network. We are planning for a resilient, high capacity network that prioritises terminal and airport precinct traffic, and which provides mass rapid transit/public transport corridors. We have reworked our future network plans to reflect what we understand about the Government's intentions for light rail, and we are working closely with NZTA and Auckland Transport (AT) on options for future public transport to the airport. We are working hard to unlock new capacity, and to manage demand more efficiently in the interim. This year we continued to invest in systems, infrastructure and planning to provide ongoing improvements to access and travel times throughout the airport transport network.

During FY18 Auckland Airport completed or started a wide range of transport infrastructure projects including improving access to the domestic forecourt for travellers and buses. In addition, we installed a T2 vehicle lane on Tom Pearce Drive, which supports the increased frequency of the 380 Airporter public bus service during peak periods. To ensure sufficient car parks for guests, 1,000 additional car parks were created across the precinct.

Tactical responses to traffic management, incorporating a number of demand management measures, were adopted in response to the significant demand on airport roads during the NW17 summer peak. These included the positioning of variable message information boards on airport roads to inform drivers of road conditions, adjustment of lane layouts, monitoring and enforcement.

Ten Auckland Airport staff were trained and deployed as liaisons to the Auckland Traffic Operations Centre (ATOC) in relation to the airport road network. These staff worked directly with an ATOC SCATS engineer to adjust signal timing. They were on a rotational roster based at ATOC Smales Farm between 12-7pm on Thursdays, Fridays and other designated peak days.

Temporary signalisation of John Goulter Dr was introduced to give priority for northbound vehicle movements on George Bolt Memorial Dr. This was a tactical deployment on Thursdays and Fridays during peak periods and enabled the airport to continuously flush the network to prevent significant congestion.

We negotiated a voluntary accord with the National Road Carriers to reduce the number of heavy vehicle movements during peak, resulting in increased network capacity for other road

users by requiring trucks accessing SH20 – Southbound from Airport Oaks and Ascot Industrial Park to use Coronation Road.

A signalised pedestrian crossing was installed on Lawrence Stephens Drive configured to increase priority for traffic leaving the domestic forecourt during periods of increased demand.

We also commenced work on the new Southern Bypass, which will provide a direct north (SH20A) to south (SH20B) link through Nixon Road. This will help to improve traffic times and flows on the airport precinct by directing through-traffic away from the primary airport terminal roads.

In addition, Auckland Airport worked closely with transport partners NZTA and AT on the Southwest Gateway programme to deliver some key projects including:

- 20Connect, to improve access to and from the airport;
- Airport to Botany Rapid Transit, to deliver a fast, frequent and reliable mass transit system; and
- completion of the Landing Drive roundabout upgrade transforming it into an eight-lane intersection with traffic lights.

Plans for further investment in transport infrastructure included significant progress on our programme of over $100 million of projects between now and 2022 to upgrade Auckland Airport's internal transport network. To ensure our investment programme aligns with the new government's plans for AT, we also completed a thorough review of our own internal transport masterplan.

During the financial year we also launched a new traffic monitoring system to measure traffic movement across Auckland Airport's precinct. This system utilises radar and WiFi sensors to gather real-time information and enables dynamic traffic system management by early detection of congestion allowing early and real-time operational intervention.

Wi-Fi improvements

Auckland Airport has continued to invest in Wi-Fi as both an operations platform and a key customer experience tool. We understand that Wi-Fi is a service that is valued by guests through the airport and have been exploring how we can improve the service in this area. We are conscious that it is important that as we increase availability, the system needs investment to ensure reliability of the service. Initiatives this year include:

- complete replacement of the Wi-Fi operating system. This investment enhanced the flexibility of the system, upgraded security and provided more customer options;
- at the time of the operating system replacement, the data pipelines were upgraded to significantly enhance security, improve speed and capacity and provide sufficient headroom for future growth;
- the free time allocation to customers was doubled from 45 minutes to 90 minutes for Strata Club – a free mobile-based programme designed to recognise travel choices with personalised service and benefits for customers; and
- in FY18, a full audit was undertaken in the terminals to test Wi-Fi coverage and performance. Ten additional WiFi access points (8 in the international terminal and 2 in the domestic terminal) were installed to improve the coverage and spread load.

15.3 Improvement initiatives driving efficiency and innovation

More mobile self-service check-in kiosks

In FY18, Auckland Airport invested in a further 15 mobile and fully-customisable check-in kiosks in the international terminal to improve customer experience and guest processing efficiency.

The introduction of these kiosks has enabled more efficient and dynamic use of the check-in area, as the kiosks can be placed anywhere and used quickly and easily by guests travelling with participating airlines to check in themselves, print boarding passes and bag tags. The 60 mobile kiosks provided by Auckland Airport were used by more than one million guests in the last year.

International check-in counter reconfiguration (Zone E)

Check-in reconfiguration works continued in the international terminal check-in hall with existing check-in counters replaced with more compact counters. The previous works in FY17 involved the compression of existing counters in zones B-D to allow for a deployment of an additional 13 service counters. We continued these works in Zone E in FY18, the largest of the non-Air New Zealand check-in zones and delivered seven additional counters with 30% more processing capacity. The increase unlocks capacity from the same footprint and will enable another one to two flights to be checked-in during peak periods. Along with the new counters, we also replaced all above-counter screens with 55-inch, high-definition screens for greater visibility from a distance.

Launching Ava

In December 2017, in partnership with Microsoft and Datacom, Auckland Airport launched Ava, an artificial intelligence online assistant that sits on our digital platforms to improve the experience for our customers and reduce the number of simple queries coming to our call centre.

Ava learns based on conversations with customers - how they phrase queries, tone of voice used, abbreviations etc, so the more interactions the smarter it will get. Auckland Airport is actively updating Ava with answers to new and varied queries all to provide more accurate and useful answers to customer queries.

At the moment, Ava receives over 200 questions per day from customers to help them with Strata Club, Strata Lounge and Auckland Airport Parking queries. Ava enables customers to support themselves and get answers to their common queries, while our call services team provide more value-add support or handles more complex questions.

Additional nationalities on eGates

Working with NZ Customs and Immigration, five additional nations were introduced in early December 2017 onto eGates for both arrivals and departures self-processing. These nations were China, France, Netherlands, Ireland and Germany. This has doubled the total number of nations whose passport holders are eligible to self-process from five to ten. Processing rates

have improved both through immigration and emigration by 16% and 8% respectively on comparable periods.

Avsec smart lane implementation at the International screening point

Avsec rolled out six new smart lanes at the International outbound security screening processor – making Auckland Airport the first airport in NZ able to implement Avsec's new technology. The new technology replaced the seven conventional machines previously operating and were installed in pairs whilst maintaining business as usual operations. The first four lanes were installed in September-October 2017 with the final pair installed in February 2018. The lanes include automated tray return systems, an automated search belt diverter and four divest bays to enable parallel divestment. The new lanes have a notional capacity of 340 travellers per hour[5] compared with the throughput of the previous lanes of approximately 240 passengers per hour.

Improved biosecurity experience

In FY17, working with MPI, Auckland Airport funded and constructed the Green Lane for use by New Zealand and Australian passport holders who arrive in the country and do not have any food or other biosecurity risk items to declare. The initiative reduced congestion as it allowed New Zealand and Australian travellers with nothing to declare to go straight to risk assessment via a dedicated queue line, rather than waiting for travellers with declared goods to be checked.

In December 2017, Auckland Airport expanded the Green Lane entrance, effectively doubling its width. This further reduced queueing and MPI and NZ Customs processing times. It also enabled the provision of a dedicated Trusted Traveller lane.

The peak season during FY18 saw an increase in green lane usage by 5% or 900 travellers per day, which alleviated the potential for high congestion during the afternoon peak.

Domestic Terminal Building screening queue expansion and improvements

In September 2017 Auckland Airport expanded the queue capacity at the Domestic screening point by approximately 30% or approximately 100 travellers per hour. As well as reducing congestion in the landside circulation space, this meant that domestic jet customers had better visibility of the screening process and predicted queue time displays.

Integrated Airport Operations Centre

To help drive ongoing operational and service performance over the peak summer season, a trial of integrated airport operations centre (APOC) was undertaken in February 2018 to accommodate airport operations staff, border agencies and other stakeholders together in a single location so that operational challenges can be quickly identified and mitigated before they impact airlines or travellers.

The trial was successful and demonstrated that:

[5] Avsec

- joint planning, common situational awareness in real time and early information flow within an APOC improves system wide operations;
- early actionable intelligence coming from an APOC improves disruption mitigation and recovery response times; and
- collaboratively steering, monitoring and managing the customer journey (including travellers, bags and aircraft) offers improvements above the current operating model.

In March 2018, the CEO COG group endorsed further developing APOC in three stages, namely APOC Lite (embed benefits of APOC into business-as-usual activities), Interim APOC facility (expected late 2019) and Final APOC (full facility in final location).

Closed Circuit Television (CCTV) system upgrade

In FY18, Auckland Airport replaced the existing aging analogue CCTV system that had components that were 16 plus years old and implemented a fully Internet Protocol (IP) based Video Management System (VMS). The new and modern system not only significantly reduced the core security and operational risks through improved system reliability and quality, going forward it will also drive significant operational efficiencies and costs savings through systems integration and easier systems management.

Some of the key outcomes from the upgrade are:

- better quality images and reduced time to manage historical footage;
- automatic alerting of security and operational events that staff cannot detect manually;
- Simplified distribution of CCTV video images to permitted users using IP and PC desktop technology instead of analogue cabling and bespoke monitors;
- ensuring that the new VMS solution can support the existing 800+ cameras and can be scaled up to meet foreseeable future challenges; and
- providing a platform that will support the anticipated growth of cameras resulting from both expansion of the airport and the benefits of new technology.

Airport Operation System (AOS) enhancements

Enhancements were made to the AOS system over the year as follows:

- dashboard modifications - This provided additional information and detail to staff in the Operations Centre using AOS dashboards to provide both improved information presentation and a reduction in the manual work required to utilise the dashboard information (i.e. exporting numbers to spreadsheets for analysis);
- variable duration calculations - an automated export and import capability of the variable durations used in CDM and FIDS for first bag was added to the system to allow for quicker analysis of previous actual data to keep the variable durations used within the system current and reflective of actual times; and
- CDM portal - An additional view of the portal was created to give a view specific to Air NZ regional operations to make it easier for operators to refer to their flights in the portal. This was done concurrently with Air New Zealand regional operations commencing using the CDM portal.

Trial of customer care centre

In FY18, Auckland Airport completed the trial of a dedicated customer care centre to improve the management and resolution of customer queries and reduce the volume of customer calls received by the operations centre. The trial included consolidating all customer contact channels (phone, email, and social media) and utilising new technology to improve our responsiveness to consumer issues. The trial resulted in a 15% improvement in responsiveness (measured by the percentage of calls answered in under 20 seconds). Permanent implementation of this initiative is set for early FY19.

COG

Auckland Airport's operations team has continued to work collaboratively with airlines and border agencies through the COG structure. A commitment was made during the PSE3 pricing consultation to review the service level priorities at the airport. As a first step towards this, parties agreed to a refresh of the COG targets. A review was undertaken in FY18 with the aim of both stimulating the next level of performance and breaking down key performance elements in the system.

