Auckland Airport

Annual Information Disclosure

Regulatory Performance Summary
For the year ended 30 June 2022

Chief Executive's Report

Nau mai and welcome

I am pleased to present Auckland Airport's final annual disclosure information for the five-year pricing period ending 30 June 2022. This is the first regulatory information disclosure publication under my tenure, and I am very proud to be leading such an important Kiwi business through such a pivotal time in its history.

Carrie Hurihanganui
Chief Executive

It took a false start and over 750 days, but as the border reopened in April 2022 to visitors, Auckland Airport was truly able to celebrate its restart and revival. Domestic travel has surged back and by December international seat capacity will be back to just over 70% of pre-pandemic levels. The recovery is now well underway.

As we look ahead, we are entering a period of unprecedented and necessary aeronautical infrastructure investment to transform Auckland Airport into a world-class travel experience with seamless customer journeys and improvements to domestic travel as our first priorities. In the 2022 financial year, we announced two new major infrastructure and commercial projects – the Transport Hub and Mānawa Bay – and we continued to advance core roading projects to support smoother traveller journeys and public transport.

We are also on a mission to drive down our emissions to tackle climate change, developing new aspirations for sustainability and signing up to the latest Climate Leaders Coalition Statement of Ambition. We're committed to changing our ways of working to achieve Scope 1 and 2 Net Zero carbon emissions by 2030 and play our role in supporting the industry in Scope 3 emissions reductions. This work will help transform Auckland Airport to deliver the customer experience we collectively aspire to, as well as assisting in supporting our sustainability goals.

Price Setting Event Three (PSE3) demonstrated that the returns that regulated airports target at the start of each five-year aeronautical pricing period are far from certain. COVID dramatically impacted Auckland Airport's financial returns over FY18-22, with the five-year return averaging less than half our target return for PSE3, and total revenues several hundred million dollars below target. Auckland Airport will not make up this shortfall over FY23-27 (PSE4). It is important that the returns that we target for PSE4 reflect a cost of capital consistent with the prevailing market conditions at the start of PSE4. We have updated the Commerce Commission's weighted average cost of capital calculation as at 30 June 2022 including all the market data inputs, and have shared this analysis with the Commission as part of its 7-yearly Input Methodology Review.

As aviation rebounds there continues to be some uncertainty about the shape of recovery ahead with global operational challenges, such as labour shortages, currently constraining the system's capacity. However, Auckland Airport continues to take a long-term view and we remain optimistic about the future with the strong global appetite that exists for travel alongside Auckland's position as a key aviation and trade hub in the South Pacific.

The airport community was pulled in many directions over the 2022 financial year – from hard lockdowns to a series of partial border reopenings. Nothing would have been achieved without our capable and committed team who have never wavered in their dedication to serve today's travellers. Together, we are making significant progress to create
an airport fit for the future for our travellers, visitors, and employees in the airport community.

Ngā manaakitanga,
Carrie Hurihanganui

Summary

Financial year 2022 (FY22) was a year of significant challenge for Auckland Airport. The first half of the year was dominated by the Auckland region "lockdown" impacting domestic travel on top of the closed international border. The Auckland lockdown was an additional travel control that was imposed on top of the mandatory quarantine restrictions applied to international visitors travelling to Auckland. This resulted in the smallest number of passengers moving through Auckland Airport since 1966. In FY22 we experienced the largest shortfall ever versus our passenger forecasts prepared in 2017 to set aeronautical charges for the five years of Price-Setting-Event 3 (PSE3) spanning FY18-FY22.

The continued shock to passenger demand saw our investment returns for all of PSE3 fall to 3.14% after-tax, less than half of the 6.72% targeted for the five-year period. Prior to 19 March 2020, when New Zealand first implemented COVID-19 public health controls at our international borders, Auckland Airport was tracking very close to our PSE3 demand forecast for domestic and international passengers.

The COVID-19 demand shock required decisions to be made around investment timing for significant capital works projects. Previously planned large aeronautical capital works were suspended. But other aeronautical resilience-related projects continued to take advantage of lower aircraft, motor vehicle and passenger numbers. The extent to which COVID-19 affected our business demonstrates the asymmetric risks of managing an airport facility. The sudden and significant reduction in aircraft and passenger demand due to COVID-19 has no upside equivalent for our business.

Despite making significant expenditure decisions to manage the shock to aeronautical demand, we continued to deliver a high-quality service experience with limited-service interruptions. This was done in a very challenging operating environment where staff and contractors were actively managing COVID-19 health risks while continuing to deliver our aeronautical services.

Introduction

Auckland Airport welcomes you to our 2022 Information Disclosure (ID) filing. Our ID is a form of 'sunlight' regulation, under Part 4 of the Commerce Act 1986, (the Act). Part 4 of the Act is designed to ensure supplies of certain goods and services (such as our aeronautical services) are delivered at a price and service quality expected in a competitive market.

The ID process specifies a range of information metrics for Auckland Airport to publish for interested parties to understand how we are:

- delivering our aeronautical services efficiently and at a service quality demanded by customers
- investing in new, replacement and upgraded assets for our facility
- sharing with customers efficiency gains in supply
- earning an appropriate return for our type of business.

In addition to providing transparent information on our business operation, service quality and investment programme, the ID allows the Commerce Commission (the Commission) to analyse performance over time and compare our business with Wellington International Airport Limited and Christchurch International Airport Limited.

The FY22 ID is the final disclosure relating to PSE3 that applied from 1 July 2017 to 30 June 2022 (FY18 – FY22), the third five-year price setting event for our airport to which the current economic regulatory regime has applied.

Our performance in PSE3 has been fundamentally affected by the public health protocols introduced as part of the New Zealand response to the global COVID-19 pandemic. The 2022 financial year is the second consecutive year where the impact of the global COVID-19 pandemic was felt throughout the entire year.

Our ID financial information shows the significant impact of COVID-19 versus the returns targeted for PSE3. Our ID for FY22 highlights the challenging operating environment for our business where, for a significant part of the year, demand for our aeronautical services was at unprecedented lows.

Given the unprecedented disruption from COVID-19, Auckland Airport took the initiative to reach out and agree with our airline customers a one-year price freeze to cover the first 12 months of our PSE4 pricing period. Most of our airline customers supported the one-year price freeze. They recognised the difficulties of engaging in a meaningful consultation and setting prices for FY23 (the first year of the five-year PSE4 period) with so much uncertainty due to COVID-19. They also greatly appreciated lower aeronautical charges than would have otherwise applied while they, like Auckland Airport, started to recover from the devastating impacts of COVID-19.

Global pandemic a shock to passenger volumes

Actual PSE3 passenger volumes for the five-years commencing FY18 were materially lower than the forecasts prepared in 2017 to set PSE3 aeronautical charges. This was a direct result of the COVID-19 pandemic. Passenger volumes were slightly above forecast prior to the pandemic for FY18 and FY19. But since the pandemic started in 2020, passenger volumes have been significantly below forecast. FY22 saw the lowest actual passenger movements of any of the five years and the largest difference versus the original PSE3 price-setting forecast.

Total passenger demand for PSE3 of less than 100 million movements compares with the 129 million passenger forecast used to set PSE3 prices. Figure 1 below illustrates.

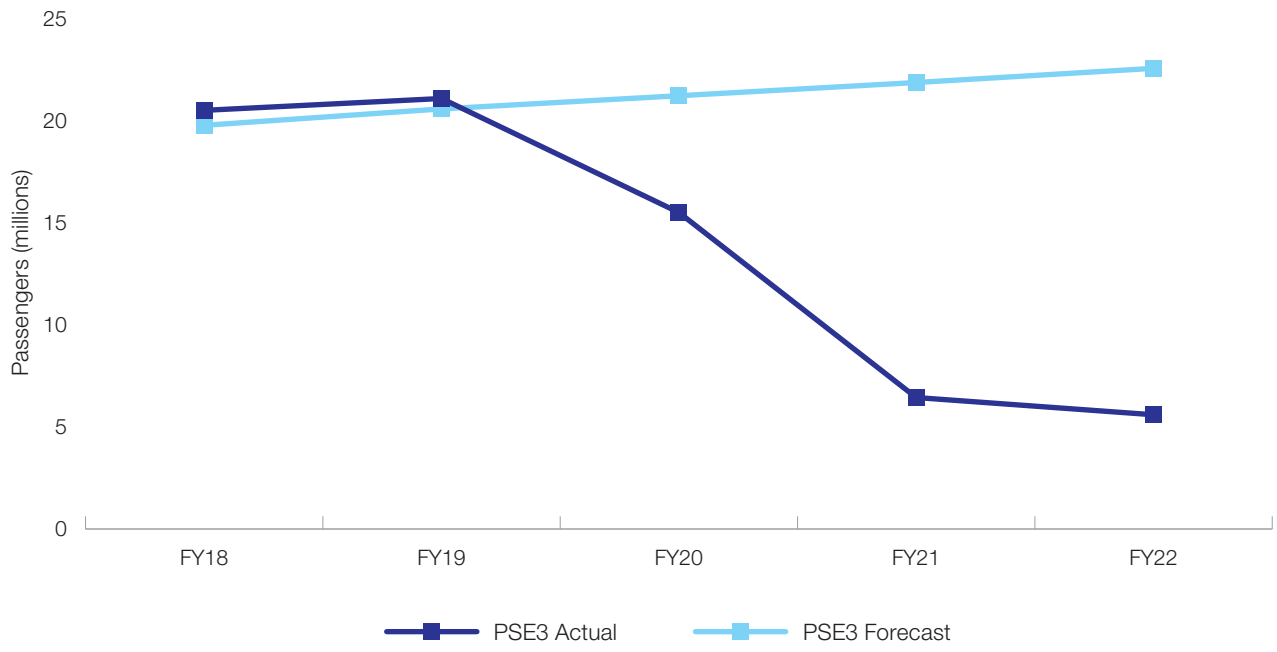
For the first two years of PSE3, passenger demand tracked very close to forecast with FY18 and FY19 passenger demand exceeding forecast by 4% and 2% respectively. However, each year subsequent has seen actual demand fall materially short of the PSE3 forecast.

Passenger movements of 5.6 million for FY22 were only 25% of the forecasted 22.6 million passenger movements for the year. The first half of FY22 was dominated by the community outbreak of the COVID-19 delta variant resulting in an extraordinary public health border being imposed around the Auckland region for 107 days.

COVID-19 is unwelcome proof of the business-specific risks faced by airports, especially those such as Auckland Airport that are heavily exposed to international traffic. Auckland Airport catered for 75% of the country's international traffic pre-COVID-19. The pandemic has demonstrated that airports like Auckland Airport that have a high proportion of international passengers are very vulnerable to passenger demand changes from government mandated border controls that can materially alter cashflows and the affordability of planned aeronautical infrastructure investment. During PSE3 we had no choice but to make the difficult decision to suspend or defer infrastructure projects with a projected total completion value of more than $2 billion to protect financial viability. This tough decision, supported by airlines at the time included tens of millions of dollars of unrecoverable losses to terminate construction contracts, make-good impacted land and infrastructure, and to write off abandoned capital expenditure projects. The current economic regulation framework does not provide compensation for Auckland Airport to manage this type of risk.

With the reopening of Auckland's border in December 2021 and the reduction in international travel restrictions from late February 2022, both domestic and international passenger numbers have begun to recover. We anticipate that by December 2022 international seat capacity will be at 70% of pre-COVID levels. We are hopeful that this recovery will continue through the PSE4 pricing period.

FIGURE 1 **Actual versus forecast PSE3 passenger movements**



Operational expenditure significantly reduced in response to pandemic

To maintain financial viability, in late FY20 Auckland Airport had to act swiftly with very difficult decisions as the borders closed and the country went into lockdown. These decisions re-organised our operations in response to the sudden drop in passenger numbers including the suspension of all discretionary expenditure, suspension of short-term incentive staff bonuses, reduction of contractors and an across-the-business 20% pay-cut for all staff. Accordingly, our PSE3 five-year opex total is $23 million below the forecast set in 2017. Figure 2 shows the annual variances to the 2017 opex forecast for each year of PSE3.

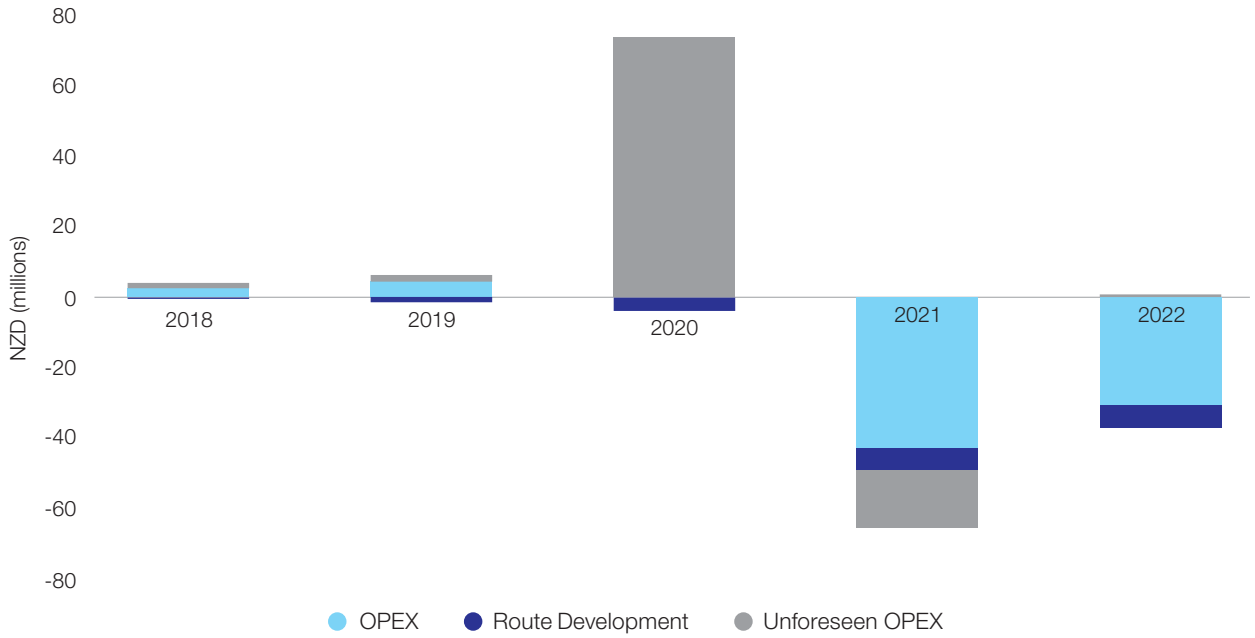
Figure 2 shows that prior to the pandemic in FY18 and FY19, opex was tracking very close to the PSE3 forecast. FY21 and FY22, on the other hand, were financial years that were impacted by COVID-19 in their entirety, during which we scaled down our operations to achieve material opex reductions versus the PSE3 opex forecast.

In FY20 we incurred $74 million of unforeseen fixed asset project termination, make good and write-offs, losses and redundancy payments due to COVID-19. Approximately $18m of those losses were later reversed in FY21 when the original provisions were assessed to have been conservative. The unforeseen costs demonstrate the uncertain environment and conditions brought upon the business by COVID-19. Tough decisions were made to suspend or terminate hundreds of millions of dollars of capital expenditure projects and to restructure the workforce and operations at a time when we had little information about the duration of the pandemic, the extent to which our operation would be disrupted by travel restrictions, and the additional financial resilience required to see out the pandemic.

Airports are asset intensive business with a high proportion of fixed costs including asset maintenance costs and minimum staffing levels which must continue irrespective of passenger numbers. When passenger numbers fall dramatically, this causes diseconomies of scale resulting in high operational costs per passenger.

As passenger numbers continue to recover, we will continue rebuild our operations and workforce to meet the service needs of growing demand, while remaining focussed on providing a safe, efficient and effective airport, now and into the future.

FIGURE 2 **Annual opex forecast versus actual for FY18-FY22**



Demand uncertainty disrupted our investment programme

In response to the COVID-19 public health protocols on travel, Auckland Airport was forced to make very difficult decisions around the prioritisation of our capital programme. These decisions were made in the context of a significant capital works programme, an unprecedented disruption to demand and cashflow, and extreme uncertainty about the timing, level, and shape of the future aviation recovery.

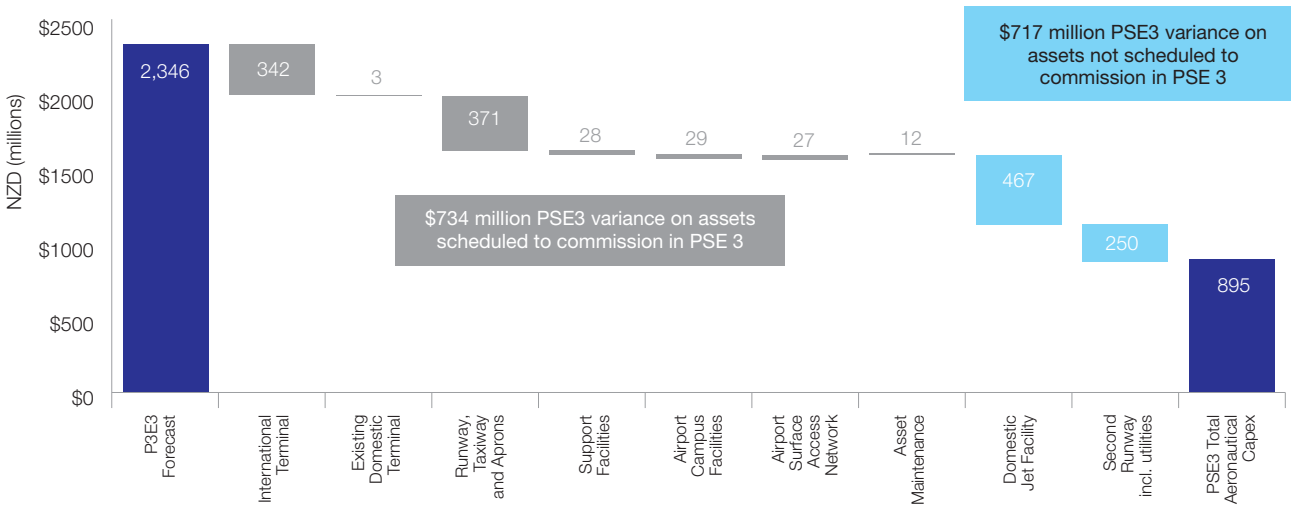
Below in figure 3 we show the differences in actual capital expenditure versus the PSE3 aeronautical pricing forecast prepared in 2017 for each of the key forecast PSE3 projects.

Whilst many key projects were deferred because of COVID-19, Auckland Airport invested $240 million in aeronautical projects in FY22. This was $421 million or 72% below forecast. The deferrals to the multi-year infrastructure projects supporting Auckland Airport's Master Plan were announced to the market on 26 March 2020 with the support of airlines. In particular, Auckland Airport deferred over $500 million of works related to the proposed new Domestic Jet Facility, part of the planned new integrated terminal for both domestic and international passengers. Other key deferrals included circa $250 million investment in new stands, upgrades to taxiways and taxi-lanes and construction of new aprons capable of handling Code B/C/E aircraft. Overall, our total PSE3 capital programme of $895 million was circa 38% of the original forecasted programme of work of $2.3 billion for the five-years.

The re prioritisation of our capital programme included accelerating some capital works to take advantage of the lower traffic and throughput at the Auckland Airport facility. For example, we brought forward concrete slab renewals on the runway to take advantage of the lower volumes, resulting in $12 million of additional capex being spent on this programme of work than forecasted. Undertaking the slab renewal early will reduce future disruptions in a higher traffic environment.

As the industry looks to the recovery, Auckland Airport is focused on ensuring infrastructure upgrades and additional capacity are aligned with the expected recovery and growth in travel. Auckland Airport continues to consult with its substantial airline customers on the timing, scope and design elements of its long-term infrastructure programme.

FIGURE 3 **Forecast versus actual capex (nominal) for PSE3 including spend to be commissioned beyond PSE3**



Pandemic impacts regulatory result for 2022 financial year

Auckland Airport reported a loss of $25.4 million on our regulated aeronautical business in FY22. This contrasts with the $117 million profit we were forecasting for the financial year at the time of setting our prices, a $142 million shortfall.