This led to the CEO COG endorsing the new COG 2.0 targets that were set on a 12-month baseline performance for agencies with a year on year increase to lift performance standards. At the same time, an Airport Performance dashboard was implemented that holds relevant KPIs / metrics that show overall airport performance in terms of runway utilisation, terminal performance, ground handler performance as well as asset integrity and utilisation.

Auckland Airport has also led summer peak planning under Project Capricorn. Examples of initiatives delivered by Project Capricorn include the new slim-line check-in counters, expansion of the MPI Green Lane and a new lift in the international terminal. The benefits of these projects are explained elsewhere in this schedule.

Customer experience measure system

In FY17, 23 built-in or freestanding touchscreen customer feedback kiosks were installed at key touch points in the customer journey, including in washrooms, bag claim arrivals and gate lounge areas. Guests are able to use the devices to rate their experience on the relevant service, e.g. rate their washroom experience on the kiosk located in the washroom and select the reasons for dissatisfaction if they rate a service poorly.

The real time customer experience measurement system has continued being well received in FY18. Over the year, we received more than 562,000 individual satisfaction ratings via the 23 kiosks in the international and domestic terminals with more than 65% (364,000 ratings) from bathrooms alone (our priority zones for measuring satisfaction). An average score of 4 out of 5 was achieved for our bathrooms and baggage claim halls at both terminals.

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.

New capacity-planning tool – Beontra

In FY18, we introduced a new capacity-planning tool (Beontra) as a key tool for capacity planning. Beontra, in concert with real-time flow tracking (introduced in FY17) and airport collaborative decision making platforms, have combined together to deliver a step-change in the data driven operational planning approach that is now used to optimise flow, assign resource and identify pinch points.

Beontra was agreed with stakeholders to be the single-source of the truth for NW17 (e.g. November 2017 to March 2018) traveller forecasting and was used to produce weekly traveller forecasts for stakeholders during the peak weeks in December 2017 and January 2018. This information is a powerful tool for ongoing conversations with border agencies around how to best schedule resources to meet forecast demand.

15.4 Health and safety

Corporate health and safety

The health and safety of employees, contractors, customers and visitors remained a top priority for Auckland Airport.

FY18 was a milestone in Auckland Airport's work to improve aviation and workplace safety and health. We integrated and improved our safety system approaches to create a new Safety Management System (SMS) which meets both Worksafe NZ and CAA requirements. We were the first major airport in New Zealand to have its safety management system certified by the Civil Aviation Authority in December 2017.

We achieved our target to double the number of Safety Observations. We were aiming for at least 1,200 high quality Safety Observations. In fact, across the company we made 1,431 Safety Observations. While we also count and report on incidents and injuries, seeing and reporting what could go wrong or what almost went wrong is one of the most significant steps towards achieving our safety goal of zero harm.

A further reduction in recordable injuries (lost time, medical treatment and restricted work) among employees and contractors was achieved in the last 12 months, despite the volume of construction work occurring in confined operating spaces. The employee recordable injury rate declined by 17.5% in FY18.

AES equipment upgrades

The following upgrades were carried out in FY18:

- purchase of a new medical response vehicle to replace the aging R33 vehicle;
- purchase of a stand-alone training vehicle to allow comprehensive training, and redundancy as a stand in vehicle for when R1 is being serviced;
- recruitment of additional staff to allow R1 to operate with a 4-person crew as per international best practise;
- procurement of a proven training recording system – to streamline process and efficiently capture compliance requirements;
- training of selected staff as peer fitness trainers, to maintain compliance with the regulatory physical training compliance in the safest and most structured manner possible;

- AES driving instructors trained to international diploma level, certified by RoSPA, to train AES staff in Emergency Response Driving;
- commenced a formalised After Action Review process for all aircraft incidents, to capture internal departmental learnings and areas for improvement; and
- conducted staff training at multiple facilities including FENZ National Training Centre, and Air Services Australia training centre.

Airport safety initiatives

The 2018 financial year has also seen some significant safety enhancements at both our terminal roads and airfield area.

The following initiatives were undertaken airside:

- redesign of the road outside the Menzies/Swissport Baggage Make-up area to ensure safe input of vehicles onto the red and white airfield road;
- an area on the apron has been fenced-off to allow for Ground Handlers to park their ULD cans safely so they should not be moved due to high winds posing a risk to aircraft;
- lighting improvements were made to the breezeway area under Pier A ensuring better visibility during night and to improve biosecurity risk assessments;
- refreshed pedestrian areas with better signage and road markings so as to ensure the safe movement of people through these areas;
- provided training to stakeholders for Stage 1 and Stage 2 Airside Driving;
- developed processes to meet the new MPI Air Container System, which requires all arriving air containers to be checked for biosecurity contaminants by the importer and appropriately treated if these are found;
- increased the number of Airside audits;
- airfield Safety Observation Cards were created to capture any risks/hazards on the airfield by Airfield Safety Officers who do not have access to Risk Manager;
- required seat belts at any speed above 0 km) rather than the previous 15km per hour;
- purchased 2 new Stalker Speed guns, of the same standard as police issue; and
- undertook Operation Tug in cooperation with Police to ensure compliance with Airside Rules.

The following initiatives were undertaken landside:

- a focus on improving pedestrian safety through means such as use of anti-slip paint on crossings, kerbs and carparks to reduce risk of falling where applicable, increasing lighting on key pedestrian crossings such as the ITB to Novotel and improvements to the green line walkway;
- acquired Banana style wet floor signs and trialled them at the help desk. Larger versions acquired to be trialled by our cleaning contractor outside Terminal bathrooms to raise awareness of wet floors;
- terminal Audits established and carried out weekly at both terminals;
- provided safety reporting training to bluecoats and terminal staff, including introducing a new Incident/near miss/safety observation reporting card;
- introduced SAHM, a SMS Mascot strategically positioned around our terminal and wider business, spreading the safety word and raising awareness of hazards like escalators and baggage trolleys, including through the use of safety stickers for children; and

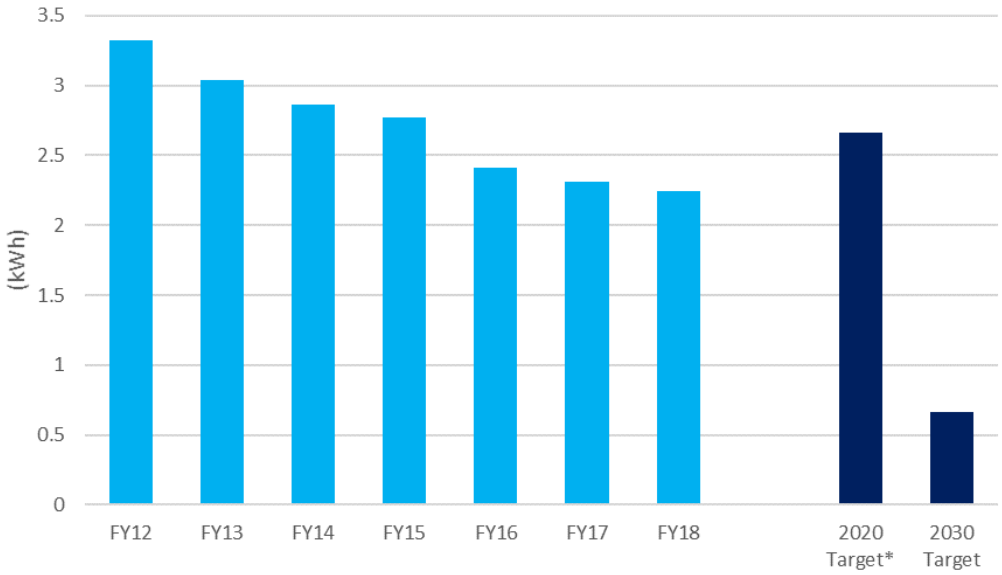
- introduced PA terminal messaging for parents of unsupervised children in regards to safety of children on escalators/check-in and lifts.

15.5 Sustainability

As a major New Zealand company, Auckland Airport is committed to operating in an environmentally sustainable way and have achieved our 2020 goal of reducing our environmental footprint by 20% per traveller and are on track towards our 2030 target.

Over the last year, Auckland Airport has continued to focus on reducing the impact of our business on the environment through energy waste and carbon reduction. We value sustainable operational, maintenance and construction practices. This year we partnered with EECA to upgrade our lighting and heating systems as we redesigned our aeronautical infrastructure. This included providing new power units to allow aircraft to use electricity from the national grid, rather than jet-powered generators when on stands. The reduction in per-passenger energy use (indicated in the chart below) has produced cost savings for our airline partners, whilst reducing our carbon footprint by 22%.

Figure 11: Energy used per passenger for airport operations



Auckland Airport has reported carbon emissions to the Carbon Disclosure Project since 2008 and in November 2017 we became the first company in Oceania and the first airport in the world to set a publicly disclosed carbon reduction target based on the UN-supported Science Based Targets initiative. Auckland Airport was also recognised by Enviro-Mark as one of New Zealand's top carbon reducers in the past year.

Since 2013, we have managed to reduce greenhouse gas emissions by over 2,000 tonnes, or 35% per passenger. This was achieved through our comprehensive energy management upgrade programme.

We have also supported our airline partners to reduce their carbon emissions through introducing fuel-saving flight paths and shorter taxiways.

Our focus on waste reduction and our special waste facility – the first in Australasia – now diverts almost 50% of non-quarantined aircraft cabin waste away from landfill and in March 2018 we won a Green Airports award for waste minimisation from Airport Council International (ACI) Asia-Pacific.

Section 16: Associated statistics

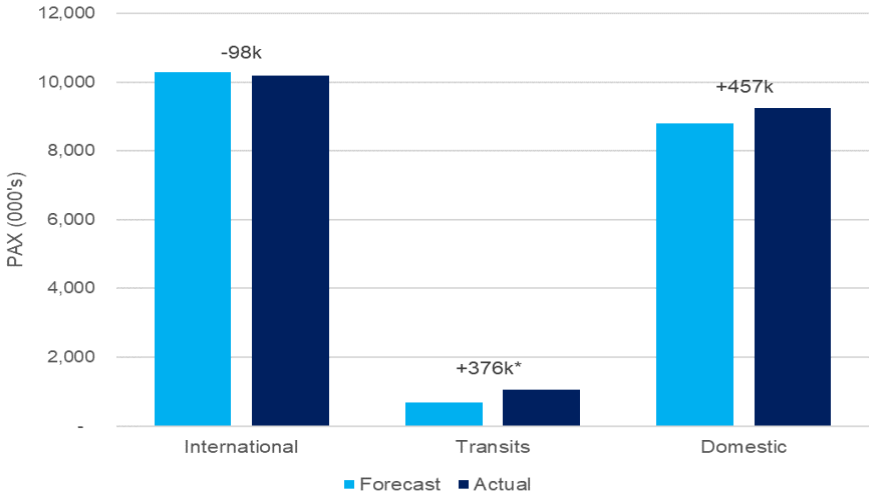
Sustainably growing Auckland Airport's air connectivity supports New Zealand's tourism and trade ambitions. This year we continued to promote New Zealand as a destination and shared, with existing and new carriers, insights on new routes we consider to be economically viable. We have continued to actively support the New Zealand tourism and export industry more broadly. Each year we offer a $100,000 grant to New Zealand-based tourism operators and organisations who identify strategies to stimulate year-round visitation to New Zealand. In 2018 we awarded two grants of $50,000 each to Eat NZ and Haka Tours. We supported the ExportNZ awards, and we organised and sponsored a B2B seminar to grow the New Zealand – Philippines cargo market, with the support of Philippine Airlines and New Zealand Trade and Enterprise.