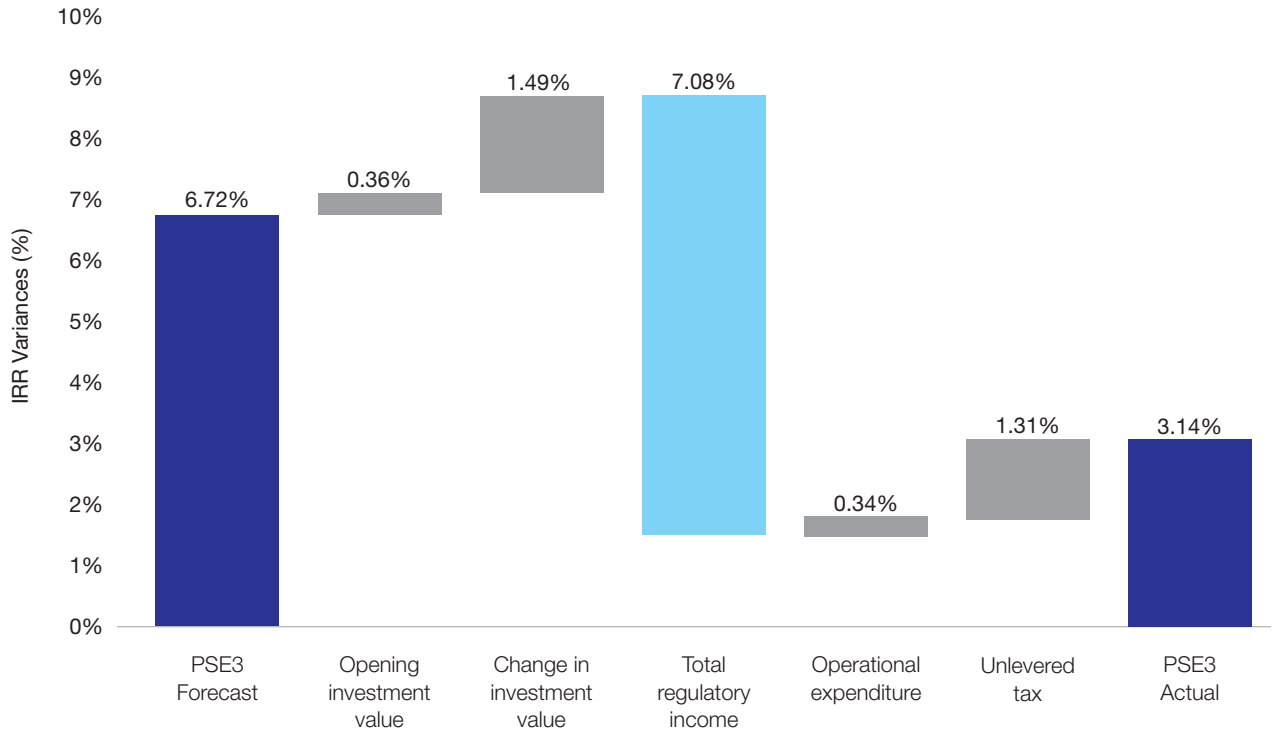
For FY22, Auckland Airport recorded net aeronautical operating revenues of $129 million for the year. This is down on the circa $387 million forecast for FY22 at start of the PSE3 period. The 67% variance can be primarily attributed to the shortfall in passenger volumes versus the forecast when PSE3 prices were set. This shortfall added to the shortfalls experienced during FY20 ($75 million) and FY21 ($250 million) due to COVID-19 restrictions. The losses experienced during PSE3 because of the pandemic will not be recovered in future pricing periods.

Below in figure 4 we show how the loss of demand due to COVID-19 has impacted our financial performance relative to the internal rate of return (IRR) of 6.72% that we targeted for PSE3 for our aeronautical businesses (including our non-priced services).

The below graph shows that our actual return of 3.14% for total regulated activities is less than half that targeted for PSE3. The overwhelming driver for the lower return was the reduced passenger volumes due to the pandemic. This loss of income was partly offset by suspending capital investment and reducing operational expenditure to maintain financial viability.

Despite this significant loss of revenue, we continued to support aeronautical and non aeronautical customers, providing $187 million financial relief to airlines and non-aeronautical stakeholders during FY22. Of the $10m of "Pricing Incentives" disclosed in Schedule 2(b)(i) of the FY22 disclosure schedules, Auckland Airport provided $8.2 million in relief to airline customers from airline parking charges, $1.3 million of aero leasing support and $0.5 million of aeronautical pricing incentives. Most of the $187 million financial relief was provided to retail businesses residing in the unoccupied terminals during periods of significant restrained passenger activity.

FIGURE 4 **Variance between forecast and actual IRR for PSE3**

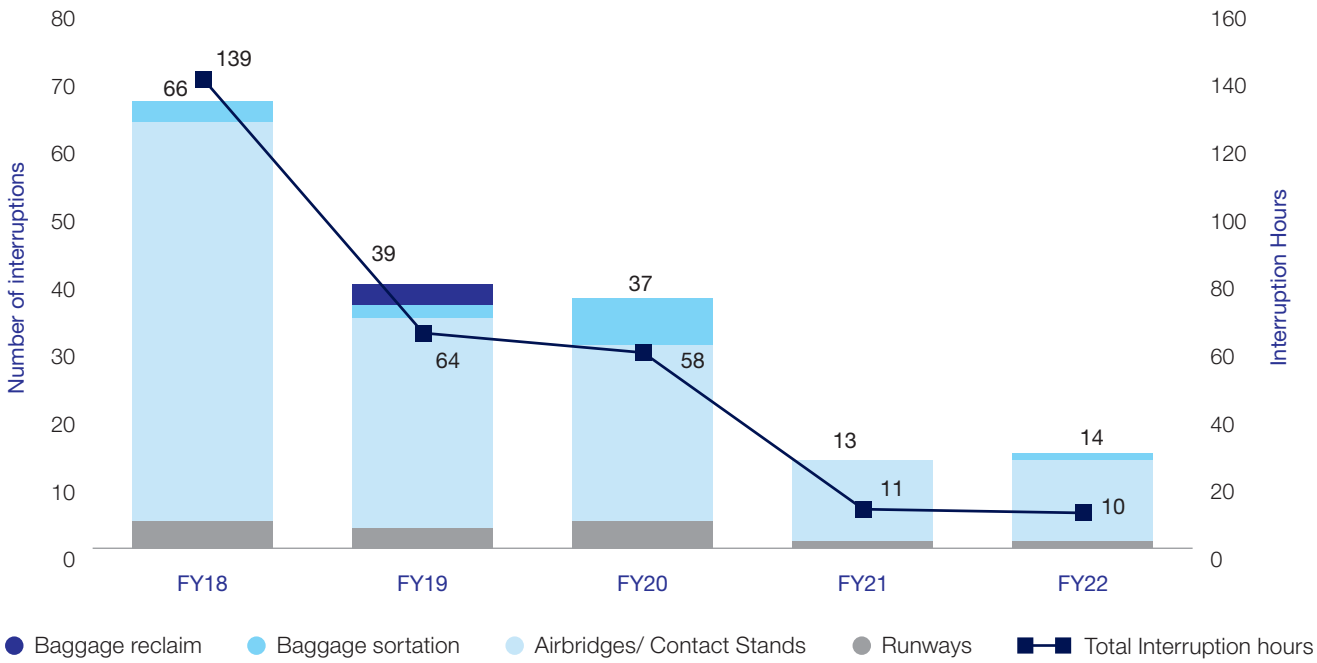


Maintaining service quality and resilience in a challenging operating environment

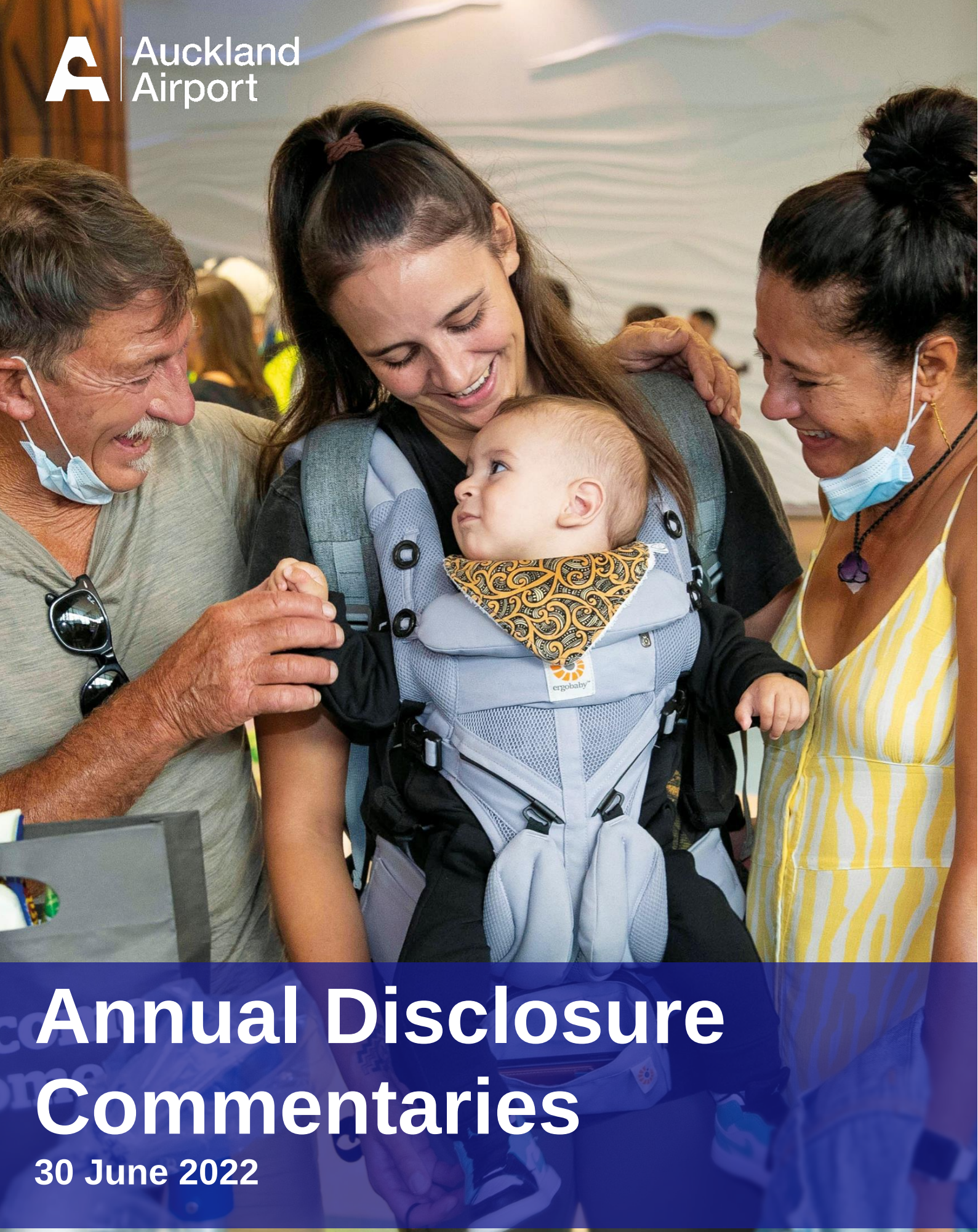
Despite the lower aeronautical traffic, the COVID-19 pandemic created unique challenges for operating the airport and delivering a high-quality customer experience. In FY22 we had a smaller workforce, a physically separated international terminal for high risk COVID-19 destinations (for a significant portion of the year) and we needed to manage our staff and contractors to limit exposure to COVID-19. These conditions meant the opportunity for interruptions was higher than would be expected had the lower level of demand occurred in a non-pandemic environment. Figure 5 below provides a summary of our interruption performance for FY22 and each previous year for PSE3.

Figure 5 shows there were 14 interruptions for FY22. The number of service interruptions and interruption hours has fallen in-line with the reduction in the passenger demand. As longer-term demand recovers, we note the improved interruption statistics may narrow in future reporting periods. This is especially relevant as we undertake physical works for our capital programme that may limit the availability of some of our supporting system elements.

FIGURE 5 **Five-year trend for interruptions and interruption hours for aeronautical services**



Auckland Airport



Annual Disclosure Commentaries

30 June 2022

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Executive Summary

Introduction

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

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 performance against the Part 4 objectives this disclosure year.

The 2022 financial year is the second consecutive year where the impact of the global COVID-19 pandemic was felt throughout the entire year. These disclosure accounts reflect the ongoing impact that travel restrictions put in place to mitigate the impact of the COVID-19 pandemic had on Auckland Airport's aeronautical operations.

This disclosure is the final disclosure relating to the price setting event that applied from 1 July 2017 to 30 June 2022 (FY18 – FY22). This was the third price setting event subject to the Part 4 ID regime and is typically referred to as 'PSE3'. As this is the final year of PSE3, this executive summary describes Auckland Airport's approach to delivering benefits for consumers and our key successes over the five-year period up to and including the financial year ended 30 June 2022 (**FY22**).

In accordance with our ID obligations, we describe our FY22 performance in more detail in the schedules and the notes for those schedules included in this summary report. These notes provide examples or evidence of how we have performed against the Part 4 objectives for the 2022 disclosure year.

Travel restrictions continued to impact passenger demand

The COVID-19 pandemic, with its subsequent border closures and collapse in travel, delivered a crisis of unprecedented magnitude to the aviation industry and with that, Auckland Airport. With the international border remaining effectively closed for the majority of the year and domestic travel significantly restricted following the imposition of a domestic border around Auckland City for 107 days, 2022 was the third year in a row when travel restrictions disrupted aviation activity at Auckland Airport and with that financial and operational performance of the company.

With the reopening of Auckland's border in December 2021 and the reduction in international travel restrictions from late February 2022, both domestic and international passenger numbers have gradually begun to recover as passengers have regained the confidence to fly. By June 2022 domestic passenger numbers reached 87% and international passengers 42% of their pre-COVID equivalent.

Despite this, due to the prolonged impact of travel restrictions on Auckland Airport, actual passenger numbers for PSE3 were down 29% or 36.4 million passengers for the five-year period ending 30 June 2022 versus the forecasts used to set prices. As a result of this significant reduction in passenger volume, FY22 aeronautical operating revenues were down $258 million or 67% on the PSE3 forecast.

Capital investment continued to be prioritised on asset renewals and upgrades

With a high level of uncertainty around the timing and shape of the recovery in aviation, Auckland Airport continued to prudently manage capital investment during the year. The focus of the FY22 programme remained on projects that either renewed or upgraded core infrastructure assets, taking the opportunity to complete these works with minimal disruption to customers given the low traffic environment.

The reprioritised programme resulted in Auckland Airport investing $167 million on regulated aeronautical infrastructure in the 2022 financial year with investment focused on roading, utilities and airfield projects alongside enabling works for terminal integration.

Despite this material investment in the year, it was down $421 million or 72% on that forecast for FY22 in 2017 when aeronautical prices were set for PSE3. The variance was particularly significant in FY22 as four of the eight anchor projects that were forecast to be underway in the year were instead on hold.

Reflecting this reprioritised programmed, aeronautical investment for the five-year period to 30 June 2022 totalled $823 million, a reduction of $1,524 million or 65% on that anticipated at the time of setting prices for PSE3.

As the industry looks to the recovery, staffing shortages are impacting a number of organisations who operate at Auckland Airport. From border agencies to airlines and ground handlers, the tight labour market is proving a challenge for the industry to provide the level of service expected by the travelling public.

Auckland Airport is focused on ensuring infrastructure upgrades and additional capacity is aligned to the expected recovery in travel, ensuring that infrastructure is built at the right time, to the right level of service and provides value for money for airline customers. To this end, Auckland Airport continues to consult with its substantial airline customers on the timing, scope and design elements of its aeronautical infrastructure programme.

Maintaining service quality and resilience amid disrupted operating environment

Despite the disruption and challenges over the past year, the reliability and quality of Auckland Airport's services has remained at high levels for both airlines and their passengers.

During the year taxiways, remote stands and baggage reclaim belts were available 100% of the time, while the runway, contact stands & airbridges and the baggage sortation system for departures experienced very minor interruptions, remaining available for more than 99.99% of the year.

The number of service interruptions has fallen in-line with the reduction in passenger activity. Importantly, not only are interruptions fewer, but they were also shorter in duration, reducing the impact on airlines and customers.

Passenger satisfaction studies were suspended from Oct – Dec 2021 as both domestic and international travel remained severely restricted due to the imposition of travel restrictions to mitigate the spread of COVID-19 in the community. Once resumed, surveys in the domestic terminal indicated passengers rated it with an average ASQ score of 4.1 out of 5.0, marginally lower than the FY21 average.

Surveys for the international terminal were undertaken during April to June 2022 following the easing of international travel restrictions and showed a decline across all metrics with the biggest decline seen across ease of making connection with other flights additional health and safety requirements due to the pandemic, and last-minute changes to flight schedules amidst staff shortages contributed

to customer dissatisfaction. Surveys in the international terminal showed an average ASQ score of 4.0 out of 5.0, down from 4.2 when the surveys were last undertaken in FY20.

Significant drop in revenue drives a loss and negative returns in 2022 financial year

Auckland Airport reported a regulatory loss of $25 million in FY22 with a 67% decline in total regulatory income the key driver of this result. The decrease of $258 million from the PSE3 forecast was spread across all areas of aeronautical revenue, with the passenger service charges, airfield income and check-in revenue significantly down.

Despite this significant loss of revenue, Auckland Airport continued to support aeronautical and non-aeronautical customers, providing $10 million of aircraft parking and other financial relief to airlines and aeronautical stakeholders during the year due to the COVID-19 disruption.

Recognising the significant reduction in aeronautical activity and the resulting financial risk this placed on the business and airline customers, Auckland Airport continued its prudent approach to expenditure, carefully managing operating activities. As the recovery in aviation got underway in the second half of the year, Auckland Airport began scaling its activities to accommodate the expected higher passenger numbers. Operating expenses rose 54% to $102 million in FY22 when compared with FY21, albeit FY21 operating expenses benefitted from $18 million reversals of prior period losses from FY20.

The $25 million regulatory loss resulted in a negative internal rate of return of 1.25% for the financial year to 30 June 2022 with Auckland Airport's five-year IRR for PSE3 declining to 3.14% compared with the 6.72% IRR that Auckland Airport targeted for PSE3 across all regulated activities.

Travel restrictions demonstrate the asymmetric risk faced by airports

COVID-19 is proof of the risks faced by airports, especially those heavily exposed to international traffic where the border can be used as the first line of defence against global pandemics. As New Zealand's gateway with approximately 75% of all international arrivals and 94% of all long-haul arrivals, passing through Auckland pre-COVID, Auckland Airport remains more exposed to this risk than other New Zealand airports, and many of the global airport companies referred to by the Commerce Commission when estimating the cost of capital for New Zealand airports.

Similarly, as the domestic hub for both Air New Zealand and Jetstar, and being located in New Zealand's heavily populated gateway city where imported pandemics are more likely to take hold, Auckland Airport is also more exposed to the risk of domestic border closures than many of the Commission's global airport company data set.

The Commission has previously acknowledged the inherent difficulty in determining the appropriate aeronautical return for Auckland Airport. The asymmetric risk to Auckland Airport's operations from the closure of the New Zealand border and domestic travel restrictions to manage the impact of the COVID outbreak has dramatically demonstrated that downside asymmetric risk exists, and it can create significant aeronautical losses.

With aeronautical revenue substantially down in PSE3, Auckland Airport earned less than half our target return for PSE3. We will not recover any of our PSE3 losses during PSE4, but we are consulting on whether and to what extent asymmetric risk is factored into PSE4 aeronautical pricing.

Glossary:

ACE	Airport Capacity Enhancement Forum
ASQ	Airport Service Quality (a global service quality certification body)
Airways	Airways Corporation of New Zealand Limited
Auckland Airport	Auckland International Airport Limited
CAA	Civil Aviation Authority
Commission	The Commerce Commission
CPI	Consumer Price Index
DPC	Domestic Passenger Charge
FEGP	Fixed electrical ground power
FTE	Full time equivalent
GAAP	Generally Accepted Accounting Practice
HOV	High occupancy vehicles
ID	Information Disclosure
ID Determination	Information Disclosure Determination
IM	Input Methodologies
IPC	International Passenger Charge
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
OTD	On-time departure
PAX	Passenger
PSE2	Price Setting Event 2 – FY12-FY17
PSE3	Price Setting Event 3 – FY18-FY22
PSE4	Price Setting Event 4 – FY23-FY27
RAB	Regulatory asset base

Section 1: Report on Profitability

Key points:

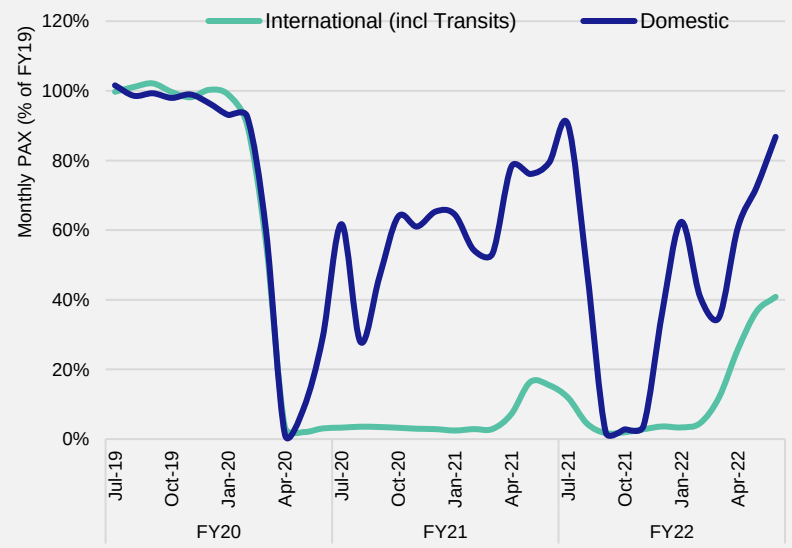
- Auckland Airport's post-tax IRR for FY22 was a negative 1.25%, below the PSE3 forecast of 5.26%
- The IRR for PSE3 was 3.14% after-tax, less than half of the 6.72% five-year forecast
- The key driver of this result was a decline in regulatory income, reducing the IRR for PSE3 by 7.08%

1.1 Commentary on the internal rate of return

Schedule 1 reports on Auckland Airport's post tax internal rate of return (**IRR**) on its regulated activities for year ended 30 June 2022 compared to forecast, and for the PSE3 period versus the forecast at the time of setting aeronautical charges.