Overall growth for FY18 was broadly in line with forecast with international passenger volumes weaker than forecast and domestic passenger volumes stronger than forecast.

In June 2018, Immigration New Zealand refined its international transit passenger reporting process. The refinement was to eliminate a filtering error of passengers, which had previously understated transit data. This resulted in Auckland Airport restating international transit passenger data for FY18 and prior periods.

The chart below summarises the actual passenger (PAX) volumes for FY18 compared to that forecast for the period.

Figure 12: FY18 PAX - Actual vs. Price Setting Disclosure Forecast



The number of international airlines serving Auckland stayed consistent during the 2018 financial year at 30. Samoa Airways launched services from November 2017, while Norfolk Island Airlines withdrew services from January 2018.

The 2018 financial year saw the following growth in air connectivity for our established markets:

- Philippine Airlines launched a new direct Manila-Auckland service in December 2017, replacing its indirect service via Cairns. The airline also changed its aircraft from an A320 to and A330; and

- in November 2017, Thai Airways increased Bangkok to Auckland to a daily service, up from 5 per week.

In the 2018 financial year, the total number of passenger movements was up 5.7% to 20.5 million. A further breakdown is provided below:

16.1 Passenger movement statistics

	2018	2017	Change
International arrivals	5,116,341	4,906,383	4.3%
International departures	5,086,185	4,836,896	5.2%
International passengers excluding transits	**10,202,526**	**9,743,279**	**4.7%**
Transit passengers*	1,063,856	1,077,256	(1.2)%
Total international passengers	**11,266,382**	**10,820,535**	**4.1%**
Domestic passengers	9,263,666	8,601,841	7.7%
Total passenger movements	**20,530,048**	**19,422,376**	**5.7%**

**Transit passengers adjusted as per note above*

Domestic

Domestic passenger numbers grew strongly in the 2018 financial year, increasing by 7.7% or 661,825 passengers. This growth was delivered by increased frequencies on Air New Zealand main trunk jet services, particularly on the Auckland-Queenstown route and regional passenger growth of 8.0% following Air New Zealand adding another 164,000 regional seats over the year to regional services.

International

International passenger numbers (excluding transits) increased by 4.7% in the year to 30 June 2018 reflecting a solid outcome across a broad range of routes and markets.

International passenger growth has been strongest across the Asia, Middle East and Pacific Island regions this year at 10.4%, driven by capacity growth arising from both new services and larger aircraft introduced on existing routes. Asian markets have particularly benefited from increased capacity with passengers to and from China up 10.5%, Hong Kong up 14.1%, Japan up 11.7% and Thailand up 26.8%. The Middle East saw a 42% increase in capacity predominately as a result of the Doha Auckland service operating for a full year and upgauging by Emirates on its direct service. There was a 7% increase in capacity to the Pacific Islands as a result of increased frequency and use of larger aircraft. The Australian market saw a capacity decrease of 3.5% following the withdrawal of Emirates Auckland-Tasman routes from March 2018.

16.2 Aircraft movement statistics

Total aircraft movements in the year were 174,276, an increase of 3.0% from the 2017 financial year, while total maximum certified take-off weight (MCTOW) increased by 3.7% to 8,139,717.

The slightly higher MCTOW growth versus aircraft movements reflects the continuing trend of larger aircraft, particularly international, using Auckland Airport.

The table below outlines aircraft movements and MCTOW in FY18 compared to FY17.

	2018	2017	Change
Aircraft movements			
International aircraft movements	55,693	54,879	1.5%
Domestic aircraft movements	118,583	114,366	3.7%
Total aircraft movements	**174,276**	**169,245**	**3.0%**
MCTOW (tonnes)			
International MCTOW	5,798,018	5,609,244	3.4%
Domestic MCTOW	2,341,699	2,238,853	4.6%
Total MCTOW	**8,139,717**	**7,848,097**	**3.7%**

16.3 Human resource statistics

The total full time equivalent employees (FTE) of the regulated aeronautical business was 341 for the year ended 30 June 2018, which is 7 more than the year ended 30 June 2017. Personnel was increased in our Security and Emergency Services teams (+9) for increased compliance. Engineering and Maintenance FTEs were also increased (+2), reflecting additional resourcing required to support the continued growth of investment in infrastructure and equipment asset base over recent years. These FTEs continue to ensure airfield, terminal and utility assets are maintained to a high service level to deliver a high quality experience for airlines and passengers. The transition of technology support services to an external IT service provider resulted in a decrease in FTE (-5).

Support Services include teams which enable and support the efficient operation of the airport. In the 12 months ended 30 June 2018 support services FTE was flat on the prior year. Increases in Health and Safety, Human Resources and Master Planning were to reflect a general uplift in activity for long term growth in construction activity and a significant programme of capital works. However, the combined increase in FTEs from these areas was offset by efficiencies gained by organizational re-design of the Technology team.

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.

Section 17: Pricing Statistics

The current five-year pricing schedule at Auckland Airport was introduced on 1 July 2017 and is effective to 30 June 2022. The schedule of standard charges are available on our website (www.aucklandairport.co.nz). Price setting followed a comprehensive consultation process. Importantly Auckland Airport remains one of the most affordable domestic ports in the region. The aircraft and terminal charges were priced to remain broadly flat in real terms over the pricing period and reduce in the first year. 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.

Consumers can be confident that the charges set by Auckland Airport have been subject to thorough review. Consumers might be interested in comparing the charges of the airport to other costs in the system to form their own view on what represents value for money. For example:

- Avsec is proposing domestic charges of $6.28 per PAX from FY19, which are more expensive than our domestic airport charges;
- border clearance levy - $15.79 for arrivals (covers MPI and Customs border activity) is about the same as our average international arrival charges; and
- the new tourist levy (will be $35 per passenger) is approximately $12 more expensive than our average international PAX charge.

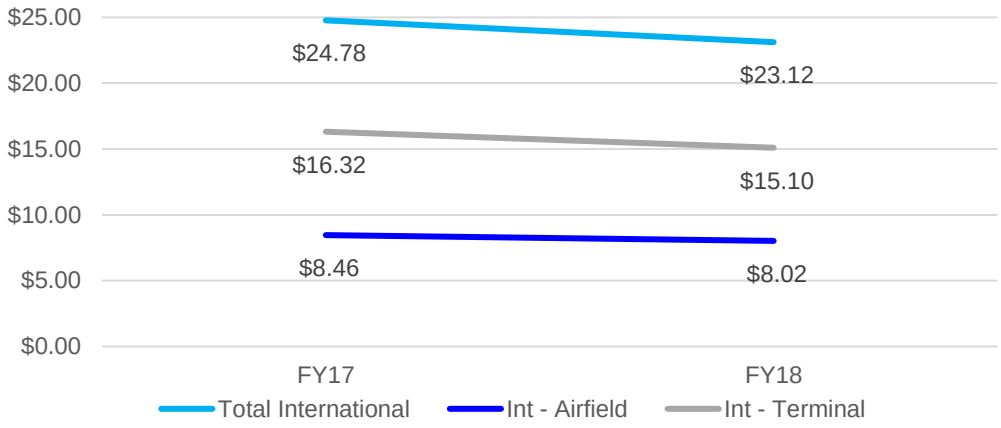
Together with the industry, which relies on tourism, we have a strong interest in ensuring the total cost of travel including airport costs, border agencies and taxes does not affect the competitiveness of New Zealand's offer on the international stage. At the same time, we have an interest in ensuring that users pay for the services that they value and that the incentives exist for us to confidently invest in infrastructure that our customers request of us.

17.1 International

Auckland Airport's average international per passenger charges are in the middle of the pack of international airports that our main customer, Air New Zealand, flies to and were $24.78 in FY17 and forecast to decrease by $1.28 by FY22 to $23.50.

Average airfield activity charges per international passenger decreased from $8.46 in the year ended 30 June 2017 to $8.02 for the year ended 30 June 2018. Average passenger terminal charges per international passenger have decreased 7.5% from $16.32 in the year ended 30 June 2017 to $15.10 for the year ended 30 June 2018. Average charges from both airfield and passenger terminal activities per international passenger have decreased from $24.78 in the year ended 30 June 2017 to $23.12 in the year ended 30 June 2018. This equates to an 8.3% decrease, which is reflective of the reduction in first year prices for the PSE3 pricing period.

Figure 13: Average Charges per Passenger - International



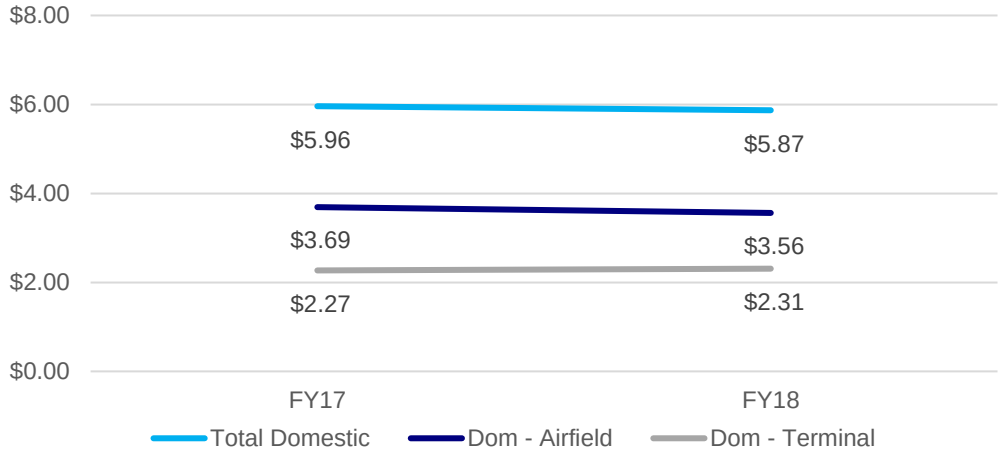
17.2 Domestic

Our domestic charges are amongst the lowest in Australasia due to the low book value of the domestic terminal owing to it being close to the end of its life. Average per passenger charges in 2017 were $5.96 and are forecast to increase by 61c to $6.57 by FY22. A step up in charges has been signalled once the new domestic jet facility is commissioned and the quality of the facility improves. A differential charge for domestic passengers travelling on regional routes was also introduced.

The average charges from airfield activities for domestic passengers decreased by 3.5% from $3.69 in the year ended 30 June 2017 to $3.56. The average charge from specified passenger terminal activities for domestic increased 1.7%, from $2.27 in the year ended 30 June 2017 to $2.31 for the year ended 30 June 2018.

Overall, the average domestic charge per passenger relating to both airfield and passenger terminal activities decreased 1.5% from $5.96 in the year ended 30 June 2017 to $5.87 in the year ended 30 June 2018.

Figure 14: Average Charges per Passenger - Domestic



Section 25: Disclosure of initial RAB

As reported in Auckland Airport's price setting disclosure on 1 August 2017, Auckland Airport prepared its opening regulated asset base using an alternative methodology with equivalent effect. The above base values are equivalent to the values used in the preparation of that opening regulated asset base.