Auckland Airport targeted an average post tax return of 6.62% for PSE3 on 'priced aeronautical activities' (for which landing, passenger, check-in and aircraft parking charges are levied on the airlines) and 6.72% for all regulated activities[1].

Figure 1: Monthly PAX as a % of FY19



Travel restrictions imposed to mitigate the spread of the COVID-19 virus continued to have a material adverse impact on the company in the year. This was particularly evident for international volumes, which in the year to 30 June 2022 were 12% of 2019 pre-pandemic levels. Domestic passengers were 44% of pre-pandemic levels.

The removal of the Auckland regional travel restriction in December 2021 and the subsequent easing of international travel restrictions in the second half of the year finally allowed both domestic and international travel to gradually recover after an extremely austere period for Auckland Airport between August to December 2021.

The reduction in aeronautical activity was the key driver of regulated returns falling substantially, resulting

Table 1: Internal rates of return

	FY22	PSE3
Actual	(1.25)%	3.14%
Forecast	5.26%	6.72%

[1] Following Auckland Airport's consideration of the Commerce Commission's findings on our PSE3 pricing, on 22 February 2019, Auckland Airport announced a reduction of its aeronautical pricing target return for priced aeronautical activities from 6.99% to 6.62%. For further information refer to Schedules 18 and 19 in the FY19 disclosure.

in a negative internal rate of return of 1.25% in FY22 compared to a forecast of 5.26% at the time aeronautical charges were set.

Reflecting this and the loss also incurred in both FY20 and FY21, Auckland Airport's IRR for PSE3 declined to 3.14%. This compares to the 6.72% forecast for PSE3 for all regulated activities.

Variance analysis

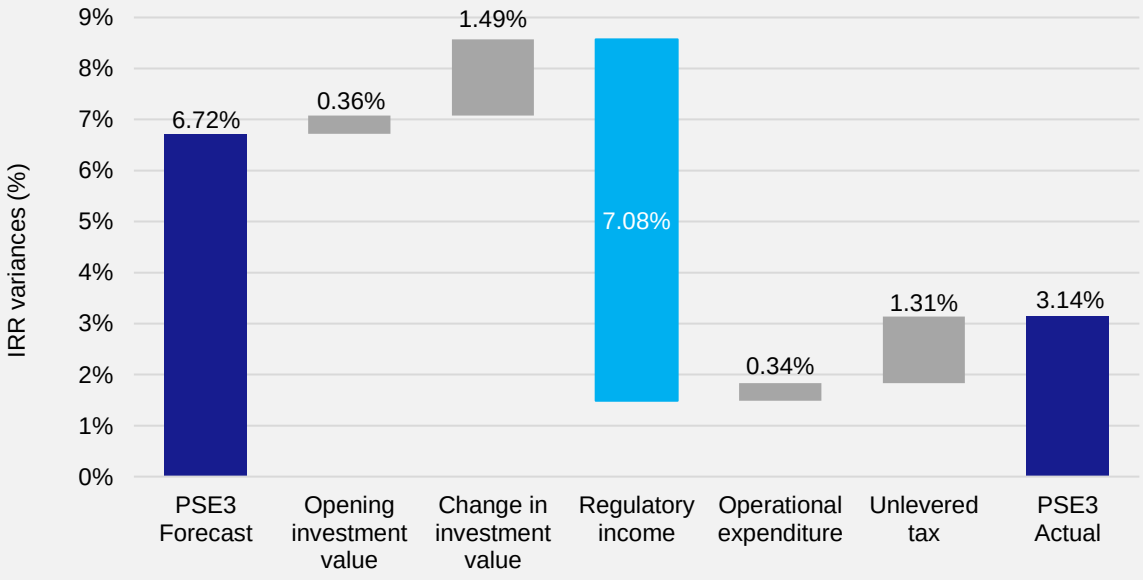
Clause 2.3(8) of the ID Determination requires Auckland Airport to explain any variances from forecast that have a material impact on the IRR. The key drivers over the IRR variance for PSE3 are set out in Table 2 below.

Table 2: Key drivers of IRR variance for PSE3

	Actual $m	Forecast $m	Variance $m	Variance %	Impact on IRR
Opening RAB	1,187	1,245	(57)	(5)%	0.36%
Change in investment value	448	1,075	(627)	(49)%	1.49%
Regulatory income	1,221	1,794	(573)	(32)%	(7.08)%
Operating expenditure	610	633	(24)	(4)%	0.34%
Unlevered tax	112	198	(86)	(44)%	1.31%
Net IRR reduction					**(3.58)%**

As outlined in the table above, the 3.58% lower-than-forecast IRR on Auckland Airport's total regulated activities over PSE3 is a direct result of the disruption to the business following the COVID-19 outbreak. The reductions in revenues and aeronautical profit because of the outbreak have far exceeded the IRR benefit from lower than forecast asset investment in the period. This is illustrated in Figure 2 below.

Figure 2: Key drivers of IRR variance for PSE3



The components making up the change in investment value variance in Table 2 above are shown below in Table 3.

Table 3: Components of change in investment value

	Actual $m	Forecast $m	Variance $m
Assets commissioned	747	1,475	(728)
Depreciation	(287)	(381)	94
Revaluations	15	8	7
Asset disposals	(14)	(23)	9
Lost and founds adjustments	(1)	-	(1)
Cost allocation adjustments	(8)	-	(8)
Change in carry forward adjustment	(4)	(4)	-
Total	**448**	**1,075**	**(627)**

Revaluations

Consistent with prior years, Auckland Airport has chosen not to revalue its aeronautical assets that are used to set aeronautical charges for airlines subject to five-yearly price setting consultations (e.g., passenger, landing, check-in, and aircraft parking charges).[2]

[2] In 2006 (PSE1), for the purpose of setting aeronautical prices, Auckland Airport implemented a moratorium on asset revaluations for at least 10 years (PSE1 and PSE2) for the Airfield and Terminal Assets subject to the five yearly aeronautical price setting process. For PSE3 we chose to continue that practice and the decision was supported by the airlines. Since FY18, the Commission's updated disclosure statements have allowed Auckland Airport to eliminate the previous mismatch between "pricing" and "regulatory" asset values. i.e., the "carry-forward" mechanism removes the impact of revaluations between the start of the moratorium in 2006 and the start of the information disclosure regime in 2010. Further explanation is provided in the FY18 disclosures.

Section 2: Regulatory Profit

Key points:

- Auckland Airport posted a regulatory loss of $25 million for FY22, $142 million lower than forecast regulatory profit at the time of setting prices for PSE3
- Regulatory net operating revenues in FY22 of $129 million were down $258 million or 67% on PSE3 forecast
- Regulatory operating expenses in FY22 of $102 million were $35 million or 26% lower than PSE3 forecast
- The regulatory tax allowance was nil reflecting the loss for the year

2.1 Comment on FY22 regulatory profit

In FY22, Auckland Airport reported a regulatory loss of $25 million, $142 million lower than the forecast regulatory profit at the time of setting prices for PSE3. Drivers of this adverse variance include:

- regulatory net operating revenues of $129 million were down $258 million or 67% on forecast, reflecting the substantial reduction in passenger volume and aircraft movements;
- regulatory operating expenses of $102 million were $35 million or 26% lower than forecast reflecting the substantial scaling down of airport activities in response to lower passenger volumes. However additional operating costs were incurred as a result of responding to the COVID-19 pandemic;
- regulatory depreciation was down $37 million on forecast reflecting delayed capex and assets commissioning compared to that contemplated at the time of setting prices for PSE3, particularly terminal assets; and
- regulatory tax allowance of $0 was $38 million lower than forecast at the time of pricing reflecting the regulatory loss before tax in the period.

Refer to Sections 4 and 6 for further information.

2.2 Financial incentives

The significant disruption to the aviation industry arising from COVID-19 has impacted many of Auckland Airport's customers and businesses that operate on the airport precinct.

During FY22, Auckland Airport assisted aeronautical customers through a reduction in airport charges when airline services were not operating. Auckland Airport provided $8.2 million in relief to airline customers from airline parking charges, $1.3 million of aero leasing support and $0.5 million of aeronautical pricing incentives.

Auckland Airport also provided $177 million of support during the year for tenancies in the terminal that were largely unoccupied during periods of low passenger activity. This significant level support avoided retailers closing their stores permanently and instead they were able to reopen to provide passenger amenity soon after the recovery in aviation got underway.

2.3 Justification for merger and acquisition expenses

There were no merger and acquisition expenses in FY22 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 related to costs incurred for terminated capital works projects that have subsequently been written off. These expenses are not tax deductible.

Other temporary adjustments – current period

These relate to expenditure accruals and provisions made at year-end for estimated expenses that are not deductible for tax purposes (until actually incurred) including:

- employee related provisions ($6.0 million) for employee leave, redundancy, ACC levies, fringe benefit tax and staff incentives;
- other accruals and provisions ($6.2 million) including expected credit losses ($2.0 million).

These provisions will reverse during the year and be replaced with actual incurred deductible expenditure. The temporary adjustments also include fixed asset timing differences of $0.7 million, related to the disposal of fixed assets.

Other temporary adjustments – prior period

The prior period temporary adjustments reverse last year's current period temporary adjustments, i.e., employee related provisions ($2.7 million) and other accruals and provisions ($1.4 million) including expected credit losses of ($2.5 million).

3.2 Regulatory tax asset value of additions

During FY22 $194.5 million of regulatory assets were added to the tax register. This is lower than the $206.3 million of assets added to the RAB. The difference is because holding costs equal to the target return must be capitalised to the RAB, but not the tax fixed assets register.

3.3 Regulatory tax asset value of assets transferred

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.

3.4 Regulatory taxable income (loss)

Auckland Airport made a regulatory taxable loss of $32.0 million for the 2022 financial year. This is in addition to the tax losses of $40.8 million carried forward from the prior year. As the regulatory disclosures adopt a tax payable approach (per the IM determinations), there is no tax payable, and the regulatory tax expense is nil. A total loss of $72.8 million will be carried forward to offset tax on future regulatory taxable profits.

Section 4: Regulatory Asset Base Roll Forward

4.1 RAB value

Table below provides an overview of Auckland Airport's approach to asset values and revaluations in the regulatory asset base.

Table 4: Asset values and revaluations

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). Plus holding costs (target return) capitalised annually to LHFU carrying value.	-	-

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 can result in capital expenditure projects later being split into both aeronautical and non-aeronautical assets. These splits can result in assets being transferred into or out of the unallocated RAB as well as the allocated RAB.

The logical place to record these movements in Schedule 4 is in row 41, entitled "Adjustment resulting from cost allocation". However, because row 41 does not contain an area to input movements in unallocated RAB, we have shown the $2.0 million unallocated RAB increase due to asset splits and transfers in row 39, under the "Lost and found assets adjustment". This cost allocation adjustment does not alter the allocated RAB.

The $6.0 million adjustment relating to cost allocation in row 41 reflects an increased percentage allocation to the RAB per this year's updated allocation rules versus the prior year, equating to $7.7 million (see Table 5) and a $1.7 million decrease from asset splits and transfers.

Table 5: Cost allocation changes

Allocation rule	FY22 RAB allocation	FY21 RAB allocation	Variance	Variance ($m of OBV)
Water	43%	24%	19%	$4.1m
Wastewater	42%	26%	16%	$2.3m
Stormwater	66%	65%	1%	$0.7m
Electricity	17%	16%	1%	$0.5m
Other allocation changes				$0.1m
Total changes in opening book value relating to asset allocation				**$7.7m**

The main driver of significantly higher Water and Wastewater RAB allocations in FY22 was increased activity in the ITB. Increased passenger movements in the year resulted in the aeronautical share of water and wastewater usage increasing materially. The FY22 allocations more closely reflected pre-COVID levels (FY19 RAB Allocations: Water 42%, Wastewater 49%).

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 FY22 are indexed revaluations for assets directly allocated to Aircraft and Freight activities. These activities are "non-priced", i.e., they're not subject to the 5-yearly aero pricing consultation cycle required for "priced" passenger, landing, aircraft parking and check-in charges, etc.

CPI revaluations of 7.20% were booked in FY22 for Aircraft and Freight assets, which is consistent with Auckland Airport's market-based approach to determining the revenue associated with these assets – covered by leases negotiated arms-length with individual customers.

There are no revaluations for Airfield or Terminal assets in FY22, consistent with Auckland Airport's decision to continue its moratorium on asset revaluations for pricing purposes over PSE3.

4.4 Assets held for future use

Assets held for future aeronautical use are not included in the RAB and earn no cash return. Instead, assets held for future use sit outside the RAB and accumulate an annual holding cost equal to the target return which is later recovered though aeronautical charges once the asset has an aeronautical use.

4.5 Works under construction

Write-offs of $0.4 million were subtracted from allocated works under construction relating to projects that have been abandoned.

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
- transactions with Auckland Airport's non-regulated business which have been recorded in accordance with the Input Methodologies Determination.

No guarantees have been given or received.

Auckland Council and its subsidiaries

Auckland Council is a significant shareholder of Auckland Airport, with a shareholding in excess of 18%. Payments to Auckland Council and its subsidiaries in relation to the aeronautical business during FY22 were:

- aeronautical rates of $2.4 million (FY21: $2.3 million) out of total Auckland Airport rates of $13.6 million (FY21: $13.6 million);
- compliance, consent costs and other local government regulatory obligations of $0.01 million (FY21: $0.01 million);
- AIM Services – grounds maintenance costs of $1.0 million (FY21: $1.4 million); and
- Watercare – water, wastewater and compliance services costs of $1.0 million (FY21: $0.6 million).

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 FY22, maintenance and occupancy costs of $0.01 million (FY21: $0.03 million) were incurred in relation to the marae by the Airport Business.

Auckland Airport's non-regulated business

As mentioned in section 4.4 above, land transfers may occur between non-regulated and regulated businesses from time to time. Details of the transfers are shown in Schedule 5.

During FY22, a total of 86,775 sqm of land was transferred into Assets Held for Future Use at an average rate of $2,038 per square metre. As determined by the Input Methodologies, this transfer was based on the prescribed market value existing use methodology in accordance with generally accepted accounting practice. Land transfers from non-regulated business uses are first transferred into Assets Held for Future Use and then into Works Under Construction per Sch.4 and Sch. 6. Then, immediately following commissioning for use by aeronautical customers, the land is transferred into the RAB. $177 million of land (2021: $0.1 million) was transferred into the Assets Held for Future Use during FY22, with $14 million subsequently commissioned into the RAB per Sch.4.

Fulton Hogan

A director of Auckland Airport is also a director of Fulton Hogan. In FY22 Auckland Airport incurred fees relating to engineering services / works provided by Fulton Hogan, totalling $10.0 million in relation to the Airport Business (2021: $4.6 million). The current year fees are included in 'works

under construction' and are therefore not included in the 'assets acquired from a related party' amount disclosed in Schedule 4.

Downer EDI

A director of Auckland Airport is also a director of Downer EDI Limited. In FY22 Auckland Airport incurred fees relating to engineering services / works provided by Downer, totalling $24.5 million in relation to the Airport Business. The current year fees are included in 'works under construction' and are therefore not included in the 'assets acquired from a related party' amount disclosed in Schedule 4.

Associate and joint venture entities

Auckland Airport's related parties include an associate entity, Queenstown Airport Corporation, and two joint venture entities being the Tainui Auckland Airport Hotel Limited Partnerships. There were no regulated aeronautical transactions between the airport and any of the associate or joint venture entities during the year.

One of Auckland Airport's directors is also a director of Tainui Group Holdings, the joint venture partner in the above hotel partnerships.

Section 6: Actual to Forecast Expenditure

Key points:

- Regulated operating expenses of $102 million were $35 million or 26% lower than PSE3 forecast
- But regulated operational expenditure per passenger continued to be higher than forecast, as economies of scale were lost due to the large reduction in passenger numbers
- This reflected a significant scaling down of operations in response to lower aeronautical activity
- Auckland Airport invested $895 million on regulated aeronautical infrastructure in PSE3, $1,451 million below the pricing forecast owing mainly to the suspension of major aeronautical projects when COVID-19 closed the border to protect Auckland Airport's solvency

6.1 Operating expenditure

Airports are asset intensive business with a high proportion of fixed costs that make it difficult to fully offset material short term revenue reductions with operating cost savings. While fixed costs can be reduced in the long-term, Auckland Airport carefully scaled down operations recognising the need to retain capability for the future COVID-recovery given the speed to which markets have been seen to recover when travel restrictions are removed.

In FY22, total regulated operating costs of $102 million were $35 million (26%) below the pricing forecast, reflecting a significant scaling down of operations in response to lower aeronautical activity. Albeit many of the cost savings realised in FY22 are of a short-term nature that will reverse as activity levels recover towards pre-COVID levels, there are some permanent efficiencies that will help optimise Auckland Airport's operational expenditure going forward.

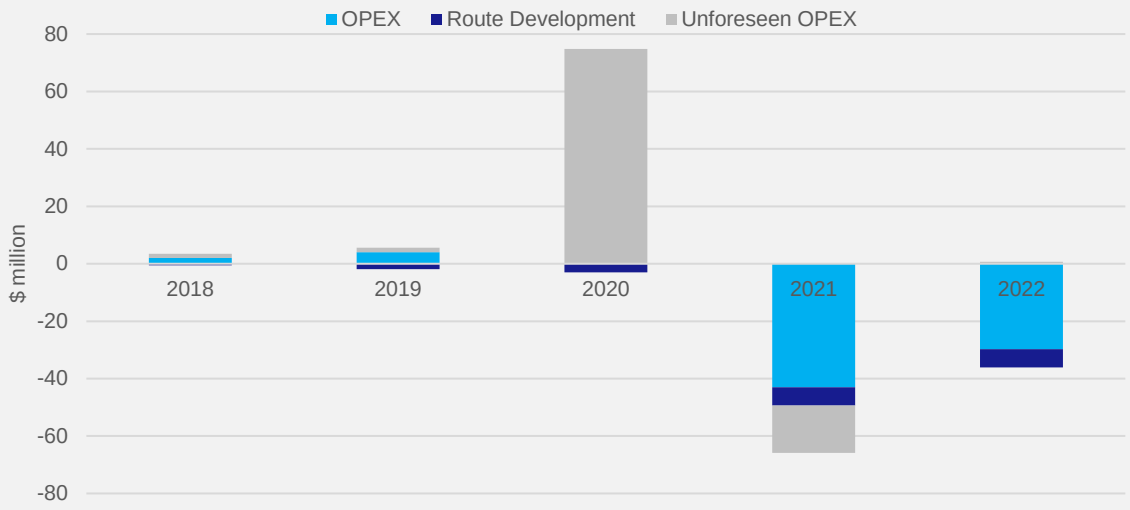
For all of PSE3, regulated operating costs were $610 million, $23 million (4%) below the pricing forecast of $633 million. The components making up variance are shown below in Table 6 below.

Table 6: Components of variance in operating costs for PSE3

	Actual $m	Forecast $m	Variance $m
Lower underlying opex from scaling down operations	515	599	(84)
Lower route development expenditure from lower aeronautical activity	16	34	(18)
COVID-19 termination costs	74	-	74
LTI incentives	2	-	2
Other unforeseen opex	3	-	3
Total	**610**	**633**	**(23)**

Figure 3 below outlines the variance between actual operating costs and forecast at the time of pricing for PSE3.