Some of Auckland Airport's land assets have changed in size or allocation since information disclosure came into force (i.e. since the date of the initial RAB). At the overall portfolio level, these changes have a very minor impact. Therefore, rather than taking the restated initial RAB value as at 30 June 2010 as per the IM Determination and going through an exercise of rolling-forward land assets each year based on minor changes in parcel size and allocation, Auckland Airport used an alternative methodology with equivalent effect to determine a rolled-forward land asset value and based the transition calculations on the land areas as at 30 June 2016.

To generate the above initial RAB value for aeronautical land assets, Auckland Airport has:

- used the 2009 and 2011 MVAU land valuation reports (undertaken by Colliers) to identify the per-hectare value of the relevant land assets in 2009 and 2010;
- multiplied those per-hectare rates by the area of each land asset (as at the end of FY16).
- averaged those values to generate the 2010 land value for each asset.

Appendix 1: FY18 IRR calculation

The below sets out the calculation used to produce Auckland Airport's FY18 annual return IRR. It is consistent with the calculation in Schedule 18 of our PSE3 Pricing Disclosure with the following updates:

- updated the components for FY18 actuals including opening RAB, assets commissioned, operational expenditure, unlevered tax and revenue requirement
- removed any data for years outside the current disclosure year;
- set the Last Day of Pricing Period to 30 June 2018; and
- amortised the Pier B adjustment by one year out of five for the closing carry forward adjustment

The resulting FY18 IRR is 9.9%.

SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS

ref *Version 3.0*

				First Day of Pricing Period	Pricing Period Starting Year 30 Jun 18		Last Day of Pricing Period
8	**18(i): Forecast Internal Rate of Return**						
9		**($000)**	*Cash flow date*	**1 Jul 17**	**30 Dec 17**	**2 Feb 18**	**30 Jun 18**
10		Opening RAB		1,187,257			
11		Opening carry forward adjustment		82,510			
12		Opening investment value		1,104,747			
13							
14	*plus*	Forecast total revenue requirement				338,359	
15	*less*	Forecast assets commissioned			(284,672)		
16	*plus*	Forecast cash flow from asset disposals					
17	*less*	Forecast operational expenditure			(116,701)		
18	*less*	Forecast unlevered tax			(43,574)		
19							
20		Forecast closing asset base					1,411,886
21		Forecast closing carry forward adjustment					83,225
22		Forecast closing investment value					1,328,661
23							
24		Forecast net cash flows		(1,104,747)	(444,947)	338,359	1,328,661
25							
26		Forecast post-tax IRR as at 01 July 2017		9.90%			
27		NPV check		(0.0)	OK		

Note: Cashflows have been discounted in a manner consistent with the input methodoliges which have different discount rates for revenues and expenses.

For further information on the carry forward adjustments refer to the PSE3 Price Setting Disclosure, available on the website.

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

Company Name	Auckland International Airport Limited
Disclosure Date	30 November 2018
Disclosure Year (year ended)	30 June 2018
Pricing period starting year (year ended) [1]	30 June 2018

[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, 25 (Annual Disclosure)
Version 4.0. Prepared 21 December 2017

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 2018**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref *Version 4.0*

($000 unless otherwise specified)

1a: Return on Investment

			CY-2 *	CY-1 *	Current Year CY
	Return on Investment (ROI)	*for year ended*	**30 Jun 16**	**30 Jun 17**	**30 Jun 18**
	Regulatory profit / (loss)		102,012	126,794	122,598
less	Notional interest tax shield		2,537	2,008	2,526
	Adjusted regulatory profit		99,475	124,786	120,071
	Regulatory investment value		1,197,998	1,151,026	1,313,898
	ROI—comparable to a post tax WACC (%)		8.30%	10.84%	9.14%
	Post tax WACC (%)		6.68%	5.94%	6.19%
	ROI—comparable to a vanilla WACC (%)		8.52%	11.02%	9.33%
	Vanilla WACC (%)		6.90%	6.12%	6.41%

Commentary on Return on Investment

Refer to Disclosure Commentary Note 1 for discussion of the return for FY18.

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

	Regulated Airport	**Auckland International Airport Limited**
	For Year Ended	**30 June 2018**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)

ref *Version 4.0*

($000 unless otherwise specified)

1b: Notes to the Report

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

RAB value - previous year		1,187,257
Debt leverage assumption (%)		19%
Cost of debt assumption (%)		4.00%
Notional deductible interest		9,023
Tax rate (%)		28.0%
Notional interest tax shield		2,526

1b(ii): Regulatory Investment Value

Regulatory asset base value - previous year		1,187,257

	Commissioned Projects	Assets Commissioned—RAB Value ($000)	Proportion of Year Available (%)	Proportionate Regulatory Value
	International Terminal (Pier and Connections)	112,536	46%	52,218
	International Terminal (Airside Emigration & Dwell)	104,191	48%	50,061
	Asset Maintenance (Slab Replacement and Runway Work	12,858	15%	1,902
	Runway, Taxiway and Aprons (Code F Taxiway, Stands ar	8,935	71%	6,335
	Asset Maintenance (Business as Usual)	20,289	53%	10,799
	Runway, Taxiway and Aprons (Airfield Utilities)	4,024	66%	2,668
	Support Facilities (Acoustic Mitigation)	2,285	–	–
	International Terminal (Check in, Outbound Baggage & La	4,018	21%	824
	Support Facilities (Corporate)	3,310	53%	1,766
	Support Facilities (Business Technology)	3,692	60%	2,199
	Airport Surface Access Network (Arterial and Other Roads	748	86%	645
	Airport Campus Utilities (Utilities - Water & Wastewater)	1,015	62%	634
	Support Facilities (Airport Emergency Services)	1,681	38%	640
	Airport Surface Access Network (Terminal Roads)	1,122	41%	460
	International Terminal (Arrivals)	936	21%	193
	Asset Maintenance (Airbridge Refurbishment)	950	32%	307
	Support Facilities (Marketing Customer Service and Comm	731	75%	546
	Support Facilities (AD&D Support Projects)	992	19%	185
	Existing Domestic Terminal (Extension of Life)	333	38%	127
	Other Capital Expenditure	23	28%	6
plus	Other assets commissioned		50%	–
plus	Adjustment for merger, acquisition or sale activity			–
less	Asset disposals	11,745	50%	5,873
	RAB investment	272,926		
	RAB proportionate investment			126,641

Regulatory investment value	1,313,898

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

Version 4.0

2a: Regulatory Profit

			($000)
Income			
	Airfield	122,100	
	Passenger Service Charge	179,068	
	Lease, rental and concession income	34,111	
	Other operating revenue	3,080	
	Net operating revenue		338,359
	Gains / (losses) on sale of assets	(11,745)	
	Other income		
	Total regulatory income		326,614
Expenses			
	Operational expenditure:		
	Corporate overheads	23,516	
	Asset management and airport operations	77,852	
	Asset maintenance	15,334	
	Total operational expenditure		116,701
Operating surplus / (deficit)			209,913
	Regulatory depreciation		47,124
plus	Indexed revaluation	857	
plus	Periodic land revaluations	–	
	Total revaluations		857
Regulatory Profit / (Loss) before tax			163,646
less	Regulatory tax allowance		41,048
Regulatory Profit / (Loss)			122,598

Commentary on Regulatory Profit

Refer to Disclosure Commentary Note 2

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

ref *Version 4.0*

($000 unless otherwise specified)

2b: Notes to the Report

2b(i): Financial Incentives

		($000)
Pricing incentives	240	
Other incentives	4,450	
Total financial incentives		4,691

2b(ii): Rates and Levy Costs

	($000)
Rates and levy costs	3,467

2b(iii): Merger and Acquisition Expenses

	($000)
Merger and acquisition expenses	–

Justification for Merger and Acquisition Expenses

Refer to Disclosure Commentary Note 2

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref *Version 4.0*

3a: Regulatory Tax Allowance

ref					($000)
7		Regulatory profit / (loss) before tax			163,646
8					
9	*plus*	Regulatory depreciation	47,124		
10		Other permanent differences—not deductible	210	*	
11		Other temporary adjustments—current period	10,839	*	
12					58,173
13					
14	*less*	Total revaluations	857		
15		Tax depreciation	53,741		
16		Notional deductible interest	9,023		
17		Other permanent differences—non taxable	–	*	
18		Other temporary adjustments—prior period	11,598	*	
19					75,219
20					
21		Regulatory taxable income (loss)			146,600
22					
23	*less*	Tax losses used	–		
24		Net taxable income			146,600
25					
26		Statutory tax rate (%)	28.0%		
27		Regulatory tax allowance			41,048

** Workings to be provided*

3b: Notes to the Report

3b(i): Disclosure of Permanent Differences and Temporary Adjustments

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

Refer to disclosure Commentary Note 3

3b(ii): Tax Depreciation Roll-Forward

ref			($000)
45		Opening RAB (Tax Value)	676,063
46	*plus*	Regulatory tax asset value of additions	305,765
47	*less*	Regulatory tax asset value of disposals	1,302
48	*plus*	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	–
49	*less*	Tax depreciation	53,741
50	*plus*	Other adjustments to the RAB tax value	2,463
51		Closing RAB (tax value)	929,247

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 2018**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref		Unallocated RAB * ($000)	Unallocated RAB * ($000)	RAB ($000)	RAB ($000)
8	**RAB value—previous disclosure year**		1,391,642		1,187,257
9	*less*				
10	**Regulatory depreciation**		57,707		47,124
11	*plus*				
12	Indexed revaluations	857		857	
13	Periodic land revaluations	–		–	
14	**Total revaluations**		857		857
15	*plus*				
16	Assets commissioned (other than below)	342,998		284,672	
17	Assets acquired from a regulated supplier	–		–	
18	Assets acquired from a related party	–		–	
19	**Assets commissioned**		342,998		284,672
20	*less*				
21	Asset disposals (other)	22,434		11,745	
22	Asset disposals to a regulated supplier	–		–	
23	Asset disposals to a related party	–		–	
24	**Asset disposals**		22,434		11,745
25					
26	*plus* **Lost and found assets adjustment**		7,119		–
27					
28	**Adjustment resulting from cost allocation**				(2,029)
29					
30	**RAB value †**		1,662,475		1,411,886

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)
56	Standard depreciation	57,707	47,124
57	Non-standard depreciation	–	–
58	**Regulatory depreciation**	57,707	47,124

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

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

ref | *Version 4.0*

($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

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

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

			Unallocated RAB		RAB
		CPI at CPI reference date—previous year (index value)			1,000
		CPI at CPI reference date—current year (index value)			1,015
		Revaluation rate (%)			1.50%
		RAB value—previous disclosure year		1,391,642	1,187,257
	less	Revalued land	–		–
NL	*less*	Assets not subject to revaluation	1,334,515		1,130,130
	less	Assets with nil physical asset life	21		21
FC	*less*	Asset disposals	–		–
	less	Lost asset adjustment	–		–
FC		Indexed revaluation		857	857

4b(v): Works Under Construction

			Unallocated works under construction		Allocated works under construction
		Works under construction—previous disclosure year		240,410	207,838
	plus	Capital expenditure	266,795		215,319
	less	Asset commissioned	342,998		284,672
	less	Offsetting revenue	–		–
	plus	Adjustment resulting from cost allocation			(3,071)
		Works under construction		164,206	135,415

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

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

ref | *Version 4.0*

4b(vi): Capital Expenditure by Primary Purpose

ref				
106		Capacity growth	186,734	
107	*plus*	Asset replacement and renewal	28,585	
108		Total capital expenditure		215,319

4b(vii): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
111		RAB value—previous disclosure year	334,883	252,519	566,623	33,232	1,187,257
112	*less*	Regulatory depreciation	4	9,639	26,964	10,516	47,124
113	*plus*	Indexed revaluations	389	–	466	2	857
114	*plus*	Periodic land revaluations	–				–
115	*plus*	Assets commissioned	(0)	22,521	244,756	17,395	284,672
116	*less*	Asset disposals	–	736	10,831	178	11,745
117	*plus*	Lost and found assets adjustment	–	–	–	–	–
118	*plus*	Adjustment resulting from cost allocation	1,722	(12,717)	6,593	2,372	(2,029)
119		RAB value	336,989	251,947	780,642	42,307	1,411,886

** 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
122		Assets held for future use—previous disclosure year	156,855	148,047	(8,861)	(13,312)	300,451
123	*plus*	Assets held for future use—additions[1]	4,711	21,212	(971)	–	26,894
124	*less*	Transfer to works under construction	–	–	–	–	–
125	*less*	Assets held for future use—disposals	245	254	–	(21)	479
126		Assets held for future use[2]	161,321	169,004	(9,832)	(13,291)	326,866

[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.