Figure 3: Operating costs – Variance to PSE3 forecast

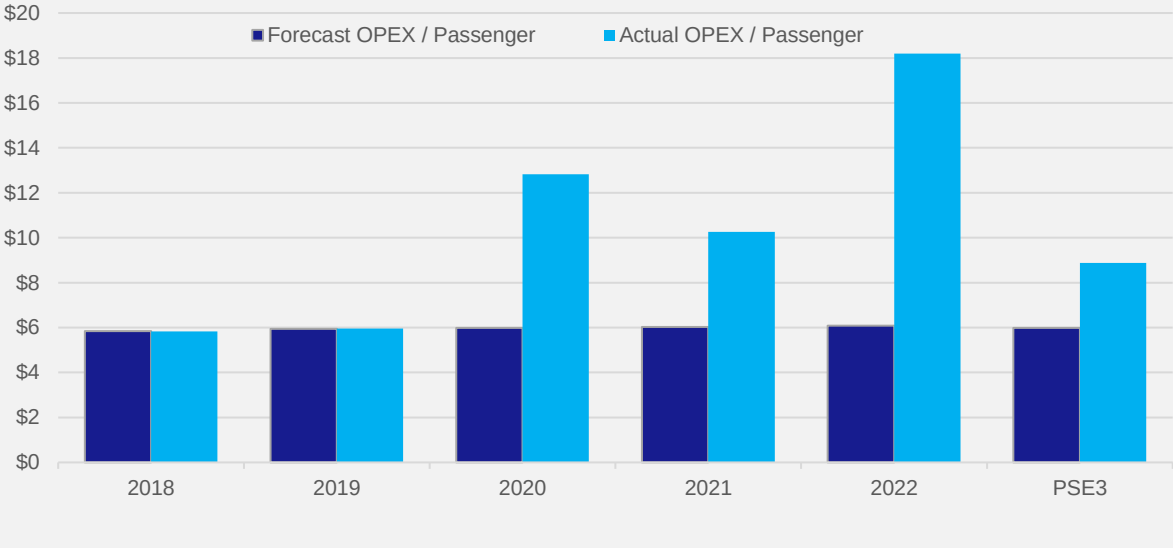


In 2020, Auckland Airport incurred $69.6 million of unforeseen fixed asset project termination, make good and write-offs losses and $4.8 million redundancy payments as a result of COVID-19.

The substantial scaling back of Auckland Airport's operations during 2020 and 2021 as a result of the travel restrictions put in place to mitigate the effects of the COVID-19 pandemic resulted in significantly lower operating and route development costs in 2021 and 2022.

The substantial reduction in passengers during the year has created material diseconomies due to the fixed cost nature of airport operations, which has resulted in higher regulated operating expenditure per passenger than was forecast (Figure 4).

Figure 4: Operating costs per passenger



Regulated operating expenditure per passenger was $18.19 in FY22, well above the PSE3 forecast of $6.08, as economies of scale were lost due to the material reduction in passenger volumes. This trend is expected to improve as passenger volumes return.

6.2 Capital expenditure

COVID-19 has fundamentally disrupted investment

Following the outbreak of the COVID-19 pandemic and the significant reduction in aeronautical activity and passenger related revenues, Auckland Airport had no option but to halt its multi-billion-dollar investment programme. The decision to suspend the programme was understood and supported by airline customers, as a necessary and appropriate response given the uncertainty around the short-term aviation recovery, the present capacity surpluses in infrastructure as a result of the falloff in demand and both airlines' and Auckland Airport's fiscal constraints.

Despite the challenging financial environment throughout the second half of PSE3, with the support of its lenders Auckland Airport took the opportunity presented by the low-demand environment created by COVID-19 to bring forward capital expenditure focused on the upgrade and renewal of core infrastructure. This work included an accelerated programme of airfield slab and apron renewals, upgrades to the airfield fuel network, airbridge refurbishment at both terminals and upgrades to the domestic terminal fire systems.

Recognising the uncertainty around future aeronautical demand, Auckland Airport in FY21 took the opportunity to reprioritise and reset our infrastructure development programme. The refreshed programme reconfirmed the airport's commitment to key anchor infrastructure projects including the integration of domestic jet operations into a single integrated terminal. But the timing of elements of the programme would be determined by the longer-term recovery in aviation, with construction aligned with forecast growth in demand.

With the green shoots of aeronautical recovery in FY22 and with the support of its aeronautical stakeholders, design, enabling and construction activity commenced on some key component projects related to terminal integration that had been paused in FY20.

Works in FY22 included:

- progressing the design of the new Domestic Processor, integrated check-in area and terminal façade;
- demolition of the existing Eastern Bag Hall, a critical enabler to the future development of a new baggage system and infrastructure for the integrated terminal;
- physical works on an arrivals expansion to accommodate new screening requirements and the relocation of the Eastern Truck Dock to the western side of the international terminal building (the **ITB**);
- East Airfield relocations and the construction of a new Operations Control Centre;
- commencement of construction of a new Transport Hub adjacent to the current ITB, which will serve as, the main public pick-up and drop-off areas for the terminal on the ground floor, accommodate a new Airport Operations Centre, and deliver the primary car park for international and domestic jet passengers post terminal-integration; and
- civil and utility design and logistics planning for the integrated terminal.

In addition, during FY22 Auckland Airport transferred a total of 86,775 sqm of land, with a value of $177 million, into Assets Held for Future Use and then into Works Under Construction per Sch.4 and Sch.5. As determined by clause 3.11 of the Input Methodologies, this transfer was based on the prescribed market value existing use methodology in accordance with generally accepted accounting practice.

Capital expenditure – variance analysis

Auckland Airport invested $240 million on regulated aeronautical infrastructure in FY22, $348 million or 59% below the pricing forecast.

For PSE3, regulated capital investment totalled $895 million, 62% or $1,451 million below the pricing forecast reflecting the suspension of the majority of works as a result of the COVID disruption in 2020. The PSE3 capital expenditure variance to forecast by programme is shown in Figure 5 below:

Figure 5: PSE3 capital expenditure versus forecast (commissioned and uncommissioned)

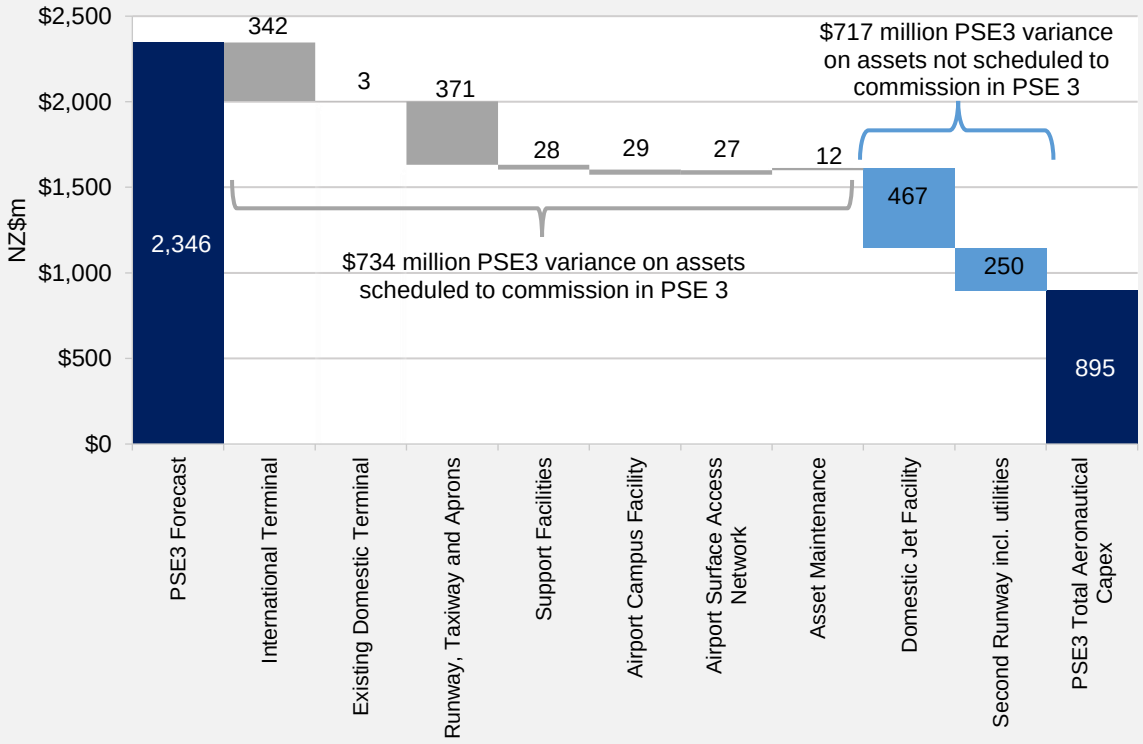


Table 7 below provides explanations of material programme variances (greater than $20 million) in Schedule 18 of the PSE3 Price Setting Disclosure.

The projects which were not forecast to commission in PSE3 (and hence did not impact aeronautical prices) are marked with an asterisk after the title in Table 7 and figures in brackets denote underspend.

Table 7: Capital projects – variance analysis to PSE3 Price Setting Disclosure

Capital Project	Commentary
International Terminal	
Arrivals	
PSE3 actual: $8,410k PSE3 variance: $(109,621)k FY22 variance: $(15,638)k	**Project description and objectives** The objective of this programme was to provide a consistent journey time through the end-to-end international arrivals process. The largest project being the expansion of the MPI arrivals area. **Progress in PSE3** Ground was broken to commence the arrivals project in the first half of FY20, with major construction scheduled to commence in the fourth quarter of FY20. Due to COVID-19, the project was halted and remains suspended until such time project triggers are met.
Airside Emigration & Dwell	
PSE3 actual: $112,033k PSE3 variance: $39,482k FY22 variance: $229k	**Project description and objectives** The objective of this programme was to deliver airside capacity within the ITB. This programme is dominated by two major projects in PSE3, the Level 1 expansion at the ITB that completed in FY19, and Airside enabling for the "Wedge" a non-priced PSE3 project (i.e., commissioning after PSE3) which was forecast to commence in FY22 but has now been deferred. **Progress in PSE3** In FY19, the Phase 3 Level 1 expansion was completed. This project commenced in September 2015 and involved the refurbishment of a significant portion of the existing international terminal and a 36,000m^2 floor space extension. This was a difficult and complex project in the operational heart of a live 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.
Check-in, Outbound Baggage & Landside Dwell	
PSE3 actual: $14,577k PSE3 variance: $(151,139)k FY22 variance: $(109,859)k	**Project description and objectives** The objectives of this programme were to create additional capacity through check-in (back of house bag screening, kiosks, automated bag drops) and the reconfiguration of the existing ITB. Auckland Airport had planned to expand the check-in area into the current MPI arrivals area towards the end of PSE3. However, the timing of this project is dependent on the delivery of the Arrivals programme of works referred to above which was suspended because of COVID-19. **Progress in PSE3** In PSE3 Auckland Airport has undertaken several front and back of house improvement initiatives. Front of house improvements included the deployment of 60 additional check-in kiosks, progressing the design phase for implementation of automated bag drops and undertaking proof of concept trials for using a passenger biometric token (i.e., facial recognition). Back of house initiatives included the upgrade of 2 existing baggage system laterals with two higher capacity carrousel units and technology to detect and prevent unauthorised access to the baggage system from the check-in area. Due to COVID-19, the project was halted and remains suspended until such time project triggers are met. Auckland Airport continues to work closely with CAA on all developments related to passenger and baggage scanning and will implement mandated upgrades as required.

Capital Project	Commentary
Pier and Connections	
PSE3 actual: $57,781k	**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** In PSE3 this programme has delivered the Pier B expansion which delivered two new gated Code F multi aircraft ramp system (**MARS**) stands (17 & 18). This project was completed ahead of time and below budget. In FY19-21, activity was planned on a reconfiguration of Pier A to improve passenger experience at the ITB and a further expansion to Pier B to convert the remote Stand 19 into a Code F contact MARS stand. However, due to the impact of COVID-19 on international travel neither project is currently being pursued. Auckland Airport continues to engage with our airline and border agency stakeholders on what capacity upgrades are likely to be required on Pier A and Pier B including dedicated areas for health screening and passenger segregation for quarantine and disembarkation to managed isolation facilities.
PSE3 variance: $(118,504)k	
FY22 variance: $Nil	
Domestic Integrated Facility (Phase 5)*	
PSE3 actual: $159,236k	**Project Description and Objectives** The objective of this programme is to provide a staged pathway towards an integrated terminal capable of processing international and domestic passengers. **Progress in PSE3** As reported in the previous PSE3 disclosures, this programme of works was significantly behind the original PSE3 forecasts as agreeing the scope of the programme was proving to be significantly more challenging than anticipated due to the range of stakeholder interests and construction complexity caused by the need to displace existing facilities and address legacy assets. Management had 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. As reported in last year's disclosure, this project was suspended shortly after the imposition of travel restrictions associated with COVID-19. *Revision of the design* COVID-19 provided Auckland Airport an opportunity to revisit the design of the planned domestic jet facility to improve customer outcomes and better align the construction with the recovery in aviation. Significant design and consultation airline with border agency stakeholders occurred through FY21 culminating in an announcement on 9 August 2021 of the concept plans for a new, tightly integrated facility. Design and enabling activity for the development of the new facility recommenced in FY22 and this development will dominate planned PSE4 activity with the opening of the integrated terminal targeted for early PSE5. Auckland Airport is still in consultation with its customers about the Domestic Integrated Facility.
PSE3 variance: $(467,073)k	
FY22 variance: $(49,724)k	

Runway, Taxiway and Aprons	
Runway, Taxiway and Aprons (Code F taxiway, stands and aprons) *	
PSE3 actual: $54,436k	**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 taxiways and taxi lane infrastructure and the construction of new aprons capable of handling Code F aircraft. **Progress in PSE3** In FY20 the construction commenced on an extension to Taxiways Lima and Mike to Pier B and the development of aprons, stands and taxi lanes to the north of Pier B. Physical activity on this project has been suspended as a result of COVID-19 and will remain suspended until such time as future demand triggers are met. In late FY22 investigation commenced into the extent that the Terminal Integration programme will trigger the need for additional stand capacity due to displacement while the new integrated domestic pier is under construction.
PSE3 variance: $(147,629)k	
FY22 variance: $(120,287)k	
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5)	
PSE3 actual: $ 59k	**Project Description and Objectives** The objective of this programme is to meet airfield capacity requirements through the construction of new stands, an extension, and modifications to taxiway and taxi lane infrastructure and the construction of new aprons capable of handling Code B/C/E aircraft. The largest single project in PSE3 of this programme was the planned construction of twelve fully serviced Code C jet stands, two remote stands and associated apron infrastructure. **Progress in PSE3** PSE3 activity involved initiating preliminary design work for the new Code B regional aircraft stands in the vicinity of the current Domestic Terminal. However, as referred to in the FY19 disclosure schedule, the additional time required in finalising the detailed design of the new domestic terminal prevented this programme of works progressing as planned. Costs of preliminary design for the of the new domestic terminal stands and aprons project are reported in the Domestic Integrated Facility programme. As with the Domestic Integrated Facility programme, activity on related airfield stands and aprons was suspended in FY20 due to COVID-19, however design and enabling works have now recommenced.
PSE3 variance: $(247,330)k	
FY22 variance: $nil	

Runway, Taxiway and Aprons (Airfield Utilities)	
PSE3 actual: $55,617k	**Project description and objectives** The objective of this programme is to deliver efficient utilities for airfield operations including refuelling / energising aircraft and ground handler equipment. **Progress in PSE3** In PSE3, the main project within the programme was the upgrade of the fuel hydrant system to ensure compliance with Health & Safety in Employment (Pipelines) Regulations 1999. The majority of this programme of work has now been delivered with the last tranche underway and scheduled for completion in FY23. The variance to the PSE3 forecast is primarily due to elements of the fuel network scoped for the new domestic pier being transferred from the from the Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons) programme into this one during the PSE3 period. PSE3 activity within this programme also included commencing the delivery of electric vehicle charging units on the aprons for use by ground-handlers.
PSE3 variance: $21,181k	
FY22 variance: $23,371k	
Airport Surface Access Network (Terminal, Arterial and Other Roads)	
PSE3 actual: $140,390k	**Project description and objectives** The aim of this programme was to develop the broader airport precinct access network to cater for growth and improved journey times. Upgrades to the existing network (including new roads, additional high priority lanes and pedestrian linkages). **Progress in PSE3** PSE3 activity primarily involved the delivery the Northern Transport Network and high occupancy vehicle (**HOV**) lanes on State Highway 20B. These two projects improved access to and from the airport campus from both the north and south and reduce congestion on the airport roading network. The Northern Transport Network was completed in FY22 and delivered capacity upgrades to George Bolt Memorial Drive and the public pick-up and drop off areas through the construction of a new terminal exit road. The State Highway 20B HOV project was delivered in conjunction with Waka Kotahi and the new HOV lanes became operational in FY21. Aside from business as usual asset renewal activity, the Airport Surface Access Network programme of works was the only one which was not suspended or terminated due to the impacts of COVID-19 and represents the largest single programme of work undertaken during PSE3.
PSE3 variance: $26,543k	
FY22 variance: $5,905k	
Asset Maintenance (Slab Replacement and Runway Works)	
PSE3 actual: $73,831k	**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** Due to the impact of COVID-19, Auckland Airport accelerated investment in slab renewals and airfield pavement rehabilitations to leverage the opportunity presented by lower aircraft volumes. Through accelerating this programme of work, Auckland Airport has reduced the future disruption to airlines from activities in a higher demand environment.
PSE3 variance: $26,513k	
FY22 variance: $12,559k	

Second Runway including utilities*	
PSE3 actual: $17,925k	**Project description and objectives** The aim of this programme is to deliver a step change in airfield capacity and resilience through the development of a second runway parallel to and north of the existing runway. The specific objectives in PSE3 were to complete detailed design and, if the base case timing is confirmed following consultation, commence earthworks. **Progress in PSE3** Prior to the COVID-19 outbreak, the focus of activity was on design, delivery timing and funding decisions, with discussions held with stakeholders on these points. Aside from some minor activity for maintaining consent for the second runway, all development has been suspended due to COVID-19 and physical activity will recommence once relevant triggers are met.
PSE3 variance: $(250,295)k	
FY22 variance: $(95,503)k	

Note: Figures in brackets denote underspend

Section 7: Segmented Information

Specified Passenger Terminal Activities

Revenue from passenger terminal activities was $48 million in FY22, an increase of $11 million or 29% versus FY21, with terminal revenue increasing due to the reduced restrictions of COVID-19 during the year (offset by a 3-month Auckland lock-down in the first quarter of the year).

Operational expenditure related to terminal activities was $58 million for the year, up $13 million or 29% from FY21. This was driven by an increased cost base as the organisation scaled for increased aeronautical activity. This resulted in a regulatory loss of $47 million for passenger terminal activities for the financial year.

Airfield Activities

Revenue from airfield activities was $62 million in FY22, a decline of $3 million or 5% from FY21 reflecting the significant domestic and international travel restrictions in place during the year.

FY22 regulated operational expenditure (excluding depreciation) of $36 million was $21 million or 138% higher than FY21, primarily because FY21 included an $18 million reversal of prior year termination costs, of which $17.2m was allocated to the Airfield. Excluding the effect of this reversal, the increase in operating expenditure on the prior year was 26%. This resulted in a regulatory profit of $4.8 million for airfield activities.

Aircraft and Freight Activities

Aircraft and freight activities generated $19 million of revenue in FY22, up by $1 million on FY21, an increase of 8%, reflecting this revenue largely derives from lease and rental income.

Operational expenditure was $8 million for the year, up $2 million or 25% from FY21.

Revaluations of $9 million were made, an increase of $6 million on FY21 revaluations due to higher CPI for the year. This resulted in a regulatory profit of $18 million in FY22, up by $6 million on FY21, largely as a result of higher revaluations for the year.

Section 8: Consolidation statement

Schedule 8 provides a consolidated view of the airport business regulatory income and expenses, reported in Schedule 2, reconciled to the airport business reported under Generally Accepted Accounting Principles (**GAAP**) and to the full company results inclusive of unregulated activities.

8.1 Depreciation

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 expenses for part years in relation to 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 for the difference is due to the revaluation policies required for GAAP and regulatory reporting. Fixed assets have been regularly 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 Asset valuation and depreciation expenses between financial and regulatory reporting.

8.2 Revaluations

The revaluations for the Airport businesses comprise only a CPI roll-forward for aircraft and freight assets as at 30 June 2022 - consistent with the IM determination and Auckland Airport's pricing approach for PSE3. There are no revaluations for airfield and terminal assets in the regulatory accounts.

The statutory consolidated accounts include land revaluation movements within the property, plant and equipment portfolio ($1.4m decrease) and unregulated investment property ($204.4m increase). No other assets were revalued in the statutory accounts at 30 June 2022. The revaluations in the statutory accounts are not used for regulatory reporting nor setting aeronautical prices.

The valuation approach for determining fair value of an asset under GAAP for statutory reporting is determined, where possible, by reference to market-based evidence such as sales of comparable assets. Where fair value of the asset is not able to be reliably determined using market-based evidence, discounted cash flows, or optimised depreciated replacement cost is used to determine fair value. Assets acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value.

8.3 Tax expense

The regulatory disclosures adopt a tax payable approach (per the IM determinations). Since Auckland Airport has made a regulatory loss in the 2022 financial year, there is no tax payable, and the regulatory tax expense is nil. The GAAP expense includes deferred tax income, arising from the loss, partially offset by normal deferred tax expense related to tax timing differences. The tax loss 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 assets held for future use, 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.

8.5 Total operating expenditure – write-offs, impairment, and termination costs

During the year ended 30 June 2022, Auckland Airport's financial statements recognised changes to its previous estimates of write-offs, impairment, and termination costs. Those costs had previously been provided for at 30 June 2020 and 30 June 2021 in relation to the company's decision to terminate or suspend projects in response to COVID-19.