127 *[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			
128		Highest rate of finance applied (%)	7.060%

129

Regulated Airport	Auckland International Airport Limited
For Year Ended	30 June 2018

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 4.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	–
Operational expenditure	5,415
Related party capital expenditure	182
Market value of asset disposals	6,684
Other related party transactions	6,716

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 subject to this information disclosure regime.
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	2,630
Auckland Council	Compliance, consent fees and other government regulatory obligations	N/A	191
City Park Services	Grounds maintenance for the regulated business	N/A	1,453
Watercare	Water, wastewater and compliance services for the regulated business	N/A	1,324
Auckland Council and Auckland Airport (non-regulated business)	Transfer of 55,338 sqm of roading land, including a section of George Bolt Memorial Drive and Nixon Roads to the "unallocated" regulated asset base, that was previously purchased from Auckland Council. The purchase was completed in 2017 but was not immediately recorded in the "unallocated' regulated asset base. The transfer was made per clauses 3.9(1)(e) and 3.9 (4) of the Input Methodologies, and per the price negotiated with Auckland Council (then Manukau City Council) on 28 October 2010.	51	2,813

28	Auckland Airport (non-regulated business)	Transfer of 10,480 sqm of investment property land recently vacated by Ministry of Primary Industries to assets held for future use that was identified to be necessary for aeronautical use as per the Master Plan. The land was transferred to AHFU per clauses 3.9(1)(e) and 3.9 (4) of the Input Methodologies. In 2019 this site will be utilised for the Airport's engineering services.	450	4,716
29	Auckland Airport (non-regulated business)	Transfer of 3,467.90 sqm of land in the regulated asset base previously used by Airways for parking, to the non regulated business for use as public carparking at the DTB. This land has been transferred in accordance with clause 1.4(3) of the Information Disclosure Determination for assets disposed of to a related party.	(68)	(234)
30	Auckland Airport (non-regulated business)	Transfer of 5,708.33 sqm of land held for future use to the non regulated business for use as carparking at Park and Ride. This land has been transferred in accordance with clause 1.4(3) of the Information Disclosure Determination for assets disposed of to a related party.	(84)	(479)
31	Auckland Airport (non-regulated business)	Transfer of 1,096.97 sqm of land held in the regulated asset base as infrastructure, being land surrounding a pumpstation, to the non regulated business for use as Investment Property. This land has been transferred in accordance with clause 1.4(3) of the Information Disclosure Determination for assets disposed of to a related party.	(68)	(74)
32	Auckland Airport (non-regulated business)	Transfer of 734.4 sqm of land held in the regulated asset base as infrastructure, being a section of the air cargo access road, to the non regulated business for use as Investment Property. This land has been transferred in accordance with clause 1.4(3) of the Information Disclosure Determination for assets disposed of to a related party.	(77)	(57)
33	Key management personnel	Remuneration of directors	N/A	1,104
34	Key management personnel	Remuneration of the senior	N/A	5,581
35	Auckland International Airport Marae	Maintenance and occupancy costs	N/A	31
36				
37				

38 **Commentary on Related Party Transactions**

39 Refer to Disclosure Commentary Note 5

40

41

42

Regulated Airport
For Year Ended

Auckland International Airport Limited
30 June 2018

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE

ref *Version 4.0*

6a: Actual to Forecast Expenditure

($000)

	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
Expenditure by Category						
Capacity growth	186,734	247,551	(24.6%)	186,734	247,551	(24.6%)
Asset replacement and renewal	28,585	57,904	(50.6%)	28,585	57,904	(50.6%)
Total capital expenditure	215,319	305,455	(29.5%)	215,319	305,455	(29.5%)
Corporate overheads	23,516	27,204	(13.6%)	23,516	27,204	(13.6%)
Asset management and airport operations	77,852	73,027	6.6%	77,852	73,027	6.6%
Asset maintenance	15,334	13,492	13.7%	15,334	13,492	13.7%
Total operational expenditure	116,701	113,722	2.6%	116,701	113,722	2.6%
Key Capital Expenditure Projects						
International Terminal (Check in, Outbound Baggage & La	5,441	11,915	(54.3%)	5,441	11,915	(54.3%)
International Terminal (Airside Emigration & Dwell)	85,731	51,002	68.1%	85,731	51,002	68.1%
International Terminal (Pier and Connections)	54,439	78,194	(30.4%)	54,439	78,194	(30.4%)
International Terminal (Arrivals)	862	20,163	(95.7%)	862	20,163	(95.7%)
Ground Transport Centre / Plaza - Aeronautical elements (	(0)	1,138	(100.0%)	(0)	1,138	(100.0%)
Integrated Facility (Domestic Jet Facility (Phase 5))	16,182	35,854	(54.9%)	16,182	35,854	(54.9%)
Existing Domestic Terminal (Extension of Life)	1,050	–	Not defined	1,050	–	Not defined
Runway, Taxiway and Aprons (Code F Taxiway, Stands an	5,954	11,345	(47.5%)	5,954	11,345	(47.5%)
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands	–	5,481	(100.0%)	–	5,481	(100.0%)
Runway, Taxiway and Aprons (Airfield Utilities)	1,487	8,675	(82.9%)	1,487	8,675	(82.9%)
Runway, Taxiway and Aprons (Flexible contingent runway)	207	–	Not defined	207	–	Not defined
Support Facilities (Business Technology)	3,865	5,064	(23.7%)	3,865	5,064	(23.7%)
Support Facilities (Acoustic Mitigation)	1,501	1,625	(7.6%)	1,501	1,625	(7.6%)
Support Facilities (AD&D Support Projects)	2,807	4,901	(42.7%)	2,807	4,901	(42.7%)
Support Facilities (Airport Emergency Services)	1,257	793	58.6%	1,257	793	58.6%
Support Facilities (Marketing Customer Service and Comm	157	623	(74.8%)	157	623	(74.8%)
Support Facilities (Corporate)	1,936	1,184	63.4%	1,936	1,184	63.4%
Airport Campus Utilities (Utilities - Stormwater)	–	678	(100.0%)	–	678	(100.0%)
Airport Campus Utilities (Utilities - Water & Wastewater)	1,047	2,115	(50.5%)	1,047	2,115	(50.5%)
Airport Campus Utilities (Utilities - Power - LV and HV Pow	–	305	(100.0%)	–	305	(100.0%)
Airport Surface Access Network (Terminal Roads)	1,359	7,507	(81.9%)	1,359	7,507	(81.9%)
Airport Surface Access Network (Arterial and Other Roads	7,293	11,413	(36.1%)	7,293	11,413	(36.1%)
Asset Maintenance (Slab Replacement and Runway Works	11,985	8,666	38.3%	11,985	8,666	38.3%
Asset Maintenance (Airbridge Refurbishment)	115	1,517	(92.4%)	115	1,517	(92.4%)
Asset Maintenance (Business as Usual)	7,338	14,262	(48.5%)	7,338	14,262	(48.5%)
Second Runway incl Utilities (Second Runway incl Utilities)	3,262	11,270	(71.1%)	3,262	11,270	(71.1%)
		–	Not defined		–	Not defined
Other capital expenditure	44	9,767	(99.5%)	44	9,767	(99.5%)
Total capital expenditure	215,319	305,455	(29.5%)	215,319	305,455	(29.5%)

Explanation of Variances

Refer to Disclosure Commentary Note 6

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

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

Regulated Airport
For Year Ended

Auckland International Airport Limited
30 June 2018

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

Version 4.0

6b: Forecast Expenditure

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended) 30 June 2018

Expenditure by Category	for year ended	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
Capacity growth		247,551	409,728	423,834	501,327	547,757
Asset replacement and renewal		57,904	47,069	36,408	38,125	42,894
Total forecast capital expenditure		305,455	456,797	460,242	539,452	590,652
Corporate overheads		27,204	29,295	30,447	31,587	32,868
Asset management and airport operations		73,027	78,641	81,733	84,793	88,230
Asset maintenance		13,492	14,529	15,100	15,665	16,300
Total forecast operational expenditure		113,722	122,465	127,281	132,045	137,398

Key Capital Expenditure Projects	for year ended	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
International Terminal (Check in, Outbound Baggage & Landside Dwell)		11,915	1,129	6,414	36,321	109,960
International Terminal (Airside Emigration & Dwell)		51,002	20,848	708	–	0
International Terminal (Pier and Connections)		78,194	55,066	43,089	0	0
International Terminal (Arrivals)		20,163	40,248	41,942	120	15,666
Ground Transport Centre / Plaza - Aeronautical elements (Ground Transpo		1,138	535	592	15,878	29,317
Integrated Facility (Domestic Jet Facility (Phase 5))		35,854	135,708	139,159	177,837	141,625
Existing Domestic Terminal (Extension of Life)		–	11,295	11,814	–	–
Runway, Taxiway and Aprons (Code F Taxiway, Stands and Aprons)		11,345	6,130	3,040	61,372	120,408
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Pl		5,481	64,100	83,189	94,618	–
Runway, Taxiway and Aprons (Airfield Utilities)		8,675	18,656	4,718	1,172	1,223
Runway, Taxiway and Aprons (Flexible contingent runway)		–	–	–	–	–
Support Facilities (Business Technology)		5,064	3,577	3,741	3,906	6,017
Support Facilities (Acoustic Mitigation)		1,625	1,694	1,772	1,850	1,931
Support Facilities (AD&D Support Projects)		4,901	6,813	7,126	7,441	7,764
Support Facilities (Airport Emergency Services)		793	10,447	–	–	–
Support Facilities (Marketing Customer Service and Communications)		623	565	591	617	644
Support Facilities (Corporate)		1,184	1,150	1,203	1,256	1,310
Airport Campus Utilities (Utilities - Stormwater)		678	2,434	2,300	1,544	716
Airport Campus Utilities (Utilities - Water & Wastewater)		2,115	6,230	5,980	1,688	1,283
Airport Campus Utilities (Utilities - Power - LV and HV Power)		305	1,449	1,373	3,010	–
Airport Surface Access Network (Terminal Roads)		7,507	7,617	9,331	7,336	1,964
Airport Surface Access Network (Arterial and Other Roads)		11,413	18,198	11,017	12,371	27,274
Asset Maintenance (Slab Replacement and Runway Works)		8,666	9,036	9,451	9,869	10,297
Asset Maintenance (Airbridge Refurbishment)		1,517	1,581	1,654	1,727	1,802
Asset Maintenance (Business as Usual)		14,262	11,157	12,120	12,027	11,767
Second Runway incl Utilities (Second Runway incl Utilities)		11,270	18,377	57,398	86,256	96,441
Other capital expenditure		9,767	2,757	519	1,236	3,246
Total forecast capital expenditure		305,455	456,797	460,242	539,452	590,652

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

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

ref *Version 4.0*

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

Proposed risk allocation adjustment	Units used	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1	Estimated present value of the proposed risk allocation adjustment ($000)
[Proposed adjustment 1]				Not defined			Not defined	
[Proposed adjustment 2]				Not defined			Not defined	
[Proposed adjustment 3]				Not defined			Not defined	
[Proposed adjustment 4]				Not defined			Not defined	
[Proposed adjustment 5]				Not defined			Not defined	
[Proposed adjustment 6]				Not defined			Not defined	
[Proposed adjustment 7]				Not defined			Not defined	
[Proposed adjustment 8]				Not defined			Not defined	
[Proposed adjustment 9]				Not defined			Not defined	

**include additional rows if needed*

Total proposed risk allocation adjustments: –

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

Airport Companies must provide a brief explanation of how the airport produced its estimated present value for each risk allocation adjustment specified in rows 111-119.