The impact of termination costs and write-offs are included in regulatory profit under 'Airport Businesses', whereas the impact of impairments are excluded from regulatory operating costs on the basis that they are unrealised and may reverse in future for any projects that are ultimately completed and commissioned.

The regulatory impact of termination costs and write-offs in the year ended 30 June 2022 was an additional write-off of $0.5 million for discontinued projects.

Additional financial statement impairment costs of $6.1 million, recognised at 30 June 2022, are disclosed as 'regulatory/GAAP adjustments' in Schedule 8 (30 June 2021: $0.9 million). The impairments arise due to the uncertainty about whether all projects will be completed and commissioned to the RAB. The impairments have been excluded from regulatory operating costs on the basis that they are unrealised and may reverse in future for any projects that are completed and commissioned. Accordingly, the projects also remain in works under construction and will only be written-off for regulatory purposes if a decision is made to abandon a project.

Section 9: Asset Allocations

Methodology

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.

Activity in 2022

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

Section 10: Cost Allocation

Methodology

Auckland Airport's financial reporting system groups costs into several business units reflecting the various aeronautical and non-aeronautical business activities undertaken. 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:

(4) identified the activities undertaken by each business unit;

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

(6) 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 per bullets (1) and (2);

(7) used causal allocators where appropriate to allocate common costs across regulated and/or non-regulated activities;

(8) allocated the remainder of common costs using proxy allocators;

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 for aeronautical pricing purposes);

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 are 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 operating costs 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) roadways are apportioned 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, curb side and footpaths) have been given regulatory codes, in most cases reflecting the location and primary usage 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:

(iv) first, the internal repairs and maintenance charges to business units are summed by internal business unit; and.

(v) second, 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).

Activity in 2022

There has been no material change to the approach of cost allocations from FY22.[3]

Costs directly attributable to airport business increased to $44 million in FY21, from $21 million in FY21.

The majority of the movement in directly attributable costs resides in the Asset Management & Airport Operations category. Variable costs such as contracted services (cleaning and repairs & maintenance) grew as activity at the airport recovered following the gradual relaxation of travel restrictions through the year.

[3] Classifications of operating costs were updated in FY18 to improve comparability to Wellington and Christchurch airports.

Section 11: Reliability Measures

11.1 Reliability

With significant travel restrictions in place for the first 3 quarters of FY22, there were low numbers of passengers and flights. However, from late February 2022, a more normal operating environment resumed following the gradual resumption in travel. But because of the travel restrictions in place for the majority of the year, by historical levels, the volume of service level interruptions and on-time departure delays were low.

To provide the most appropriate context for readers, an alternative 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 2022, the percentage of time that Auckland Airport's material services were available is summarised in Table 8 below:

Table 8: Reliability measures

Service		Availability
Runway		99.993%
Taxiway		100.000%
Remote stands and means of embarkation/disembarkation		100.000%
Contact stands and air-bridges		99.996%
Baggage sortation system on departures		99.994%
Baggage reclaim belts		100.000%

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.

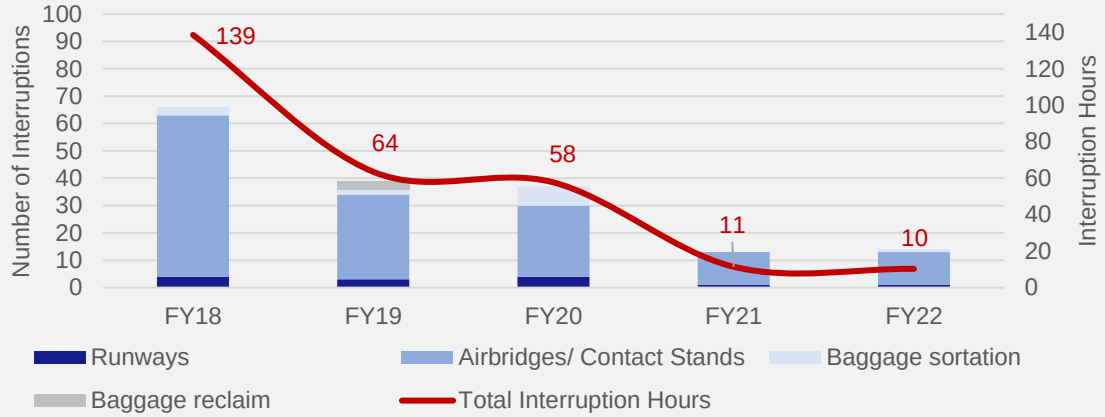
Auckland Airport is required to report interruptions for the following material services:

- 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 Figure 6 below, there were 14 reportable interruptions in FY22, only one more interruption compared with FY21 and down from 66 in FY18. The number of interruption hours decreased from circa 11 hours in FY21 to circa 10 hours in FY22, significantly down on the 139 hours in FY18 .

Refer Figure 6 below that outlines the number of interruptions at Auckland Airport and their associated cumulative duration.

Figure 6: Interruption count and duration



The reduction in interruptions has a strong correlation with the reduction in demand since the beginning of the pandemic. Fewer arriving and departing passengers and fewer flights meant it was possible to use alternative assets when an asset experienced an unplanned unavailability.

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

Baggage sortation

The maintenance programme to improve the baggage sortation has improved system reliability with several years without major outages. However, in late FY22 an outage lasting 2 and a half hours occurred, affecting the departure of 6 international scheduled flights, with a total combined delay time of 3 hours. The cause of the total loss of baggage sortation remains unknown despite the investigation from Auckland Airport's external baggage services provider, Daifuku.

In FY22, the Eastern Bag Hall was decommissioned as part of the substantial upgrade to Auckland Airport's baggage system. Once the replacement facility is completed, it is expected to deliver substantial benefits to airlines, ground handlers and the travelling public.

Contact Stand and air-bridge performance

There were 12 interruptions to contact stands and air-bridges, causing 7 on time departure ("**OTD**") delays in FY22. The numbers reflect a year-on-year increase of 7% in the number of interruptions but a 10% decrease in total OTD delays. Auckland Airport was responsible for 10 of these 12 interruptions.

The duration of airbridge interruptions totalled 7 hours, 1 hour or 10% less than the year before. Auckland Airport was responsible for 6 hours of those interruptions, 2 hours or 25% less than its share of OTD delays caused last year.

This historically low number of interruptions is due to a combination of increased preventive maintenance, the replacement of airbridge 8 and the lower flight volumes permitting an alternative air-bridge to be used when an unexpected outage occurs.

Future planned initiatives to continue minimising airbridge faults by progressively replacing older assets include:

- installation of two new airbridges (7 and 9) in FY23; and
- repainting a domestic airbridge (23) to minimise the risk of disruption due to corrosion and maximise its useful life.

Taxiway performance

In FY22 there was an unplanned interruption of taxiway availability lasting 35 minutes. This interruption was caused by two airport service vehicles becoming stuck in soft grassed areas between Taxiway A9 and A8.

11.3 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.

OTD delays relating to interruptions have been captured in the fault management system. All OTD delays that are visible to the apron tower are logged in the system. Management conducts regular reviews to ensure that on-time delays are correctly captured.

As with the interruption reporting, 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.

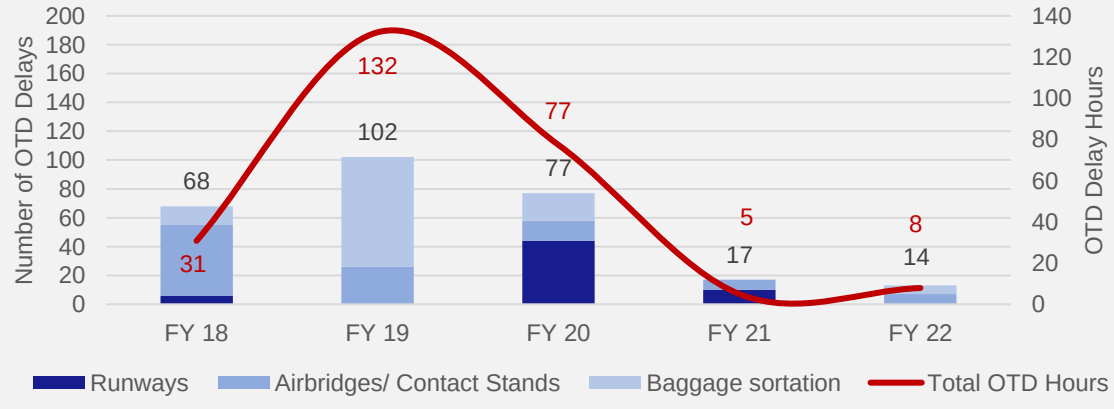
In FY22, Auckland Airport had 14 on time departure (**OTD**) delays caused by either Auckland Airport or a third party. Refer Table 9 below for a summary the OTDs by asset category.

Table 9: OTD delays caused by interruption

	Airport responsibility		Airlines / Others responsibility	
Asset category	Flight delay count	OTD hours	Flight delay count	OTD hours
Baggage sortation	6	3.0	-	-
Contact stand / airbridge	5	3.0	2	1.0
Taxiways	1	0.5	-	-

Figure 7 below outlines how the 14 OTD delays totalling 8 hours in FY22 compares to the prior years of PSE3.

Figure 7: OTD delay count and duration



Auckland Airport was responsible for 12 of these 14 OTD delays representing 8 OTD hours in total, accounting for 75% and 83% of the total OTD count and duration respectively.

11.4 Fixed electrical ground power units

Fixed electrical ground power units (**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 FY22 was 99.954%, an improved result from the 99.854% last year.

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

In the FY22 busy hour there were 31 runway movements, this was consistent with the busy hour runway movements in FY21 but well below declared runway capacity of 45 movements per hour.

There were 371 total aircraft movements on the FY22 runway busy day. This was 17 movements higher than the FY21 busy day. At an annual level total international aircraft movements increased year on year by 20%, The increases in international movements reflects the progressive relaxation of border restrictions during FY22, starting on 18th March 2022 with the removal of MIQ or self-isolation requirements for unvaccinated eligible travellers entering New Zealand.

Domestic movements fell by 19% compared to FY21. The main driver of this was extended lockdowns both nationally and specifically in Auckland due to the Delta variant of COVID-19.

Declared runway capacity

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 runway capacity remains unchanged for FY22. Under visual meteorological conditions capacity is set at 45 movements per hour. This capacity reduces to 38 movements per hour in instrument meteorological conditions and to 22 movements per hour in low visibility conditions when a greater separation is applied.

There are periods of the day where Airways and Auckland Airport can achieve greater movements per hour than what is reported in this schedule. However, aircraft movement rates exceeding the declared capacity are not sustainable for extended periods.

Work continues as part of the airport capacity enhancement forum (**ACE**) to improve the Calculated Take-Off Time initiative for inbound aircraft from other domestic airports with the support from Airways.

Section 13: Capacity utilisation indicators for specified passenger terminal facilities

The demand for travel to and from New Zealand gradually recovered during the second half of FY22. In collaboration with government agencies, Auckland Airport invested considerable time to ensure that disruption was minimised as travel volumes recovered. Whilst passenger traffic volumes in FY22 represented around 60% of the peak pre-COVID, the labour constraints seen across the New Zealand economy posed a challenge once the border restrictions were eased.

In FY22, there were 5.6 million passenger movements through the terminals. International passenger movements (including transits) increased by 123% to 1.3 million while domestic passenger movements (including transits) decreased by 27% to 4.3 million.

By 30 June 2022, Auckland Airport was served by 17 airlines, flying to 28 international destinations, up from 12 airlines and 21 international destinations during the worst of the pandemic.

Changes to the terminal zones

In March 2022, almost one year after splitting the ITB into quarantine-free travel and non-quarantine-free arrival areas, the international arrivals area went back to pre-COVID configuration.

Floor space

There were no significant changes in FY22 to floor space at either the international or domestic terminals.

Section 14: Passenger satisfaction indicators

Key points:

- Passenger satisfaction studies were suspended from October to December 2021 as both domestic and international travel remained severely restricted due to the imposition of travel restrictions to mitigate the spread of COVID-19 in the community
- Passengers rated the domestic terminal at an average ASQ score of 4.1 out of 5.0 in FY22, 0.13 points lower than the FY21 average
- Surveys for the international terminal were undertaken only during Apr – Jun 2022 following the easing of international travel restrictions and showed a decline across all metrics. Passengers rated the international terminal at an average ASQ score of 4.0 out of 5.0 in FY22

14.1 Survey methodology

Auckland Airport's primary independent measure of passenger satisfaction is the Airport Service Quality Survey (**ASQ**).

Auckland Airport's ability to undertake ASQ surveys was impacted by COVID-19, with domestic surveys taking place from July to September 2021, being halted from October through to December 2021 and then finally resuming from January 2022 onwards. International surveys remained suspended until March 2022 due to the imposition of travel restrictions to mitigate the spread of COVID-19 in the community.

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 reference to the copy of the field work requirements can be found on Auckland Airport's website located at:

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

Traveller responses to each question in the ASQ survey are gathered according to a five-point scale as follows:

1 = poor, 2 = fair, 3 = good, 4 = very good, 5 = excellent.

The quarterly score disclosed for each question is the weighted average of the responses. While the tables in Schedule 14 state the scores for each quarter, Auckland Airport monitors responses using a four-quarter rolling average which gives a statistically significant result (by contrast the quarterly sample does not). However, in FY22 a three-quarter rolling average has been used for domestic passengers as surveys were not undertaken during the October to December 2021.

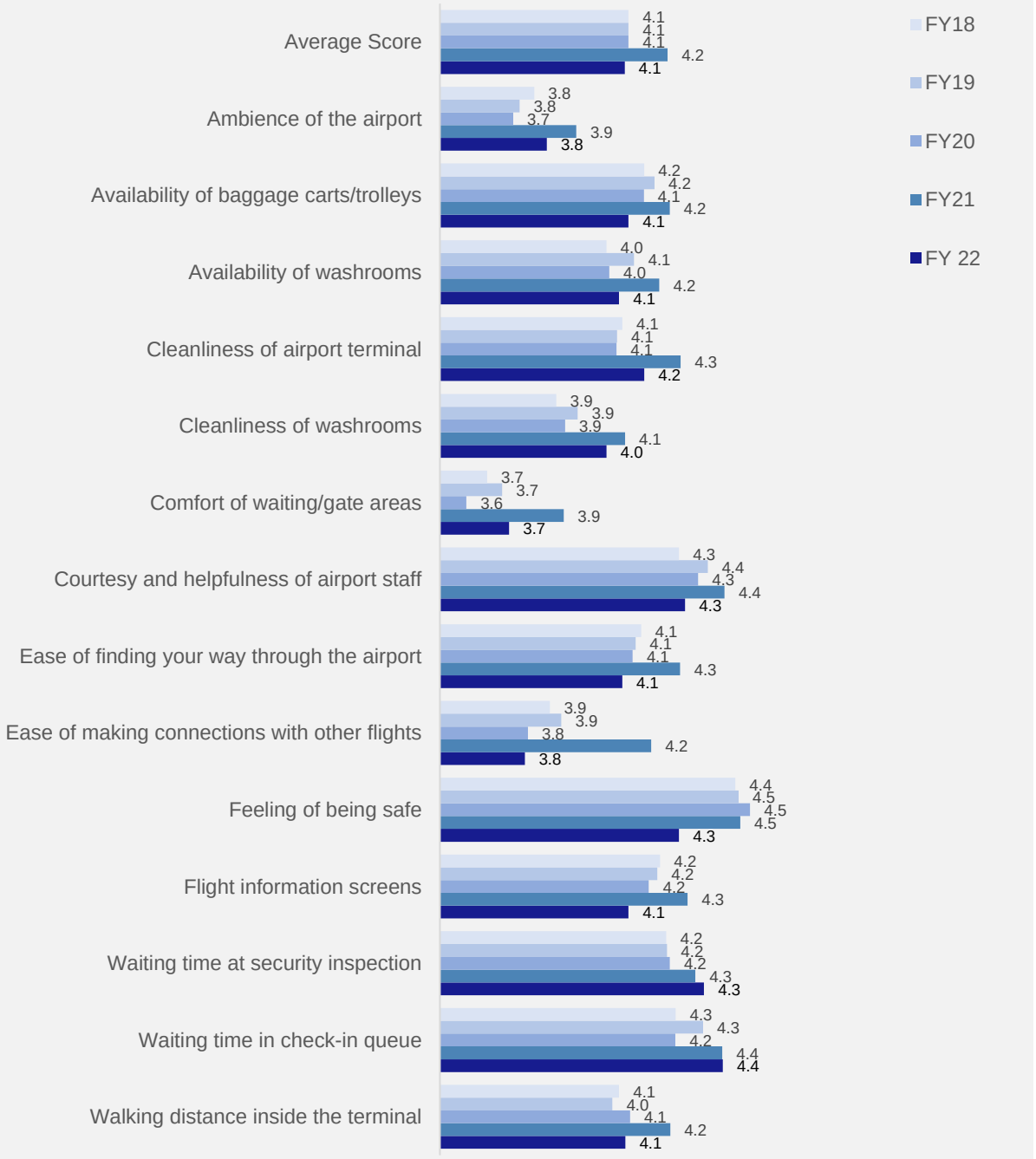
Overall, the surveys have a margin of error, therefore, as a general principle, year on year score changes of less than 5% are deemed statistically insignificant. In addition, some key indicator scores are sensitive to seasonality reflecting the timing of holidays and passenger volumes which may affect the weighted average scores for FY22.

Each quarter Auckland Airport undertakes a detailed review of the survey scores. The results are fed into business activities and process improvement initiatives. For regulatory purposes the Commission requires Auckland Airport to report on 14 indicators that are specific to the domestic passenger journey and 15 key indicators that are specific to the international passenger journey.

14.2 Domestic terminal surveys

Despite the age of the Domestic Terminal and the health and safety measures implemented in response to the COVID-19 pandemic, customers rated the domestic terminal at an average ASQ score of 4.1 out of 5.0 in FY22, 0.13 points lower than the FY21 average. Figure 8 below sets out the Domestic Terminal's 14 regulated indicator scores against the prior years of PSE3.

Figure 8: Time series of ASQ scores – Domestic Terminal



The ratings for waiting time to check-in remained the same across FY21 and FY22, highlighting that the terminal continued to cope well with increasing volumes of passengers especially since March 2022. However, compared with FY21, passenger ratings fell slightly across 12 of the 14 key metrics with the largest change from FY21 being in categories Auckland Airport believes are outside of its control, including ease of making connections with other flights (-0.40 points), which is attributable to flight cancellations and flight schedule changes due to ongoing pandemic restrictions and severe weather conditions during June 2022.

The next biggest decline was in the feeling of being safe (0.20 points), which is again likely attributable to the ongoing and changing pandemic restrictions across the country.

Benchmarking

Prior to the COVID-19 pandemic, Auckland Airport was able to compare ASQ scores in the domestic terminal to the score average of our peer group of 22 airports. However, comparison with other airports is problematic for FY22 due to highly disrupted participation of other airports during the pandemic. The set of comparator airports was, therefore, updated during the pandemic to include only those airports that were able to still report key metrics on their domestic operations that AKL could benchmark itself against.

Figure 9 compares average scores of the Auckland Airport domestic terminal with the average scores of the custom panel. However, it is not as relevant as previous financial years and less meaningful until participation rates pick up globally to improve the benchmarking exercise.

The average score of the pool of comparator airports for AKL domestic terminal included ratings across the domestic operations of the following airports:

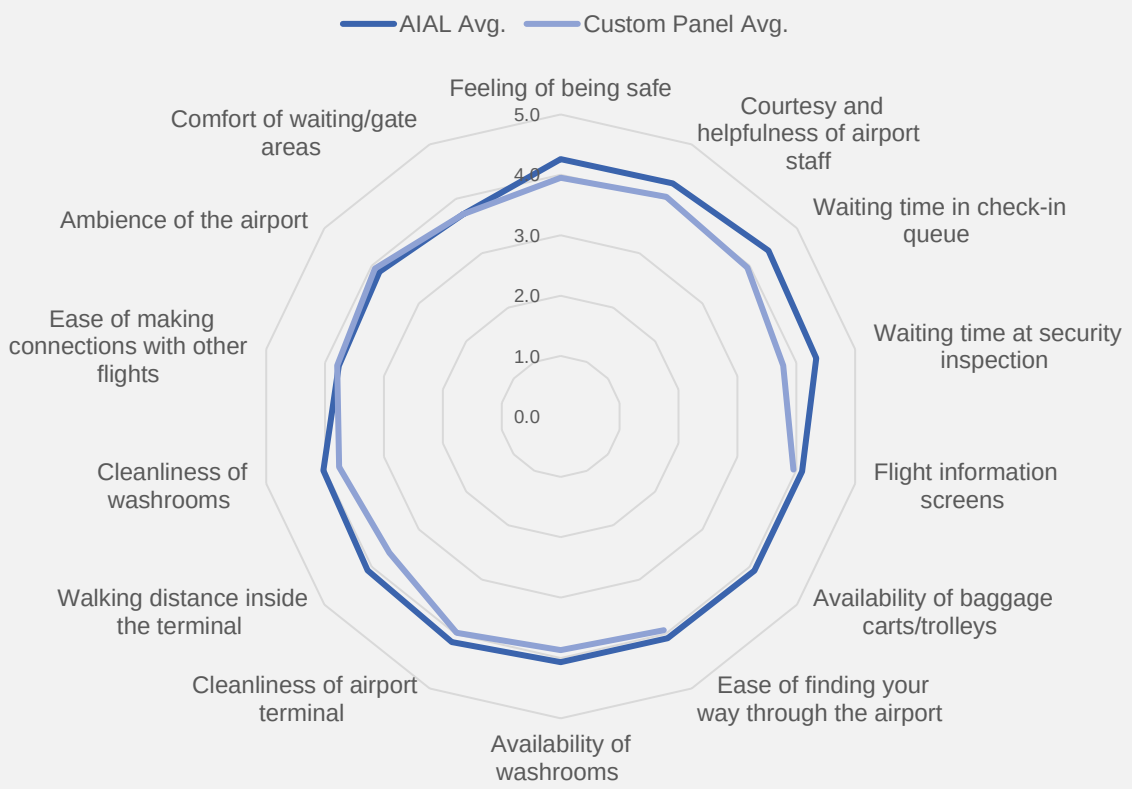
- Barcelona-El Prat Airport
- Berlin Brandenburg Airport
- Kastrup Airport
- Heathrow Airport
- Lisbon Airport
- Madrid-Barajas Adolfo Suarez Airport
- Munich International Airport
- Malpensa Airport
- Porto Airport
- San Francisco International Airport

While these airports are usually not featured in AKL's comparator set, their scores were helpful in benchmarking AKL's domestic operations against other regions that had similar travel restrictions and operational constraints but continued to maintain similar levels of domestic activity as AKL. Direct comparisons with previous years are invalid and should be done with utmost caution.