* Disclosure year Pricing Period Starting Year .*

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref *Version 4.0*

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Airfield	–	122,100	–	122,100
Passenger Service Charge	179,068	–	–	179,068
0				–
0				–
Lease, rental and concession income	17,913	431	15,766	34,111
Other operating revenue	1,050	749	1,281	3,080
Net operating revenue	198,031	123,281	17,047	338,359
Gains / (losses) on asset sales	(10,936)	(784)	(25)	(11,745)
Other income				–
Total regulatory income	187,095	122,497	17,022	326,614
Total operational expenditure	82,227	29,908	4,566	116,701
Regulatory depreciation	27,886	17,613	1,625	47,124
Total revaluations	–	–	857	857
Regulatory tax allowance	19,451	18,892	2,705	41,048
Regulatory profit/ loss	57,531	56,083	8,983	122,598
Regulatory investment value	576,558	672,117	65,223	1,313,898

** 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 2018

SCHEDULE 8: CONSOLIDATION STATEMENT

ref *Version 4.0*

8a: CONSOLIDATION STATEMENT

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	($000) Airport Company– GAAP
Net income	326,614	11,735	338,349	343,039	681,388
Total operational expenditure	116,701	–	116,701	60,877	177,578
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	209,913	11,735	221,648	282,162	503,810
Depreciation	47,124	21,527	68,651	20,256	88,907
Revaluations	857	(832)	25	152,213	152,238
Tax expense	41,048	1,857	42,905	85,260	128,166
Net operating surplus / (deficit) before interest	122,598	(12,481)	110,117	328,859	438,975
Property plant and equipment	1,411,886	1,515,867	2,927,753	3,450,247	6,378,000

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 $21.527m 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	21,527
The difference in revaluations between regulatory and GAAP is due to the different valuation approaches used as described in the accompanying commentary document.	Revaluations	(832)
The regulatory/GAAP adjustment of $1.857m relates to deferred tax "expense" of $0.669m that is recognised in Airport Business GAAP, offset by the tax effect of $2.526m in relation to the notional interest deduction, which is not claimed in the the GAAP tax calculation and the tax effect $0.277m due to differences between the GAAP gain on disposal of assets and the regulatory loss on disposal of assets.	Tax expense	1,857
The Airport Business - GAAP PP&E is $1,515,867m 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. Note - PPE Land was revalued in FY18. 2) Future Use assets are excluded from "Airport Businesses" but included in "Airport Businesses - GAAP".	Property plant & equipment	1,515,867
	[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 2018**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref | *Version 4.0*

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	136	284,384	26,234	310,754		310,754
Assets not directly attributable	21,125	4,627	483	26,236	10,548	36,783
Total value land				336,989		
Sealed Surfaces						
Directly attributable assets	–	251,947	–	251,947		251,947
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				251,947		
Infrastructure and Buildings						
Directly attributable assets	87,590	61,413	40,370	189,372		189,372
Assets not directly attributable	540,859	45,833	4,579	591,270	231,081	822,352
Total value infrastructure and buildings				780,642		
Vehicles, Plant and Equipment						
Directly attributable assets	6,863	7,617	113	14,594		14,594
Assets not directly attributable	17,617	9,264	832	27,714	8,960	36,673
Total value vehicles, plant and equipment				42,307		
Total directly attributable assets	94,589	605,361	66,717	766,667		766,667
Total assets not directly attributable	579,601	59,725	5,894	645,220	250,589	895,808
Total assets	674,190	665,085	72,611	1,411,886	250,589	1,662,475

Asset Allocators

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Buildings	ITB (sub)spaces	Proxy Cost Allocator	Assets that service the ITB are allocated based on relevant terminal areas. Relevant spaces include overall space, forecourt, Pier B, expanded arrivals, 1st floor redevelopment (fixed) and the residual 'core' which includes Pier A.	Primarily Buildings within the terminals.
Buildings	DTB (sub)spaces	Proxy Cost Allocator	Assets that service the DTB are allocated based on relevant terminal areas. DTB spaces include overall space and forecourt.	Primarily Buildings within the terminals.
Infrastructure	Charged Usage	Causal Relationship	(Notional) Charged Usage are based on meter readings which directly relate to utilisation of the assets. In the case of internal usage, a notional charge is calculated based on tariff rates and measured usage.	Utility distribution networks (end point assets allocated based on end point user) including electricity, potable & waste water outside buildings and gas.
Infrastructure	Space	Causal Relationship	Rain water not absorbed into the ground enters the storm water network. An assessment of land covered by sealed surfaces by the land's usage reasonably estimates utilisation of the storm water assets. Roading allocation is done where roads cannot be directly attributed they are considered to be shared across the business. Lightning, pavement, signage outside buildings are allocated based on the respective analysis associated with the business unit or use.	Stormwater distribution network (end point assets allocated based on end point user), roadng and adjacent Infrastructure, lightning, pavement - mainly for parking other than roading and footpaths, signage outside the buildings including traffic lights.

34	Infrastructure	Company-wide rule	Proxy Cost Allocator	The communications network provides benefit to the broader business. No specific usage/billing analysis available.	Communications network outside buildings
35	Land	Space	Causal Relationship	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
36	Vehicles, Plant & Equipment	FTE Analysis	Causal Relationship	Staff time directly impacts the utilisation of the asset. The use is identified by the indication done by staff in the operating cost business analysis.	Motor Vehicles used by Aeronautical management
37	Vehicles, Plant & Equipment	Internal R&M Analysis	Causal Relationship	Assets allocated based on corresponding allocated opex. Allocation of (repairs and maintenance) opex is determined at a business unit level (directly or using the above allocators).	Assets (motor vehicles and plant) relating to Engineering Support Services who are responsible for repairs and maintenance
38	Vehicles, Plant & Equipment	Space	Proxy Cost Allocator	Plant and equipment which is not directly attributed is allocated on the same basis as buildign structure - based on the share of terminal space.	Plant
39	Vehicles, Plant & Equipment	Company-wide rule	Proxy Cost Allocator	Where Plant and Equipment cannot be directly attributed and provides benefit to the broader business the company-wide rule is used to allocate these assets.	Plant and equipment primarily IT related
40			[Select one]		
41					

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2018**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 4.0*

48 **Asset Allocators (cont)**

ref	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
50			[Select one]		
51			[Select one]		
52			[Select one]		
53			[Select one]		
54			[Select one]		
55			[Select one]		
56			[Select one]		
57			[Select one]		
58			[Select one]		
59			[Select one]		
60			[Select one]		
61			[Select one]		
62			[Select one]		
63			[Select one]		
64			[Select one]		
65			[Select one]		
66			[Select one]		
67			[Select one]		
68			[Select one]		
69			[Select one]		
70			[Select one]		
71			[Select one]		
72			[Select one]		
73			[Select one]		
74			[Select one]		
75			[Select one]		
76			[Select one]		
77			[Select one]		
78			[Select one]		
79			[Select one]		
80			[Select one]		
81			[Select one]		
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89			[Select one]		
90			[Select one]		
91			[Select one]		
92			[Select one]		
93			[Select one]		
94			[Select one]		
95			[Select one]		
96			[Select one]		
97			[Select one]		
98			[Select one]		
99			[Select one]		
100			[Select one]		
101			[Select one]		
102			[Select one]		
103			[Select one]		
104			[Select one]		
105			[Select one]		
106			[Select one]		
107			[Select one]		
108			[Select one]		
109			[Select one]		
110			[Select one]		
111			[Select one]		
112			[Select one]		
113			[Select one]		
114			[Select one]		

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

116

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2018**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 4.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

($000)

			Effect of Change		
			CY-1	Current Year (CY)	CY+1
			30 Jun 17	30 Jun 18	30 Jun 19
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

Commentary on Asset Allocations

Refer to Disclosure Commentary Note 9

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref *Version 4.0*

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	14,230	8,540	745	23,514	12,256	35,770
Asset Management and Airport Operations						
Directly attributable operating costs	37,225	3,991	1,288	42,504		42,504
Costs not directly attributable	20,829	12,574	1,945	35,348	42,067	77,415
Asset Maintenance						
Directly attributable operating costs	6,857	3,382	460	10,699		10,699
Costs not directly attributable	3,086	1,422	128	4,635	6,554	11,189
Total directly attributable costs	44,083	7,373	1,748	53,204		53,204
Total costs not directly attributable	38,144	22,535	2,818	63,497	60,877	124,374
Total operating costs	82,227	29,908	4,566	116,701	60,877	177,578

Cost Allocators

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
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. The allocation of these costs are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment.	All costs lines within the MAINTENANCE SERVICES, BUILDING AND TERMINAL SERVICES and ELECTRONIC SYSTEMS business units except specific object codes carved out as per cost allocation process.
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 other specific object codes carved out as per cost allocation process
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 other specific object codes carved out as per cost allocation process
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 other specific object codes carved out as per cost allocation process
Asset Management & Airport Operations	Weighted average of stormwater and wastewater rules based on NBV of assets: Stormwater = weighted average of rules applied to sealed areas. Wastewater = weighted average of rules applied to meters	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 other specific object codes carved out as per cost allocation process
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

29		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
30		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
31		Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	These functions support all segments and the proxy rule efficiently captures the relative scale of each segment. It is inefficient and immaterial to systemise the monitoring and recording of time spent across each segment	All costs lines within the business units listed below except specific object codes carved out as per cost allocation process GROUND CARE SKYGATE SECURITY MASTER PLANNING MASTER PLANNING - TRANSPORT
32		Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Predominately employee related costs which are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the (AERO) COMMERICAL MANAGEMENT and TRANSPORT MANAGEMENT business units except specific object codes carved out as per cost allocation process
33		Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	These functions support all aeronautical segments and it is inefficient and immaterial to systemise the monitoring of time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the AERO MANAGEMENT and FUEL RECOVERY business units except specific object codes carved out as per cost allocation process
34		Asset Management & Airport Operations	Aeronautical revenues/costs split excluding aircraft and freight revenues/expenses	Proxy Cost Allocator	These managerial functions support both Airfield and Passenger Terminal operations management and it is inefficient and immaterial to monitor time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the AIRSIDE OPERATIONS MANAGEMENT and SLOTS COORDINATION business units except specific object codes carved out as per cost allocation process
35		Asset Management & Airport Operations	Aeronautical revenues split	Proxy Cost Allocator	These managerial functions support all aeronautical segments and it is inefficient and immaterial to monitor time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the RESCUE FIRE ADMIN, AERO PERFORMANCE & PLANNING and OPERATION CAPRICORN business units except specific object codes carved out as per cost allocation process
36		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. AIAL management are in the process of gathering vehcile movement and roading network usage data to refine the allocation of costs to maintain roading assets	All costs lines within the ROADWAYS business unit except specific object codes carved out as per cost allocation process
37		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. It would be inefficient and immaterial to monitor costs incurred by each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the INTERNATIONAL JETBASE business unit except specific object codes carved out as per cost allocation process

38		Asset Management & Airport Operations	Share of rental revenues between aeronautical and non-aeronautical revenues	Proxy Cost Allocator	BU dominated by rental revenue so costs are split by rental revenue associated with each segment. It would be inefficient and immaterial to monitor costs incurred by each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the ITB TENANCIES-ADMINISTRATIVE and DHL business units except specific object codes carved out as per cost allocation process
39		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. It would be inefficient and immaterial to monitor costs incurred by each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the QUAD 5 business unit except specific object codes carved out as per cost allocation process
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. The allocation of these costs are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment.	All costs lines within the ASSET DATA SERVICES business unit except specific object codes carved out as per cost allocation process.
41		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. The allocation of these costs are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment.	All costs lines within the ENGINEERING SUPPORT SERVICES business unit except specific object codes carved out as per cost allocation process.
42		Corporate Overheads	Aeronautical revenues split	Proxy Cost Allocator	The split of aeronautical revenues fairly distributes between aeronautical activities. This is used to attribute airline consultation cost between airfield and terminal which efficiently captures the relative scale of each segment	All costs lines within the AERONAUTICAL PRICING and ECONOMIC REGULATION business units except specific object codes carved out as per cost allocation process
43		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. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the CHINA PLAN business units except specific object codes carved out as per cost allocation process
44		Corporate Overheads	Employee time split	Proxy Cost Allocator	These functions support all aeronautical segments and it is inefficient and immaterial to systemise the monitoring of time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the INTEGRATED TERMINAL FACILITY and POLICY MANAGEMENT business units except specific object codes carved out as per cost allocation process
45		Corporate Overheads	Employee time split	Proxy Cost Allocator	Predominately employee related costs which are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the RETAIL MANAGEMENT, MARKETING AND BRANDING and INSIGHT business units except specific object codes carved out as per cost allocation process

46	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	These functions support all segments and the proxy rule efficiently captures the relative scale of each segment. It is inefficient and immaterial to systemise the monitoring and recording of time spent across each segment	All costs lines within the business units listed below except specific object codes carved out as per cost allocation process GENERAL COUNSEL & CO SECRETARY CORPORATE RELATIONS COMMUNITY RELATIONS MARAE ACCOUNTING BUSINESS INTELLIGENCE CEO HUMAN RESOURCES CORPORATE OFFICE PROCUREMENT HEALTH AND SAFETY DIGITAL MARKETING BUSINESS ARCHITECTURE BT OUTSOURCED
47	Asset Management & Airport Operations	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. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the ROUTE DEVELOPMENT business units except specific object codes carved out as per cost allocation process
48	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	These functions support all segments and the proxy rule efficiently captures the relative scale of each segment. It is inefficient and immaterial to systemise the monitoring and recording of time spent across each segment	All costs lines within the business units listed below except specific object codes carved out as per cost allocation process IT SYSTEMS BUSINESS SOLUTIONS
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53 ** A description of the metric used for allocation, e.g. floor space.*

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Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2018**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 4.0*

10b: Notes to the Report

10b(i): Changes in Cost Allocators

($000)

			Effect of Change		
			CY-1	**Current Year (CY)**	**CY+1**
			30 Jun 17	**30 Jun 18**	**30 Jun 19**
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

Commentary on Cost Allocations

Refer to Disclosure Commentary Note 10

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

ref *Version 4.0*

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	–	25
9	Airlines/Other	3	2	–
10	Undetermined reasons	–	–	–
11	Total	4	2	25
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	39	144	13
27	Airlines/Other	20	12	29
28	Undetermined reasons	–	–	–
29	Total	59	156	42
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	2	4	46
33	Airlines/Other	1	–	22
34	Undetermined reasons	–	–	–
35	Total	3	5	08
36	**Baggage reclaim belts**			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports			
39	Airlines/Other			
40	Undetermined reasons			
41	Total	–	–	–
42	**On-time departure delay**			
43	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	26	13	46
45	Airlines/Other	17	11	47
46	Undetermined reasons	–	–	–
47	Total	43	25	33
48				

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref *Version 4.0*

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

56 The percentage of time that FEGP is unavailable due to interruptions* 1.65%

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

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58 **Commentary concerning reliability measures**

59 Refer to Disclosure Commentary Note 11

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79 *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.*

80

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 12: REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES

ref *Version 4.0*

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	N/A	N/A
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	45	N/A	N/A
	IMC (movements per hour)	38	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)	3,220	2,587	370	673
	Width (m)	45	24	23	25
	Status	Full length	Part length	Part length	Part length
	Number of links	11	10	4	4

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	18	4	27
	Domestic jet	9	2	–
	Domestic turboprop	–	13	6
Total parking stands		27	19	33

Busy periods for runway movements

	Date
Runway busy day	17 November 2017
Runway busy hour start time (day/month/year hour)	31 May 2018 4 PM

Aircraft movements

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

		Contact stand–airbridge	Contact stand–walking	Remote stand—bus	Total
Air passenger services	International	146	–	8	154
	Domestic jet	139	6	–	145
	Domestic turboprop	–	221	18	239
	Total	285	227	26	538
Other (including General Aviation)					10
Total aircraft movements during the runway busy day					548

Number of aircraft runway movements during the runway busy hour	41

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 2018**

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

Version 4.0

ref	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)	14-04-2018 - 9:00	08-12-2017 - 19:00	N/A
	Floor space (m^2)	3,842	1,652	
	Passenger throughput during the passenger busy hour (passengers/hour)	1,957	1,601	
	Utilisation (busy hour passengers per $100m^2$)	51	97	Not defined
Check-in				
	Passenger busy hour for check-in—start time (day/month/year hour)	14-04-2018 - 9:00	08-12-2017 - 19:00	N/A
	Floor space (m^2)	4,132	841	
	Passenger throughput during the passenger busy hour (passengers/hour)	1,957	1,601	
	Utilisation (busy hour passengers per $100m^2$)	47	190	Not defined
Baggage (outbound)				
	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	14-04-2018 - 9:00	08-12-2017 - 19:00	N/A
	Make-up area floor space (m^2)	8,443	3,260	
	Notional capacity during the passenger busy hour (bags/hour)*	3,060	2,000	
	Bags processed during the passenger busy hour (bags/hour)*	2,041	1,233	
	Passenger throughput during the passenger busy hour (passengers/hour)	1,957	1,601	
	Utilisation (% of processing capacity)	67%	62%	Not defined
	** 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)	14-04-2018 - 9:00		
	Floor space (m^2)	712		
	Number of emigration booths and kiosks	16		
	Notional capacity during the passenger busy hour (passengers/hour) *	2,292		
	Passenger throughput during the passenger busy hour (passengers/hour)	1,957		
	Utilisation (busy hour passengers per $100m^2$)	275		
	Utilisation (% of processing capacity)	85%		
	** 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)	14-04-2018 - 9:00	10-12-2017 - 12:00	
	Facilities for passengers excluding international transit & transfer			
	Floor space (m^2)	2,074	592	
	Number of screening points	6	5	
	Notional capacity during the passenger busy hour (passengers/hour) *	2,040	1,350	
	Passenger throughput during the passenger busy hour (passengers/hour)	1,957	1,275	
	Utilisation (busy hour passengers per $100m^2$)	94	215	
	Utilisation (% of processing capacity)	96%	94%	
	Facilities for international transit & transfer passengers			
	Floor space (m^2)	204		
	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)	–		
	Utilisation (busy hour passengers per $100m^2$)	–		
	Utilisation (% of processing capacity)	–		
	** 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 2018**

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

ref *Version 4.0*

ref		International terminal	Domestic terminal	Common area †
62	**Airside circulation (outbound)**			
63	Passenger busy hour for airside circulation (outbound)—start time			
64	(day/month/year hour)	14-04-2018 - 9:00	08-12-2017 - 19:00	
65	Floor space (m²)	11,859	2,273	
66	Passenger throughput during the passenger busy hour (passengers/hour)	1,957	1,601	
67	Utilisation (busy hour passengers per 100m²)	17	70	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	14-04-2018 - 9:00	08-12-2017 - 19:00	
70	Floor space (m²)	8,125	2,922	
71	Number of seats	3,724	1,075	
72	Passenger throughput during the passenger busy hour (passengers/hour)	1,957	1,601	
73	Utilisation (busy hour passengers per 100m²)	24	55	
74	Utilisation (passengers per seat)	0.5	1.5	
75	**Inbound (Arriving) Passengers**			
76	**Airside circulation (inbound)**			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	01-04-2018 - 17:00	12-11-2017 - 18:00	N/A
79	Floor space (m²)	12,531	2,298	
80	Passenger throughput during the passenger busy hour (passengers/hour)	2,403	1,559	
81	Utilisation (busy hour passengers per 100m²)	19	68	Not defined
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	01-04-2018 - 17:00		
85	Floor space (m²)	1,656		
86	Number of immigration booths and kiosks	35		
87	Notional capacity during the passenger busy hour (passengers/hour) *	3,980		
88	Passenger throughput during the passenger busy hour (passengers/hour)	1,974		
89	Utilisation (busy hour passengers per 100m²)	119		
90	Utilisation (% of processing capacity)	50%		
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)	01-04-2018 - 17:00	12-11-2017 - 18:00	N/A
95	Floor space (m²)	1,513	1,652	
96	Passenger throughput during the passenger busy hour (passengers/hour)	1,974	1,559	
97	Utilisation (busy hour passengers per 100m²)	130	94	Not defined
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	01-04-2018 - 17:00	12-11-2017 - 18:00	
100	Floor space (m²)	5,945	1,081	
101	Number of reclaim units	6	2	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	2,379	938	
103	Bags processed during the passenger busy hour (bags/hour)*	2,076	1,200	
104	Passenger throughput during the passenger busy hour (passengers/hour)	1,974	1,559	
105	Utilisation (% of processing capacity)	87%	128%	
106	Utilisation (busy hour passengers per 100m²)	33	144	
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)	01-04-2018 - 17:00		
111	Floor space (m²)	2,634		
112	Notional MAF secondary screening capacity during the passenger busy hour	2,145		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	1,974		
115	Utilisation (% of processing capacity)	92%		
116	Utilisation (busy hour passengers per 100m²)	75		
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)	01-04-2018 - 17:00	12-11-2017 - 18:00	N/A
120	Floor space (m²)	1,676	260	
121	Passenger throughput during the passenger busy hour (passengers/hour)	1,974	1,559	
122	Utilisation (busy hour passengers per 100m²)	118	599	Not defined