The Domestic Terminal performed in line with the benchmarks in FY22 on 11 out of 13 categories. It is important to note that the availability of baggage carts/trolleys is not reported on as part of the ASQ departures survey, so comparisons for the metric are unavailable. AKL's domestic terminal performed particularly well on wait times in check-in queue (+0.45 points relative to panel average) and walking distance inside the terminal (+0.46 compared to panel average).

However, the analysis indicates that improvement is required in some categories such as ambience of the airport (-0.09 compared to panel average) and ease of making connection with other flights (-0.02 points).

Figure 9: FY22 Benchmarking - Domestic Terminal



14.3 International terminal

International Terminal ASQ surveys remained suspended for the first nine months of the year, resuming from April 2022. Figure 10 below outlines the ASQ scores for the International Terminal in FY22.

Figure 10: Time series of ASQ scores – International Terminal

Compared with the FY20, passenger ratings have fallen across all metrics with passengers rating the international terminal at an average ASQ score of 4.0 out of 5 in FY22. The biggest decline was across ease of making connection with other flights (-0.58 points) to 3.53. Additional health and safety requirements due to the pandemic, and last-minute changes to flight schedules amidst staff shortages

contributed to customer dissatisfaction on these fronts. The second biggest decline was in comfort of waiting/gate areas (-0.56 points).

Of the remaining items, the changes in waiting times at the check in queue (-0.08 points) and passport/personal ID inspection (-0.02 points) were not statistically significant. This implies that these usual bottlenecks in a travelling customer's journey inside the terminal are still coping well with increasing volumes. It is important to note that the ASQ surveys do not measure the availability of baggage carts and trolleys anymore, so year on year comparisons for this metric are unavailable.

Benchmarking

As outlined above, prior to the COVID-19 pandemic, Auckland Airport was able to compare ASQ scores in the international terminal to the score average of our peer group of 22 airports. However, comparison with other airports is problematic during this period due to highly disrupted participation of other airports during the pandemic. The set of comparator airports was, therefore, updated during the pandemic to include only those airports that were able to still report some skeletal data about their international operations that AKL could benchmark itself against.

The average score of the pool of comparator airports for AKL international terminal included ratings across the international operations of the following airports:

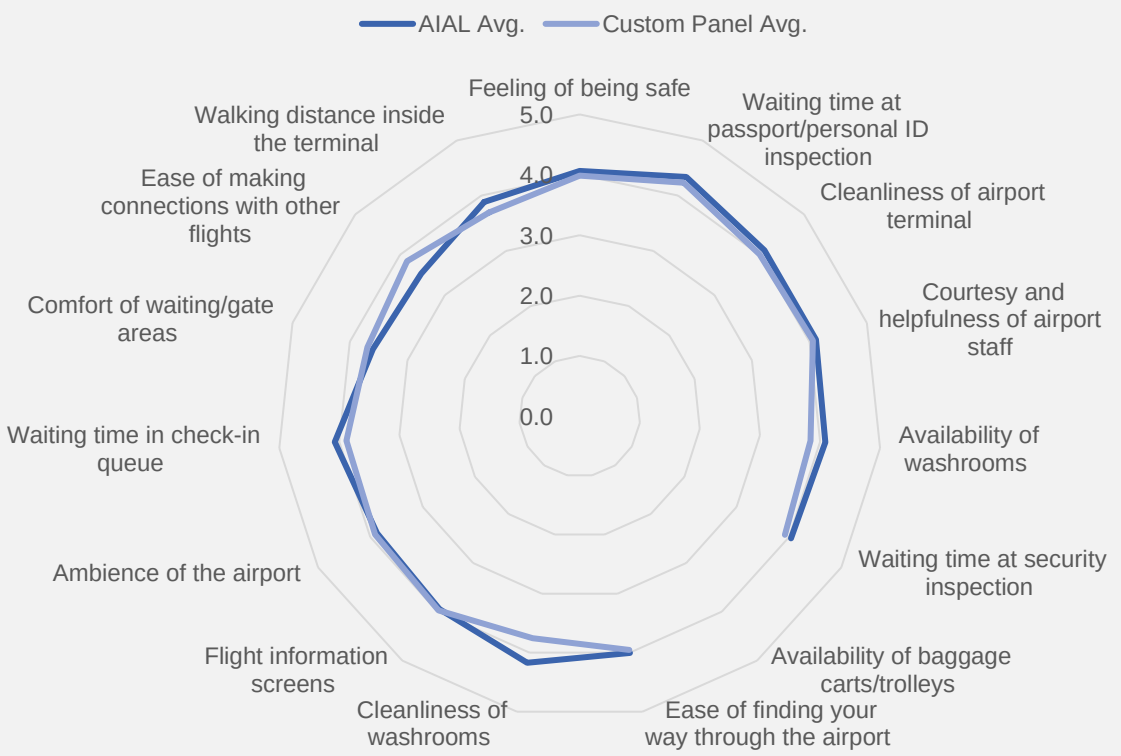
- Barcelona-El Prat Airport
- Berlin Brandenburg Airport
- Kastrup Airport
- Heathrow Airport
- Lisbon Airport
- Madrid-Barajas Adolfo Suarez Airport
- Munich International Airport
- Malpensa Airport
- Porto Airport
- San Francisco International Airport
- Zurich Airport

While these airports are usually not featured in AKL's comparator set, their scores were helpful in benchmarking AKL's international operations against other regions that had similar travel restrictions and operational constraints during the pandemic but continued to maintain similar levels of international activity as AKL. Direct comparisons with previous years are invalid and should be done with utmost caution.

The International Terminal performed in line with the benchmarks in FY22 on 10 out of 14 categories. It is important to note that the availability of baggage carts/trolleys is not reported on as part of the ASQ departures survey, so comparisons for the metric are unavailable. AKL's international terminal performed particularly well in availability (+0.24 points compared to panel average) and cleanliness of washrooms (+0.42 points compared to panel average).

However, the analysis indicates that improvement is required on some categories such as ease of making connection with other flights (-0.31 points compared to panel average) and comfort of waiting areas (-0.09 points compared to panel average). As supply and staff constraints in the aviation sector ease globally, we expect our passengers to have a better experience when making connections with other flights.

Figure 11: FY22 Benchmarking - International Terminal



During the final quarter of FY22, Auckland Airport announced a change to its senior leadership team to create clear responsibility for the organisation's customer strategy and standards, spanning the domestic and international terminals, Strata Lounge, transport services, retail and property and call centre.

Section 15: Operational improvement processes

In FY22, Auckland Airport put considerable focus on responding to the pandemic and continued to invest in operational improvement processes to provide enhanced system performance and improve quality services for customers.

With travel restrictions to mitigate the effects of COVID-19 in place for the majority of the year, our focus has been on operating safely and efficiently within this new environment of increased health related risks at both the Auckland and international borders. These risks continued to be meticulously managed not only for the safety of passengers and staff, but also to protect all of Aotearoa from community transmission of COVID-19.

With the relaxing of both domestic and international travel restrictions in the second half of the year, our focus has shifted to operating the airport during the recovery in aviation activity and the actions that restarting operations necessitates.

15.1 Enhancing system performance

Security

In FY22 the IP Video Hardware Upgrade project replaced old and outdated cameras across the precinct with new high-resolution IP Video cameras, including cameras with multi-lens technology to increase the areas covered around the precinct and provide better security monitoring capabilities.

The project also enabled real-time monitoring of the New Zealand Police stolen vehicle database by Auckland Airports' license plate cameras to support crime prevention across the precinct. At the end of June 2022, the project had replaced 255 cameras and work continues on this project in FY23 with all 430 cameras being replaced.

Airbridge replacement

As part of the asset management plan, in FY22 Auckland Airport replaced Airbridge 8 at the ITB which was over 29 years old.

Electric vehicle fire-fighting equipment acquired

Two new pieces of fire flighting equipment were obtained to enable the efficient and safe management of electrical fires in vehicles and ground handling equipment. This included acquisition of vehicle fire blankets and the Rosenbauer electric vehicle extinguishment system. The Rosenbauer extinguishing system will reduce human exposure to products of battery combustion, reduce overall effect of fire, and reduce firefighting water application to an estimated 300 litres for an electrical vehicle fire, rather than 8,000 litres estimated required using traditional firefighting methods. The blankets also improve environmental impact through reducing the emissions released to atmosphere from a normal fire progression.

Data platform

Auckland Airport has implemented a cloud-based Microsoft Azure Data Lake to replace the on-premise data warehouse solution. In its first phase finished in FY22, all operational data was migrated and linked with existing sources for our internal analysis.

Sustainability

In FY22 Auckland Airport continued to make progress towards a sustainable future by developing a roadmap to net zero scope 1 and 2 emissions which will see a 90% reduction by 2030 from 2019 levels.

Data collection and reporting was also improved through the development of a sustainability data system, resulting in a more efficient capture, collation and audit process. Alongside this, Auckland Airport's scope 3 emissions reporting was expanded to include aircraft landing and take-off emissions.

15.2 Customer experience

During the first three-quarters of FY22, our primary focus for customer experience was on meeting the changing government requirements in response to COVID-19 management. Secondly Auckland Airport focused on supporting arriving travellers in New Zealand through the different arrivals processes so as to protect the community from the arrival of COVID-19 into the country.

Once border restrictions were lifted and health measures eased, more normal processes resumed through our terminals, with other passenger services gradually reopening as passenger numbers increased.

During FY22, Auckland Airport joined the Hidden Disabilities Sunflower Lanyard Programme. With its cheerful sunflower emblem, this programme offers a discrete way for people to indicate a non-visible disability and signal the need for some support or simply a bit more time when moving through the airport. This enables both Auckland Airport staff, together with staff from all airport stakeholders and border agencies, to support people with non-visible disabilities whose particular requirements aren't immediately obvious – including for example people with autism, dementia, anxiety, or conditions that cause chronic pain.

15.3 Health, safety and wellbeing

A large portion of health and safety resources and activities in FY22 were focused on the management of COVID-19 risks and the ever-changing requirements set by the Government on our people and processes. Over the course of the year, Auckland Airport, in conjunction with the newly established Infection Prevention Control unit of the Ministry of Health, undertook significant number of activities to improve the health and safety of workers on the precinct and the travelling public. These activities included participation in RAT testing trials and implementing mandatory testing and vaccination processes. They also included maintaining registers for our front-line staff and communicating Government processes and information regarding COVID-19 requirements to staff, airport stakeholders and the travelling public.

Section 16: Associated statistics: Demand and FTEs

Key points:

- Passenger movements in FY22 of 5.6 million were down 13% on the prior year in line with the reduction in aircraft movements as aeronautical activity continued to be disrupted by the travel restrictions put in place to mitigate the impact of the COVID-19 pandemic.
- Domestic volumes decreased by 27% or 1.6 million passengers in the year reflecting the imposition of the 107 day regional lockdown in Auckland during the first half of the financial year.
- The reopening of the New Zealand border in late February 2022 resulted in an 123% increase in international passenger movements as international travel resumed.
- Total passenger movements for PSE3 of 88.6 million were down 29% on the PSE3 forecast of 124.9 million reflecting the impact of the COVID-19 pandemic on aeronautical activity.

16.1 Passenger demand

Annual passenger movements for the early years of PSE3 broadly tracked the passenger forecasts prepared at the time of setting aeronautical pricing for PSE3. With both domestic and international travel restrictions put in place in 2020 to mitigate the impact of the COVID-19 pandemic, passenger movements for PSE3 were substantially lower than forecast.

Figure 12 and Table 10 summarise actual passenger movements versus those forecast in 2017 when prices were set for PSE3.

Figure 12: PSE3 Passenger movements

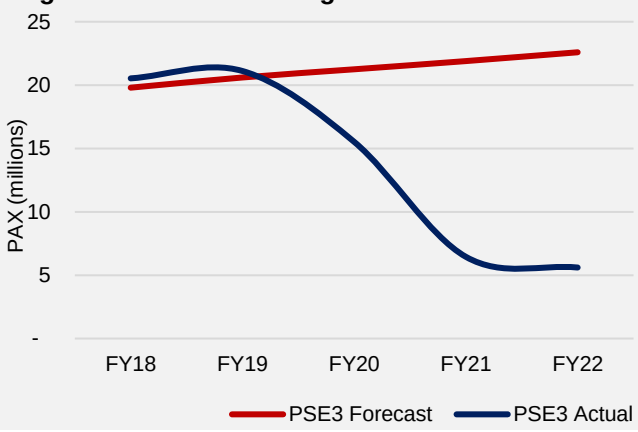


Table 10: Passenger movements, variance to PSE3 forecasts

	Actual				PSE3		
	Actual	Forecast	Δ%		Actual	Forecast	Δ%
International incl. Transit	1,340,875	12,716,053	(89)%		33,201,368	59,338,099	(44)%
Domestic	4,261,271	9,874,141	(57)%		36,010,404	46,789,854	(23)%
Total	**5,602,146**	**22,590,194**	**(75)%**		**69,211,772**	**106,127,954**	**(35)%**

International passenger volumes

With the international travel restrictions in place for the majority of the year, international passenger movements in 2022 were substantially down on that forecast at the time of setting prices for PSE3. With the progressive reopening of the border from late February 2022, international passenger movements gradually increased, reaching 1.3 million for the year and up 123% on 2021. Despite this increase, international passenger movements in 2022 were only 11% of the 2019 pre-COVID equivalent.

With international passenger growth constrained by limited capacity, total international passenger movements over PSE3 of 33 million were 44% under the 59 million forecast in 2017 at the time of setting prices.

Domestic passenger volumes

The 4.3 million domestic passenger movements in 2022 were down 27% on the prior year as the regional lockdown in Auckland for the majority of the first half of the year significantly impacted domestic activity. As a result, actual domestic PSE3 passenger movements of 44.6 million were 19% under the 55.3 million forecast at the time of setting prices.

16.2 Aircraft movement statistics

Total aircraft movements in FY22 decreased 13% on the prior year reflecting a significant period of the year when travel restrictions were in place. MCTOW decreased only 1% on the prior year reflecting the greater proportion of larger international aircraft movements that occurred post the reopening of the New Zealand border.

Table 11 below details changes in aircraft movements and MCTOW volumes between FY22 and FY21.

Table 11: Aircraft movements and MCTOW statistics

	2022	2021	Δ%
Aircraft movements			
International aircraft movements	18,315	15,102	21%
Domestic aircraft movements	67,748	83,582	(19)%
Total aircraft movements	**86,063**	**98,684**	(13)%
MCTOW (tonnes)			
International MCTOW	2,116,404	1,771,014	19%
Domestic MCTOW	1,342,249	1,637,867	(18)%
Total MCTOW	**3,458,653**	**3,408,881**	1%

Table 12 below compares the forecast MCTOW at the time of pricing for FY22 and PSE3.

Table 12: MCTOW performance, variance to PSE3 forecasts

	FY22			PSE3		
	Actual	Forecast	Δ%	Actual	Forecast	**Δ%**
International	2,116,404	6,567,487	(68)%	20,249,477	31,212,352	(35)%
Domestic	1,342,249	2,477,417	(46)%	9,524,938	11,842,773	(20)%
Total	**3,458,653**	**9,044,904**	**(62)%**	29,774,415	43,055,125	(31)%

16.3 Human resource statistics

The total full-time equivalent employees (**FTE**) of the regulated aeronautical business were 378 for FY22, 22 FTEs or 6.2% higher than FY21 due to the ramp of aeronautical activity experienced in the second half of the financial year. This remains below pre pandemic levels of 409 reported in FY19.

The increase in FTE over the prior year was primarily due to increased staffing in Operations and

Engineering Services to support higher aeronautical activity and project activity as Auckland Airport recommenced several infrastructure projects that had been suspended due to the COVID-19 pandemic. Additional FTEs were also added to our People Safety & Wellbeing, Business Technology, Finance and Legal areas as the business scales alongside the recovery in aviation. Higher staffing levels preceded the passenger recovery as Auckland Airport sought to avoid the disruptions experienced at other global airports when passenger numbers increased rapidly.

Section 17: Pricing Statistics

Key points:

- In FY22 the international passenger charge (**IPC**) increased by 28 cents to $15.49 per passenger and the domestic passenger charge (**DPC**) increased by 24 cents to $3.10 per passenger
- In FY22, notwithstanding the increase in the IPC, the average effective total charge per international passenger reduced from $87.04 to $51.76 due to semi-fixed aeronautical revenues (eg office and VIP lounge rentals and aircraft parking charges) being spread across more international passengers
- Conversely, the average effective total charge per domestic passenger increased from $7.96 to $8.64, mainly because semi-fixed aeronautical revenues were spread across less domestic passengers, as well as the DPC increase

The charges set by Auckland Airport have been subject to a thorough review via the five yearly aeronautical price setting process. A review by the Commission resulted in Auckland Airport revising its charges post the initial price setting event with discounted charges taking effect for the three financial years from 1 July 2019.

The analysis in this section reflects these discounted charges. The schedule of discounted standard charges is available on our website (www.aucklandairport.co.nz).

17.1 International

At the time of price setting, it was forecast that effective international charges per passenger would increase by 0.1% per annum in nominal terms. After applying the discounts, this reduced to a forecast effective international charges reduction of 0.7% per annum in nominal terms.

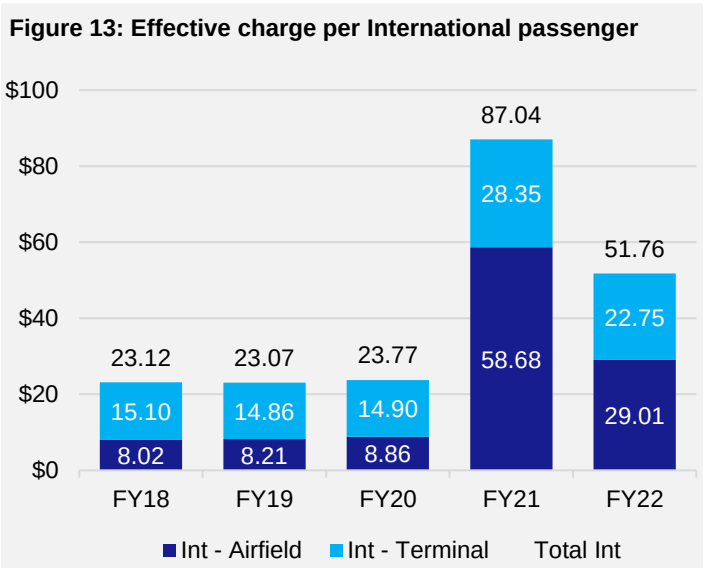
FY22 effective charge per passenger

Average effective charges per passenger reflect total aeronautical revenues from both airfield activities (landing, parking and ground leases) and terminal activities (passenger service charges, counter rentals and office rentals) in accordance with the definition in schedule 17, displayed on a per passenger basis.

As set out in Figure 13 opposite, the average effective **total** charge per international passenger declined to $51.76 in FY22 from $87.04 in FY21.

The average effective **airfield** charge per international passenger decreased to $29.01 from $58.68 in the prior year, mainly because international aircraft carried more passengers, spreading landing and semi-fixed parking and ground lease charges across more passengers.

Figure 13: Effective charge per International passenger



Similarly, the average effective **terminal** charge per international passenger decreased to $22.75 from $28.35 in the prior year, again because semi-fixed terminal-related charges were spread across more passengers.