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

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

ref *Version 4.0*

	International terminal	Domestic terminal	Common area †
Total terminal functional areas providing facilities and service directly for passengers			
Floor space (m^2)	65,347	14,558	N/A
Number of working baggage trolleys available for passenger use at end of disclosure year	3,600	400	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 2018**

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 4.0*

Survey organisation

Survey organisation used	ACI
If "Other", please specify	

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

Domestic terminal	*Quarter*	**1**	**2**	**3**	**4**	**Annual**
	for year ended	**30 Sep 17**	**31 Dec 17**	**31 Mar 18**	**30 Jun 18**	**average**
Ease of finding your way through an airport		4.2	4.0	4.2	4.1	4.1
Ease of making connections with other flights		3.9	3.7	4.0	3.8	3.8
Flight information display screens		4.2	4.2	4.2	4.2	4.2
Walking distance within and/or between terminals		4.1	4.0	4.2	4.0	4.1
Availability of baggage carts/trolleys		4.1	4.1	4.3	4.0	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.2	4.2	4.4	4.3	4.3
Availability of washrooms/toilets		4.1	4.0	4.2	3.9	4.0
Cleanliness of washrooms/toilets		3.9	3.8	4.0	3.7	3.9
Comfort of waiting/gate areas		3.6	3.6	3.8	3.6	3.6
Cleanliness of airport terminal		4.1	4.0	4.2	4.0	4.1
Ambience of the airport		3.8	3.8	3.9	3.7	3.8
Security inspection waiting time		4.3	4.1	4.3	4.2	4.2
Check-in waiting time		4.2	4.2	4.3	4.3	4.3
Feeling of being safe and secure		4.4	4.4	4.6	4.4	4.4
Average survey score		4.1	4.0	4.2	4.0	4.1

International terminal	*Quarter*	**1**	**2**	**3**	**4**	**Annual**
	for year ended	**30 Sep 17**	**31 Dec 17**	**31 Mar 18**	**30 Jun 18**	**average**
Ease of finding your way through an airport		4.0	4.0	4.1	4.0	4.0
Ease of making connections with other flights		3.9	4.0	4.0	4.0	4.0
Flight information display screens		4.1	4.0	4.1	4.1	4.1
Walking distance within and/or between terminals		3.9	3.8	3.8	3.8	3.8
Availability of baggage carts/trolleys		4.1	4.2	4.2	4.1	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.3	4.2	4.3	4.4	4.3
Availability of washrooms/toilets		4.1	4.1	4.2	4.3	4.2
Cleanliness of washrooms/toilets		4.0	3.9	4.1	4.2	4.1
Comfort of waiting/gate areas		3.9	3.9	4.0	4.0	3.9
Cleanliness of airport terminal		4.2	4.2	4.4	4.4	4.3
Ambience of the airport		3.9	4.0	4.1	4.0	4.0
Passport and visa inspection waiting time		4.4	4.3	4.4	4.4	4.4
Security inspection waiting time		4.3	4.1	4.4	4.3	4.3
Check-in waiting time		4.3	4.0	4.0	4.1	4.1
Feeling of being safe and secure		4.5	4.3	4.5	4.4	4.4
Average survey score		4.1	4.1	4.2	4.2	4.1

The margin of error requirement specified in clause 2.4(3)(c) of the determination applies only to the combined quarterly survey results for the disclosure year. Quarterly results may not conform to the 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 2018**

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 4.0*

Disclosure of the operational improvement process

Refer to Disclosure Commentary Note 15

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.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref *Version 4.0*

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 - B787-9 Dreamliner	4,296	1,077,579
Boeing - B777-200	3,030	915,321
Airbus Industrie - A-330-300	3,700	867,112
Boeing - B777-300ER	2,358	826,113
Airbus Industrie - A-380-800	1,057	604,727
Boeing - B737-800	5,960	470,052
Airbus Industrie - A-320	4,648	354,749
Airbus Industrie - A-340-300	523	144,382
Boeing - B777-300	383	131,353
Airbus Industrie - A-350-900	469	129,460
Boeing - B747-800	90	40,293
Boeing - B737-200	250	17,594
Boeing - B747-400	11	4,460
Boeing - B737-300	23	1,985
Airbus Industrie - A-321	11	1,029
Bombardier - BD-700 Global Express	6	251
Boeing - B787-8 Dreamliner	1	228
Airbus Industrie - A-319	2	151
Dassault - Falcon 7X	5	145
Gulfstream Aerospace - G-4	4	135
Boeing - B757-27B	1	113
Fokker - F-70	2	83
Gulfstream Aerospace - G-5	2	83
De Havilland Canada - Dash 8 Q300	4	78
Embraer - ERJ-135	4	74
Dassault - Falcon 900	3	62
Gulfstream Aerospace - G650	1	45
Beechcraft - 350 Super King Air	4	42
Canadair - CL-600 Challenger 600	2	39
Dassault - Falcon 50	2	36
Bombardier - Learjet 60	3	32
Bombardier - Learjet 45	3	27
Convair - CV-580 Convair	1	24
Fokker - F27	1	19
Hawker - Raytheon 850XP	1	13
Cessna - 650 Citation VII	1	10
Cessna - 525 Citation CJ4	1	8
Partenavia - P-68 Observer	1	5
Piper - PA-46-350P	1	2
Total	26,865	5,587,913

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)

ref *Version 4.0*

(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	22,462	1,609,322
Boeing - B737-400	484	31,285
Boeing - B737-300	446	28,803
Boeing - B787-9 Dreamliner	57	14,394
Boeing - B777-300ER	29	10,167
Boeing - B777-200	24	7,141
Boeing - B737-800	28	2,211
Rockwell - Aero Commander 500	29	1,875
Airbus Industrie - A-330-300	7	1,642
Boeing - B777-300	2	703
Boeing - B737-200	2	140
Boeing - B737-400	2	129
Bombardier - BD-700 Global Express	3	126
Fokker - F-70	2	83
Gulfstream Aerospace - G-4	1	34
Dassault - Falcon 7X	1	31
Total	23,579	1,708,087

(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	17,538	342,066
Aerospatiale/Alenia - ATR-72-500	10,156	232,075
Convair - CV-580 Convair	450	11,198
SAAB - Saab 340	730	9,280
Fairchild - SW-4B	1,092	7,934
Cessna - 208 Grand Caravan	1,950	7,740
Beechcraft - 300 Super King Air	345	2,347
Fokker - F-27	65	1,209
Beechcraft - 200 Super King Air	162	922
British Aerospace - Jetstream 32	68	500
Beechcraft - 90 King Air	106	496
Cessna - 510 Citation Mustang	61	239
Beechcraft - 350 Super King Air	31	229
British Aerospace - Jetstream 32	21	153
Cessna - 421 Golden Eagle	36	124
Cessna - 441 Conquest 2	12	54
Fairchild - SW-4A	7	51
Piper - PA-42-1000	10	51
McDonnell Douglas - DC-3 Dakota	3	37
Pilatus - PC-12 Eagle	8	36
Piper - PA-31 Navajo	10	33
Aero Commander - Turbo Commander 690	6	28
Canadair - CL-600 Challenger 600	1	20
Embraer - ERJ-135	1	19
Dassault - Falcon 7X	1	18
Aerospatiale - AS-350B	1	3
Total	32,871	616,862

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2018**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

ref *Version 4.0*

(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	2,196	6,573
Freight aircraft	849	200,723
Military and diplomatic aircraft	24	3,918
Other aircraft (including General Aviation)	932	15,641

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

	Total number of landings	Total MCTOW (tonnes)
Total	87,316	8,139,717

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	52,533	–	2,886	55,419
Domestic jet air passenger service movements	45,985	1,901	–	47,886

** 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†	4,682,541	5,648,269	10,330,810
Outbound passengers†	4,581,125	5,618,113	10,199,238
Total (gross figure)	9,263,666	11,266,382	20,530,048
less estimated number of transfer and transit passengers		1,063,856	1,063,856
Total (net figure)			19,466,192

† 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 New Zealand
Jetstar Airways	Air Caledonie International
Air Nelson	Air Tahiti Nui
Mount Cook Airlines	Air Vanuatu
Barrier Air	Cathay Pacific Airways
Air Chathams	China Airlines
Fly My Sky	China Southern Airlines
	Emirates Airlines
	Fiji Airways
	Hawaiian Airlines
	Jetstar Airways
	Korean Air
	LATAM
	Malaysia Airlines
	Qantas Airways
	Singapore Airlines
	Thai Airways International
	Virgin Australia Airlines
	China Eastern Airlines
	Philippine Airlines

Regulated Airport For Year Ended: **Auckland International Airport Limited** — **30 June 2018**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref *Version 4.0*

Airline statistics (cont)

Domestic	International
	Air China
	AirAsia X
	American Airlines
	United Airlines
	Hong Kong Airlines
	Tianjin Airlines
	Hainan Airlines
	Qatar Airways
	Sichuan Airlines
	Samoa Airways
	Norfolk Island Airlines

16e: Human Resource Statistics

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
Number of full-time equivalent employees	225.1	113.2	5.9	344.2
Human resource costs ($000)				45,399

Commentary concerning the report on associated statistics

Refer to Disclosure Commentary Note 16

Regulated Airport: Auckland International Airport Limited
For Year Ended: 30 June 2018

SCHEDULE 17: REPORT ON PRICING STATISTICS

ref *Version 4.0*

17a: Components of Pricing Statistics

	($000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	6,062
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	26,859
Net operating charges from airfield activities relating to international flights	90,359
Net operating charges from specified passenger terminal activities relating to domestic passengers	21,338
Net operating charges from specified passenger terminal activities relating to international passengers	170,079

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	2,663,082
Number of domestic passengers on flights of 30 tonnes MCTOW or more	6,581,930
Number of international passengers	**11,266,382**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	621,887
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,713,040
Total MCTOW of international flights	5,798,018

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	2.28	9.75
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	4.08	15.68
Average charge from airfield activities relating to international flights	8.02	15.58

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	2.31	15.10

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	5.87	23.12

Commentary on Pricing Statistics

Refer to Disclosure Commentary Note 17

Regulated Airport: **Auckland International Airport Limited**

For Year Ended:

SCHEDULE 25: TRANSITIONAL REPORT ON REGULATORY ASSET BASE VALUE FOR LAND

ref *Version 4.0*

25: Regulatory Asset Base Value for Land

	Unallocated RAB ($000)	RAB ($000)
Estimated value of land assets for the 2009 year	308,513	
Capital expenditure on land for disclosure year 2010	–	
Value of disposed assets on land for disclosure year 2010 (negative amount)	–	
Estimated value of land assets for the 2011 year	363,310	
Capital expenditure on land for disclosure year 2011	–	
Value of disposed assets on land for disclosure year 2011 (negative amount)	–	
Initial RAB value	335,912	325,928

Commentary

Refer to Disclosure Commentary Note 25