17.2 Domestic

Domestic charges per passenger were forecast to increase by 1.8% per annum in nominal terms over the 5-year period of PSE3.

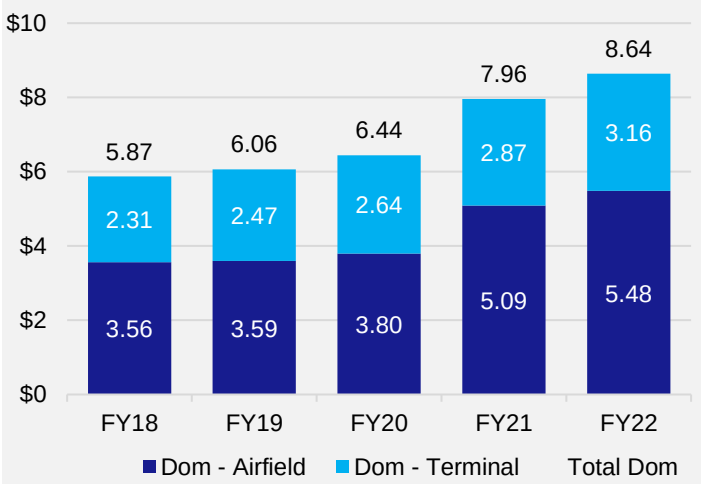
FY22 effective charge per passenger

As set out in Figure 14 opposite, the average effective **total** charge per domestic passenger increased to $8.64 per passenger in FY22 from $7.96 in FY21.

The average effective **airfield** charge per domestic passenger increased to $5.48 per passenger from $5.09 in the prior year, mainly because landing and semi-fixed parking and ground lease charges were spread across less domestic passengers.

The average effective **terminal** charge per domestic passenger also increased from $2.87 to $3.16 in FY22. This reflected the similar increase in Auckland Airport's domestic passenger charge from $2.86 per passenger in FY21 to $3.10 in FY22, plus semi-fixed domestic terminal-related revenues being spread across less domestic passengers.

Figure 14: Effective charge per Domestic PAX



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

Company Name	Auckland International Airport Limited
Disclosure Date	30 November 2022
Disclosure Year (year ended)	30 June 2022
Pricing period starting year (year ended)	30 June 2018

Templates for schedules 1–17 (Annual Disclosure)
Version 5.0. Prepared 13 June 2019

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 2022**
Pricing period starting year (year ended)	**30 June 2018**

SCHEDULE 1: REPORT ON PROFITABILITY

ref *Version 5.0*

1a: Internal Rates of Return

	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
Post-tax IRR - pricing period to date (%)	3.14%	6.72%	(3.58%)
Post-tax IRR - current year (%)	(1.25%)	5.26%	(6.51%)

1a(i): Pricing Period to Date IRR

($000 unless otherwise specified)

		Actual for Period to Date	Forecast for Period to Date	Variance
	Opening RAB	1,187,257	1,244,584	(57,328)
	Opening carry forward adjustment	82,510	82,510	–
	Opening investment value	1,104,747	1,162,074	(57,328)
plus	Total regulatory income	1,220,735	1,793,685	(572,950)
less	Assets commissioned	746,792	1,475,209	(728,417)
plus	Asset disposals	2,055	–	2,055
less	Operational expenditure	609,561	632,912	(23,351)
less	Unlevered tax	111,780	197,865	(86,085)
	RAB value	1,638,341	2,323,081	(684,741)
	Closing carry forward adjustment	86,084	86,084	–
	Closing investment value	1,552,257	2,236,998	(684,741)
	Post-tax IRR for pricing period to date (%)	3.14%	6.72%	(3.58%)

1a(ii): Current Year Annual IRR

($000 unless otherwise specified)

		Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
	Opening RAB	1,463,762	2,155,435	(691,673)
	Opening carry forward adjustment	85,369	85,369	–
	Opening investment value	1,378,393	2,070,066	(691,673)
plus	Total regulatory income	128,281	387,415	(259,134)
less	Assets commissioned	220,367	267,534	(47,167)
plus	Asset disposals	72	–	72
less	Operational expenditure	101,928	137,398	(35,471)
less	Unlevered tax	(1,900)	37,580	(39,480)
	RAB value	1,638,341	2,323,081	(684,741)
	Closing carry forward adjustment	86,084	86,084	–
	Closing investment value	1,552,257	2,236,998	(684,741)
	Post-tax IRR for current year (%)	(1.25%)	5.26%	(6.51%)

Explanation of variances

Consistent with clause 2.3(8), this explains the variance in the Post-tax IRR for pricing period to date and includes explanations for variances disclosed in Schedule 1, 2, 4 and 6 that have a material impact on the variance in the Post-tax IRR for pricing period to date.

Refer to Disclosure Commentary Note 1.

Regulated Airport	Auckland International Airport Limited
For Year Ended	30 June 2022
Pricing period starting year (year ended)	30 June 2018

SCHEDULE 1: REPORT ON PROFITABILITY (cont)

ref *Version 5.0*

	1b: Actual IRR Inputs	Pricing Period Starting Year 30 June 2018	Pricing Period Starting Year + 1 30 June 2019	Pricing Period Starting Year + 2 30 June 2020	Pricing Period Starting Year + 3 30 June 2021	Pricing Period Starting Year + 4 30 June 2022
73	Opening RAB	1,187,257	1,411,886	1,502,486	1,485,783	1,463,762
74	Opening carry forward adjustment	82,510	83,225	83,940	84,654	85,369
75	Opening investment value	1,104,747	1,328,661	1,418,547	1,401,129	1,378,393
77	Total regulatory income	338,359	356,925	276,642	119,735	129,074
78	Assets commissioned - 1st month	6,466	88,686	6,816	23,550	38,064
79	Assets commissioned - 2nd month	6,387	2,951	–	4,591	5
80	Assets commissioned - 3rd month	46,799	192	4,334	20,346	47
81	Assets commissioned - 4th month	5,715	6,552	1,252	555	43
82	Assets commissioned - 5th month	110,497	1,644	–	–	–
83	Assets commissioned - 6th month	9,966	11,647	1,104	249	693
84	Assets commissioned - 7th month	1,618	2,904	(0)	2,307	77,491
85	Assets commissioned - 8th month	41,924	65	1,792	39	6
86	Assets commissioned - 9th month	773	9,509	10,560	1,808	563
87	Assets commissioned - 10th month	1,845	850	12,141	2,753	342
88	Assets commissioned - 11th month	13,708	909	3,799	499	392
89	Assets commissioned - 12th month	38,974	14,003	1,806	1,539	102,720
90	Asset disposals	–	–	883	1,100	72
91	Operational expenditure	116,701	125,685	199,129	66,119	101,928
92	Unlevered tax	43,574	48,507	23,116	(1,518)	(1,900)
94	RAB value	1,411,886	1,502,486	1,485,783	1,463,762	1,638,341
95	Closing carry forward adjustment	83,225	83,940	84,654	85,369	86,084
96	Closing investment value	1,328,661	1,418,547	1,401,129	1,378,393	1,552,257
98	Post-tax IRR - pricing period to date (%)	9.85%	9.74%	6.31%	4.27%	3.14%

1c: Carry Forward Balance

		Actual	Forecast	Variance
102	Opening carry forward adjustment	85,369	85,369	–
104	Default revaluation gain/loss adjustment			–
105	Risk allocation adjustment			–
106	Other carry forward adjustment – forecast	715	715	–
107	Other carry forward adjustment – not forecast			–
109	Closing carry forward adjustment	86,084	86,084	–

Commentary on Carry forward balance

Refer to Disclosure Commentary Note 1.

1d: Cash flow timing assumptions

		flow timing assumption
122	Cash flow timing - revenues - days from year end	148
123	Cash flow timing - expenditure - days from year end	182

Page 2

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

Version 5.0

2a: Regulatory Profit

($000 unless otherwise specified)

ref			Actual	Forecast	Variance
7	**Income**				
8		Airfield	60,916	135,407	(74,491)
9		Passenger Service Charge	33,848	213,906	(180,058)
10		Check-In	1,586	3,589	(2,003)
11			–	–	–
12		Lease, rental and concession income	29,744	30,254	(510)
13		Other operating revenue	2,980	4,259	(1,279)
14		Net operating revenue	129,074	387,415	(258,341)
15					
16		Gains / (losses) on sale of assets	(793)	–	(793)
17		Other income	–	–	–
18		Total regulatory income	128,281	387,415	(259,134)
19	**Expenses**				
20		Operational expenditure:			
21		Corporate overheads	18,696	32,868	(14,171)
22		Asset management and airport operations	61,337	88,230	(26,893)
23		Asset maintenance	21,894	16,300	5,594
24		Total operational expenditure	101,928	137,398	(35,471)
25					
26	**Operating surplus / (deficit)**		26,353	250,017	(223,663)
27					
28		Regulatory depreciation	60,758	97,647	(36,889)
29					
30	*plus*	Indexed revaluation	9,054	1,879	7,175
31	*plus*	Periodic land revaluations	–	–	–
32		Total revaluations	9,054	1,879	7,175
33					
34	**Regulatory Profit / (Loss) before tax**		(25,351)	154,248	(179,599)
35					
36	*less*	Regulatory tax allowance	–	37,580	(37,580)
37					
38	**Regulatory Profit / (Loss)**		(25,351)	116,668	(142,019)
39					

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2022**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

ref *Version 5.0*

($000 unless otherwise specified)

2b: Notes to the Report

2b(i): Financial Incentives

		($000)
Pricing incentives	10,030	
Other incentives	–	
Total financial incentives		10,030

2b(ii): Rates and Levy Costs

	($000)
Rates and levy costs	2,892

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 2022**

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref | *Version 5.0*

3a: Regulatory Tax Allowance

ref					($000)
7		Regulatory profit / (loss) before tax			(25,351)
8					
9	*plus*	Regulatory depreciation	60,758		
10		Other permanent differences—not deductible	625	*	
11		Other temporary adjustments—current period	15,150	*	
12					76,533
13					
14	*less*	Total revaluations	9,054		
15		Tax depreciation	60,702		
16		Notional deductible interest	6,786		
17		Other permanent differences—non taxable	–	*	
18		Other temporary adjustments—prior period	6,629	*	
19					83,171
20					
21		Regulatory taxable income (loss)			(31,989)
22					
23	*less*	Tax losses used	–		
24		Net taxable income			–
25					
26		Statutory tax rate (%)	0		
27		Regulatory tax allowance			–
28					
29		Notional interest tax shield	1,900		
30		Unlevered tax			(1,900)

** 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)	
48		Opening RAB (Tax Value)	946,440	
49	*plus*	Regulatory tax asset value of additions	194,477	
50	*less*	Regulatory tax asset value of disposals	–	
51	*plus*	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	–	
52	*less*	Tax depreciation	60,702	
53	*plus*	Other adjustments to the RAB tax value	13,098	
54		Closing RAB (tax value)		1,093,313

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

ref			($000)	
57		Tax losses (regulated business)—prior period	(40,793)	
58	*plus*	Current year tax losses	(31,989)	
59	*less*	Tax losses used	–	
61		Tax losses (regulated business)		(72,782)

3b(iv): Deductible Interest and Interest Tax Shield

ref		
63	RAB value - previous year	1,463,762
64	Debt leverage assumption (%)	19%
65	Cost of debt assumption (%)	2.44%
66	Notional deductible interest	6,786
67	Tax rate (%)	28.0%
68	Notional interest tax shield	1,900

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref *Version 5.0*

ref			($000)	Actual ($000)	Forecast ($000)	Variance ($000)
8		**RAB value—previous disclosure year**		1,463,762	2,155,435	(691,673)
10	*less*	Regulatory depreciation		60,758	97,647	(36,889)
11	*plus*	Total revaluations		9,054	1,879	7,175
12	*plus*	Assets Commissioned		220,367	267,534	(47,167)
13	*less*	Asset disposals		72	4,119	(4,047)
14	*plus*	Lost and found assets adjustment		–	–	–
15		Adjustment resulting from cost allocation		5,988	–	5,988
17		**RAB value** [T]		1,638,341	2,323,081	(684,741)

ref			($000)	Unallocated RAB * ($000)	($000)	RAB ($000)
21		**RAB value—previous disclosure year**		1,777,736		1,463,762
22	*less*					
23		**Regulatory depreciation**		75,274		60,758
24	*plus*					
25		Indexed revaluations	9,054		9,054	
26		Periodic land revaluations	–		–	
27		**Total revaluations**		9,054		9,054
28	*plus*					
29		Assets commissioned (other than below)	257,024		206,402	
30		Assets acquired from a regulated supplier	–		–	
31		Assets acquired from a related party	16,009		13,965	
32		**Assets commissioned**		273,033		220,367
33	*less*					
34		Asset disposals (other)	72		72	
35		Asset disposals to a regulated supplier	–		–	
36		Asset disposals to a related party	–		–	
37		**Asset disposals**		72		72
39	*plus*	**Lost and found assets adjustment**		2,030		–
41		**Adjustment resulting from cost allocation**				5,988
43		**RAB value** [T]		1,986,506		1,638,341

* *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.*

[T] *RAB to correspond with the total assets value disclosed in schedule 9 Asset Allocations.*

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

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

ref *Version 5.0*

($000 unless otherwise specified)

4b: Notes to the Report

4b(i): Regulatory Depreciation

	Unallocated RAB ($000)	RAB ($000)
Standard depreciation	75,274	60,758
Non-standard depreciation	–	–
Regulatory depreciation	75,274	60,758

4b(ii): Non-Standard Depreciation Disclosure

($000 unless otherwise specified)

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): Calculation of Revaluation Rate and Indexed Revaluation of Fixed Assets

($000 unless otherwise specified)

CPI at CPI reference date—previous year (index value)	1,083
CPI at CPI reference date—current year (index value)	1,161
Revaluation rate (%)	7.20%
Asset category revaluation rates	
Land	7.20%
Sealed Surfaces	7.20%
Infrastructure and buildings	7.20%
Vehicles, plant and equipment	7.20%

Revaluations	Unallocated RAB		RAB	
Land	2,017		2,017	
Sealed Surfaces	–		–	
Infrastructure and buildings	7,029		7,029	
Vehicles, plant and equipment	8		8	
Indexed revaluation		9,054		9,054

4b(iv): Works Under Construction

		Unallocated works under construction		Allocated works under construction	
	Works under construction—previous disclosure year		380,162		330,193
plus	Capital expenditure	414,106		239,635	
less	Write-offs	760		426	
less	Asset commissioned	273,033		220,367	
plus	Adjustment resulting from cost allocation				(889)
	Works under construction		520,476		348,145

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

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

ref | Version 5.0

4b(v): Capital Expenditure by Primary Purpose

ref				
101		Capacity growth	176,775	
102	*plus*	Asset replacement and renewal	62,860	
103		Total capital expenditure		239,635

4b(vi): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
106		RAB value—previous disclosure year	365,429	246,406	803,129	48,797	1,463,762
107	*less*	Regulatory depreciation	4	10,254	33,626	16,875	60,758
108	*plus*	Indexed revaluations	2,017	–	7,029	8	9,054
109	*plus*	Periodic land revaluations	–				–
110	*plus*	Assets commissioned	13,965	33,282	164,852	8,268	220,367
111	*less*	Asset disposals	–	–	–	72	72
112	*plus*	Lost and found assets adjustment	(0)	(0)	(51)	51	–
113	*plus*	Adjustment resulting from cost allocation	(1,364)	(5,677)	11,697	1,332	5,988
114		RAB value	380,043	263,758	953,031	41,509	1,638,341

** Corresponds to values in RAB roll forward calc*

4b(vii): Assets Held for Future Use

ref			($000)	($000)	
117		Assets held for future use opening cost—previous year		405,090	
118	*plus*	Holding costs	26,817		
119	*less*	Assets held for future use net revenue	68		
120	*plus*	Assets held for future use additions	176,881		
121	*less*	Assets held for future use disposals	–		
122	*less*	Transfers to works under construction	176,881		
123		Assets held for future use closing cost		431,839	
125		Opening base value		167,702	
126	*plus*	Assets held for future use revaluations	(5)		
127	*plus*	Assets held for future use additions	176,881		
128	*less*	Assets held for future use disposals	–		
129	*less*	Transfers to works under construction	176,881		
130		Closing base value		167,697	
132	*plus*	Opening tracking revaluations	13,218		
133		Tracking revaluations	13,213		
134		Highest rate of finance applied (%)			6.62%

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2022**

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 5.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	–
Operational expenditure	4,896
Related party capital expenditure	34,543
Market value of asset disposals	–
Other related party transactions	182,319

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
Auckland Council	Auckland Council is a significant shareholder of Auckland International Airport, with a shareholding in excess of 18 percent. All transactions were on an arms-length commercial basis, without special privileges.
AIM Services	Auckland Airport also has a grounds maintenance contract with AIM Services (formerly City Park Services), a commercial business of Auckland Council. All transactions were on an arms-length commercial basis, without
Watercare	Auckland Airport also receives water, wastewater and compliance services from Watercare, a 100% subsidiary of Auckland Council. One of Auckland Airport's directors was also a director of Watercare but subsequent to year end has resigned from their Watercare directorship. 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.
Fulton Hogan	One of Auckland Airport's directors is also a director at Fulton Hogan. Auckland Airport incurs costs relating to engineering services / works provided by Fulton Hogan. All transactions were on an arms-length commercial basis, without special privileges.
Downer	One of Auckland Airport's directors is also a director at Downer. Auckland Airport incurs costs relating to engineering services / works provided by Downer. All transactions were on an arms-length commercial basis, without special privileges.
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 (Operational expenditure)	Rates paid by Auckland Airport to Auckland Council for the regulated business	0	N/A	2430
Auckland Council (Operational expenditure)	Compliance, consent fees and other government regulatory obligations	0	N/A	10
AIM Services (Operational expenditure)	Grounds maintenance for the regulated business	0	N/A	1014
Fulton Hogan (Operational expenditure)	Engineering services for the regulated business	0	N/A	39
Downer (Operational expenditure)	Engineering services for the regulated business	0	N/A	347
Watercare (Operational expenditure)	Water, wastewater and compliance services for the regulated business	0	N/A	1056
Auckland Council (Capital expenditure)	Compliance, consent fees and other government regulatory obligations	0	N/A	330
AIM Services (Capital expenditure)	Grounds maintenance for the regulated business	0	N/A	5
Fulton Hogan (Capital expenditure)	Engineering services for the regulated business	0	N/A	10036
Downer (Capital expenditure)	Engineering services for the regulated business	0	N/A	24172
Auckland Airport non-regulated business (Asset disposal)	No disposals	0	0	0

36	Auckland Airport non-regulated business (Other transactions)	Transfer of 1,832 sqm of investment property land designated as vacant land into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	825	1511
37	Auckland Airport non-regulated business (Other transactions)	Transfer of 767 sqm of investment property land designated as vacant land into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	824	632
38	Auckland Airport non-regulated business (Other transactions)	Transfer of 51 sqm of investment property land designated as undeveloped commercial land into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	150	8
39	Auckland Airport non-regulated business (Other transactions)	Transfer of 375 sqm of property, plant and equipement land designated for MPI compound into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	1775	666
40	Auckland Airport non-regulated business (Other transactions)	Transfer of 8,442 sqm of property, plant and equipement land at the Carpark next to the terminal (Carpark E) in to the regulated asset base, with the land being utilised for the Airport's roading netwrok. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	649	5477

Auckland Airport non-regulated business (Other transactions)	Transfer of 1,083 sqm of property, plant and equipement land at the Carpark next to the terminal (Carpark D) in to the regulated asset base, with the land being utilised for the Airport's roading netwrok. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	790	856
Auckland Airport non-regulated business (Other transactions)	Transfer of 283 sqm of property, plant and equipement land designated for roading into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	100	28
Auckland Airport non-regulated business (Other transactions)	Transfer of 3 sqm of investment property land designated for retail car rental into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	782	2
Auckland Airport non-regulated business (Other transactions)	Transfer of 1,588 sqm of investment property land designated for retail car rental into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	1150	1826
Auckland Airport non-regulated business (Other transactions)	Transfer of 602 sqm of investment property land designated for retail car rental into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	851	512
Auckland Airport non-regulated business (Other transactions)	Transfer of 19,853 sqm of property, plant and equipement land designated for MPI compound into the regulated asset base, with the land being utilised for future use. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	1775	35235

Auckland Airport non-regulated business (Other transactions)	Transfer of 167 sqm of property, plant and equipement land designated for roading into the regulated asset base, with the land being utilised for future use. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	100	17
Auckland Airport non-regulated business (Other transactions)	Transfer of 1,089 sqm of investment property land designated for industrial property into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	1700	1851
Auckland Airport non-regulated business (Other transactions)	Transfer of 22,254 sqm of property, plant and equipement land at the Carpark next to the terminal (Carpark A) in to the regulated asset base, with the land being utilised for future use. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	2736	60890
Auckland Airport non-regulated business (Other transactions)	Transfer of 18,814 sqm of property, plant and equipement land at the Carpark next to the terminal (Carpark A) in to the regulated asset base, with the land being utilised for future use. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	2736	51477
Auckland Airport non-regulated business (Other transactions)	Transfer of 7,982 sqm of property, plant and equipement carpark land (Carpark S) into the regulated asset base, with the land being utilised for future use. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	1660	13253
Auckland Airport non-regulated business (Other transactions)	Transfer of 331 sqm of property, plant and equipement carpark land (Carpark S) into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	1660	549

Auckland Airport non-regulated business (Other transactions)	Transfer of 1,259 sqm of property, plant and equipement carpark land (Carpark S) into the regulated asset base, with the land being utilised for the Airport's roading network. The land was transferred in accordance with clause 3.11 of the Input Methodolgies Determination.	0	1660	2091
Key management personnel (Other transactions)	Remuneration of directors	0	N/A	1092
Key management personnel (Other transactions)	Remuneration of the senior management team	0	N/A	4336
Auckland International Airport Marae Ltd (Other transactions)	Maintenance and occupancy costs for the regulated business	0	N/A	10
Commentary on Related Party Transactions	0	0	0	0
Refer to Disclosure Commentary Note 5.	0	0	0	0
0	0	0	0	0
0	0	0	0	0

Commentary on Related Party Transactions

Refer to Disclosure Commentary Note 5.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE

Version 5.0

6a: Actual to Forecast Expenditure

($000)

Expenditure by Category	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Capacity growth	176,775	544,606	(67.5%)	709,752	2,124,016	(66.6%)
Asset replacement and renewal	62,860	42,894	46.5%	185,681	222,401	(16.5%)
Total capital expenditure	239,635	587,501	(59.2%)	895,433	2,346,416	(61.8%)
Corporate overheads	18,696	32,868	(43.1%)	103,454	151,401	(31.7%)
Asset management and airport operations	61,337	88,230	(30.5%)	423,576	406,424	4.2%
Asset maintenance	21,894	16,300	34.3%	82,530	75,086	9.9%
Total operational expenditure	101,928	137,398	(25.8%)	609,560	632,912	(3.7%)
Key Capital Expenditure Projects						
International Terminal (Check in, Outbound Baggage & Landside Dwell)	101	109,960	(99.9%)	14,577	165,716	(91.2%)
International Terminal (Airside Emigration & Dwell)	229	–	Not defined	112,033	72,552	54.4%
International Terminal (Pier and Connections)	–	0	(100.0%)	57,781	176,285	(67.2%)
International Terminal (Arrivals)	–	15,638	(100.0%)	8,410	118,031	(92.9%)
Ground Transport Centre / Plaza - Aeronautical elements (Ground Transport Centre / Plaza - Aeronautical elements)	38,211	29,198	30.9%	45,419	47,296	(4.0%)
Integrated Facility (Domestic Jet Facility (Phase 5))	89,968	139,691	(35.6%)	159,236	626,309	(74.6%)
Existing Domestic Terminal (Extension of Life)	4,812	–	Not defined	20,373	23,109	(11.8%)
Runway, Taxiway and Aprons (Code F Taxiway, Stands and Aprons)	(5)	120,282	(100.0%)	54,436	202,065	(73.1%)
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5))	–	–	Not defined	59	247,388	(100.0%)
Runway, Taxiway and Aprons (Airfield Utilities)	24,594	1,223	1,911.4%	55,617	34,436	61.5%
Runway, Taxiway and Aprons (Flexible contingent runway)	65	–	Not defined	2,967	–	Not defined
Support Facilities (Business Technology)	2,288	6,017	(62.0%)	19,972	22,305	(10.5%)
Support Facilities (Acoustic Mitigation)	297	1,931	(84.6%)	5,569	8,872	(37.2%)
Support Facilities (AD&D Support Projects)	720	7,764	(90.7%)	17,677	34,045	(48.1%)
Support Facilities (Airport Emergency Services)	1,418	–	Not defined	4,275	11,240	(62.0%)
Support Facilities (Marketing Customer Service and Communications)	990	644	53.9%	2,908	3,039	(4.3%)
Support Facilities (Corporate)	1,158	1,310	(11.6%)	7,019	6,102	15.0%
Airport Campus Utilities (Utilities - Stormwater)	–	716	(100.0%)	–	7,671	(100.0%)
Airport Campus Utilities (Utilities - Water & Wastewater)	–	1,283	(100.0%)	1,980	17,292	(88.6%)
Airport Campus Utilities (Utilities - Power - LV and HV Power)	–	–	Not defined	13	6,137	(99.8%)
Airport Surface Access Network (Terminal Roads)	9,884	1,962	403.8%	25,600	33,725	(24.1%)
Airport Surface Access Network (Arterial and Other Roads)	25,149	27,166	(7.4%)	114,790	80,121	43.3%
Asset Maintenance (Slab Replacement and Runway Works)	22,856	10,297	122.0%	73,831	47,318	56.0%
Asset Maintenance (Airbridge Refurbishment)	1,480	1,802	(17.9%)	5,679	8,281	(31.4%)
Asset Maintenance (Business as Usual)	14,608	11,767	24.1%	63,980	61,333	4.3%
Second Runway incl Utilities (Second Runway incl Utilities)	102	95,605	(99.9%)	17,925	268,220	(93.3%)
Other capital expenditure	711	3,247	(78.1%)	3,306	17,528	(81.1%)
Total capital expenditure	239,635	587,501	(59.2%)	895,433	2,346,416	(61.8%)

Explanation of Variances

Please refer Disclosure Commentary Note 6.

Airport businesses are to provide explanations of material variances between actual and forecast expenditure.

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

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

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

ref *Version 5.0*

6b: Forecast Expenditure

From most recent disclosure following a price setting event

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

ref	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
73	Capacity growth		247,551	409,728	422,721	499,410	544,606
74	Asset replacement and renewal		57,904	47,069	36,408	38,125	42,894
75	Total forecast capital expenditure		305,455	456,797	459,129	537,535	587,501
76							
77	Corporate overheads		27,204	29,295	30,447	31,587	32,868
78	Asset management and airport operations		73,027	78,641	81,733	84,793	88,230
79	Asset maintenance		13,492	14,529	15,100	15,665	16,300
80	Total forecast operational expenditure		113,722	122,465	127,281	132,045	137,398

ref	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
83	International Terminal (Check in, Outbound Baggage & Landside Dwell)		11,915	1,129	6,403	36,309	109,960
84	International Terminal (Airside Emigration & Dwell)		51,002	20,848	702	–	0
85	International Terminal (Pier and Connections)		78,194	55,066	43,025	0	0
86	International Terminal (Arrivals)		20,163	40,248	41,862	119	15,638
87	Ground Transport Centre / Plaza - Aeronautical elements (Ground Transport Centre / Plaza - Aeronautical elements)		1,138	535	584	15,841	29,198
88	Integrated Facility (Domestic Jet Facility (Phase 5))		35,854	135,708	138,494	176,562	139,691
89	Existing Domestic Terminal (Extension of Life)		–	11,295	11,814	–	–
90	Runway, Taxiway and Aprons (Code F Taxiway, Stands and Aprons)		11,345	6,130	3,004	61,304	120,282
91	Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5))		5,481	64,100	83,189	94,618	–
92	Runway, Taxiway and Aprons (Airfield Utilities)		8,675	18,656	4,711	1,172	1,223
93	Runway, Taxiway and Aprons (Flexible contingent runway)		–	–	–	–	–
94	Support Facilities (Business Technology)		5,064	3,577	3,741	3,906	6,017
95	Support Facilities (Acoustic Mitigation)		1,625	1,694	1,772	1,850	1,931
96	Support Facilities (AD&D Support Projects)		4,901	6,813	7,126	7,441	7,764
97	Support Facilities (Airport Emergency Services)		793	10,447	–	–	–
98	Support Facilities (Marketing Customer Service and Communications)		623	565	591	617	644
99	Support Facilities (Corporate)		1,184	1,150	1,203	1,256	1,310
100	Airport Campus Utilities (Utilities - Stormwater)		678	2,434	2,300	1,544	716
101	Airport Campus Utilities (Utilities - Water & Wastewater)		2,115	6,230	5,975	1,688	1,283
102	Airport Campus Utilities (Utilities - Power - LV and HV Power)		305	1,449	1,373	3,010	–
103	Airport Surface Access Network (Terminal Roads)		7,507	7,617	9,316	7,323	1,962
104	Airport Surface Access Network (Arterial and Other Roads)		11,413	18,198	11,008	12,336	27,166
105	Asset Maintenance (Slab Replacement and Runway Works)		8,666	9,036	9,451	9,869	10,297
106	Asset Maintenance (Airbridge Refurbishment)		1,517	1,581	1,654	1,727	1,802
107	Asset Maintenance (Business as Usual)		14,262	11,157	12,120	12,027	11,767
108	Second Runway incl Utilities (Second Runway incl Utilities)		11,270	18,377	57,190	85,778	95,605
109	Other capital expenditure		9,767	2,757	520	1,237	3,247
110	Total forecast capital expenditure		305,455	456,797	459,129	537,535	587,501

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

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

ref *Version 5.0*

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

Refer to Disclosure Commentary Note 6.

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 2022**

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

Version 5.0

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Airfield	–	60,916	–	60,916
Passenger Service Charge	33,848	–	–	33,848
Check-In	1,586	–	–	1,586
0	–	–	–	–
Lease, rental and concession income	11,175	830	17,739	29,744
Other operating revenue	1,097	401	1,482	2,980
Net operating revenue	47,706	62,147	19,221	129,074
Gains / (losses) on asset sales	(537)	(214)	(42)	(793)
Other income	–	–	–	–
Total regulatory income	47,169	61,933	19,179	128,281
Total operational expenditure	57,781	36,254	7,893	101,928
Regulatory depreciation	37,130	20,885	2,743	60,758
Total revaluations	–	–	9,054	9,054
Regulatory tax allowance	–	–	–	–
Regulatory profit/ loss	(47,742)	4,794	17,597	(25,351)
RAB value	812,384	681,188	144,769	1,638,341

** 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 2022**

SCHEDULE 8: CONSOLIDATION STATEMENT

Version 5.0

8a: CONSOLIDATION STATEMENT

($000)

		Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	Airport Company– GAAP
	Net income	128,281	793	129,074	170,984	300,058
	Total operational expenditure	101,928	6,126	108,054	47,796	155,849
	Operating surplus / (deficit) before interest, depreciation, revaluations and tax	26,353	(5,333)	21,020	123,188	144,209
less	Depreciation	60,758	20,634	81,392	31,730	113,122
plus	Revaluations	9,054	(6,201)	2,853	200,191	203,044
less	Tax expense	–	(14,893)	(14,893)	12,396	(2,497)
	Net operating surplus / (deficit) before interest	(25,351)	(17,275)	(42,626)	279,253	236,628
	Property plant and equipment	1,638,341	2,625,193	4,263,534	2,722,621	6,986,155

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

($000)

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
Net income is higher under Regulatory (vs GAAP) due to the Regulatory gain on disposals value.	Net income	793
The regulatory/GAAP adjustment of $6.1m is attributable to the Airport Business GAAP related to capital project impairments reported at note 5 of the annual report. The impairments have not been recognised for regulatory purposes as they are unrealised and may reverse in future periods. Further information can be found in the accompanying commentary document for schedules 2 and 8.	Total operational expenditure	6,126
Depreciation is higher under GAAP (vs Regulatory) due to a combination of the following: 1) Depreciation starts immediately under GAAP, but the year following commissioning for Regulatory. 2) Valuation methodologies differ between GAAP and Regulatory reporting. Further information on this can be found in the accompanying commentary document.	Depreciation	20,634
The difference in revaluations between GAAP and Regulatory is due to the different valuation methodologies used, as described in the accompanying commentary document.	Revaluations	(6,201)
The regulatory/GAAP adjustment of $14.9m includes the tax losses of $8.9m and deferred tax "income" of $9.2m that is recognised in Airport Business GAAP.	Tax expense	(14,893)
For "The Airport Business", GAAP PP&E is higher than Regulatory PP&E due to the following reasons: 1) GAAP asset revaluations have resulted in higher values than the Regulatory revaluations (note that assets within the Land category were revalued in FY22). 3) Future Use assets and Work in Progress are excluded from "The Airport Business" for Regulatory (RAB) but included in "The Airport Business" for GAAP. Further information on this can be found in the accompanying commentary document.	Property plant & equipment	2,625,193
	[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 2022**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

Version 5.0

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	136	305,011	31,481	336,628		336,628
Assets not directly attributable	37,587	5,350	479	43,416	16,120	59,536
Total value land				380,044		
Sealed Surfaces						
Directly attributable assets	–	263,746	–	263,746		263,746
Assets not directly attributable	9	3	0	12	16	27
Total value sealed surfaces				263,758		
Infrastructure and Buildings						
Directly attributable assets	79,938	41,355	104,623	225,917		225,917
Assets not directly attributable	671,419	49,815	5,880	727,113	323,774	1,050,888
Total value infrastructure and buildings				953,030		
Vehicles, Plant and Equipment						
Directly attributable assets	8,154	5,022	120	13,297		13,297
Assets not directly attributable	15,141	10,885	2,185	28,212	8,255	36,467
Total value vehicles, plant and equipment				41,509		
Total directly attributable assets	88,229	615,135	136,225	839,588		839,588
Total assets not directly attributable	724,155	66,053	8,544	798,752	348,166	1,146,918
Total assets	812,384	681,188	144,769	1,638,341	348,166	1,986,506

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.
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
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
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
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
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
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
		[Select one]		

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53			[Select one]		
54			[Select one]		
55					

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 5.0*

Asset Allocators (cont)

	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
64			[Select one]		
65			[Select one]		
66			[Select one]		
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126			[Select one]		
127			[Select one]		
128			[Select one]		

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

130

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2022**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 5.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

			Effect of Change ($000)		
			CY-1 30 Jun 21	Current Year (CY) 30 Jun 22	CY+1 30 Jun 23
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
For Year Ended

Auckland International Airport Limited
30 June 2022

SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref *Version 5.0*

10a: Cost Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	348	–	–	348		348
Costs not directly attributable	7,641	8,955	1,752	18,348	6,124	24,472
Asset Management and Airport Operations						
Directly attributable operating costs	27,412	4,188	748	32,347		32,347
Costs not directly attributable	10,935	14,126	3,929	28,990	37,981	66,971
Asset Maintenance						
Directly attributable operating costs	6,343	4,235	568	11,146		11,146
Costs not directly attributable	5,103	4,750	895	10,748	3,642	14,390
Total directly attributable costs	34,102	8,423	1,317	43,842		43,842
Total costs not directly attributable	23,679	27,831	6,576	58,086	47,747	105,833
Total operating costs	57,781	36,254	7,893	101,928	47,747	149,675

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
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
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
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					

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2022**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 5.0*

54 **Cost Allocators (cont)**

ref	Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
56	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
57	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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114 ** A description of the metric used for allocation, e.g. floor space.*

115

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2022**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 5.0*

10b: Notes to the Report

10b(i): Changes in Cost Allocators

			CY-1 30 Jun 21	Current Year (CY) 30 Jun 22	CY+1 30 Jun 23
			Effect of Change ($000)		
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 2022**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

Version 5.0

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	–	–	–
9	Airlines/Other	–	–	–
10	Undetermined reasons	–	–	–
11	Total	–	–	–
12	**Taxiway**			
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	–	–	–
15	Airlines/Other	1	–	35
16	Undetermined reasons	–	–	–
17	Total	1	–	35
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	10	5	59
27	Airlines/Other	2	1	15
28	Undetermined reasons	–	–	–
29	Total	12	7	14
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	1	2	30
33	Airlines/Other	–	–	–
34	Undetermined reasons	–	–	–
35	Total	1	2	30
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	12	6	40
45	Airlines/Other	2	1	15
46	Undetermined reasons	–	–	–
47	Total	14	7	55
48				

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2022**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref *Version 5.0*

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

56 The percentage of time that FEGP is unavailable due to interruptions* 0.05%

** 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 Disclosure Commentary Note 11.

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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
79 *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 2022**

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

ref *Version 5.0*

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	26
	Domestic jet	9	2	–
	Domestic turboprop	–	13	6
Total parking stands		27	19	32

Busy periods for runway movements

	Date
Runway busy day	30 June 2022
Runway busy hour start time (day/month/year hour)	22 Jun 2022 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	62	–	2	64
	Domestic jet	102	12	–	114
	Domestic turboprop	–	159	4	163
	Total	164	171	6	341
Other (including General Aviation)					30
Total aircraft movements during the runway busy day					371

Number of aircraft runway movements during the runway busy hour: 31

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

Refer Disclosure Commentary Note 12.

	Regulated Airport	**Auckland International Airport Limited**
	For Year Ended	**30 June 2022**

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

Version 5.0

ref		International terminal	Domestic terminal	Common area †
6	**Outbound (Departing) Passengers**			
7	**Landside circulation (outbound)**			
8	Passenger busy hour for landside circulation (outbound)—start time			
9	(day/month/year hour)	20-05-2022 - 9:00	03-06-2022 - 9:00	N/A
10	Floor space (m^2)	3,843	1,675	N/A
11	Passenger throughput during the passenger busy hour (passengers/hour)	1,327	1,192	N/A
12	Utilisation (busy hour passengers per $100m^2$)	35	71	N/A
13	**Check-in**			
14	Passenger busy hour for check-in—start time (day/month/year hour)	20-05-2022 - 9:00	03-06-2022 - 9:00	N/A
15	Floor space (m^2)	4,132	841	N/A
16	Passenger throughput during the passenger busy hour (passengers/hour)	1,327	1,192	N/A
17	Utilisation (busy hour passengers per $100m^2$)	32	142	N/A
18	**Baggage (outbound)**			
19	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	20-05-2022 - 9:00	03-06-2022 - 9:00	N/A
20	Make-up area floor space (m^2)	8,443	3,261	N/A
21	Notional capacity during the passenger busy hour (bags/hour)*	3,060	2,000	N/A
22	Bags processed during the passenger busy hour (bags/hour)*	1,632	918	N/A
23	Passenger throughput during the passenger busy hour (passengers/hour)	1,327	1,192	N/A
24	Utilisation (% of processing capacity)	53%	46%	N/A
25	** Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.*			
26	**Passport control (outbound)**			
27	Passenger busy hour for passport control (outbound)—start time			
28	(day/month/year hour)	20-05-2022 - 9:00		
29	Floor space (m^2)	1,379		
30	Number of emigration booths and kiosks	21		
31	Notional capacity during the passenger busy hour (passengers/hour) *	2,856		
32	Passenger throughput during the passenger busy hour (passengers/hour)	1,327		
33	Utilisation (busy hour passengers per $100m^2$)	96		
34	Utilisation (% of processing capacity)	46%		
35	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
36	**Security screening**			
37	Passenger busy hour for security screening—start time (day/month/year hour)	20-05-2022 - 9:00	08-08-2021 - 15:00	
38	Facilities for passengers excluding international transit & transfer			
39	Floor space (m^2)	2,074	679	
40	Number of screening points	6	5	
41	Notional capacity during the passenger busy hour (passengers/hour) *	1,800	1,350	
42	Passenger throughput during the passenger busy hour (passengers/hour)	1,327	946	
43	Utilisation (busy hour passengers per $100m^2$)	64	139	
44	Utilisation (% of processing capacity)	74%	70%	
45	Facilities for international transit & transfer passengers			
46	Floor space (m^2)	204		
47	Number of screening points	2		
48	Notional capacity during the passenger busy hour (passengers/hour)*	540		
49	Estimated passenger throughput during the passenger busy hour			
50	(passengers/hour)	–		
51	Utilisation (busy hour passengers per $100m^2$)	–		
52	Utilisation (% of processing capacity)	–		
53	** 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 2022**

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

ref *Version 5.0*

		International terminal	Domestic terminal	Common area †
61				
62	**Airside circulation (outbound)**			
63	Passenger busy hour for airside circulation (outbound)—start time			
64	(day/month/year hour)	20-05-2022 - 9:00	03-06-2022 - 9:00	
65	Floor space (m²)	12,674	2,273	
66	Passenger throughput during the passenger busy hour (passengers/hour)	1,327	1,192	
67	Utilisation (busy hour passengers per 100m²)	10	52	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	20-05-2022 - 9:00	03-06-2022 - 9:00	
70	Floor space (m²)	8,126	2,922	
71	Number of seats	3,990	1,076	
72	Passenger throughput during the passenger busy hour (passengers/hour)	1,327	1,192	
73	Utilisation (busy hour passengers per 100m²)	16	41	
74	Utilisation (passengers per seat)	0.3	1.1	
75	**Inbound (Arriving) Passengers**			
76	**Airside circulation (inbound)**			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	11-06-2022 - 17:00	03-01-2022 - 18:00	N/A
79	Floor space (m²)	12,529	2,298	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	926	1,326	N/A
81	Utilisation (busy hour passengers per 100m²)	7	58	N/A
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	11-06-2022 - 17:00		
85	Floor space (m²)	1,660		
86	Number of immigration booths and kiosks	28		
87	Notional capacity during the passenger busy hour (passengers/hour) *	3,253		
88	Passenger throughput during the passenger busy hour (passengers/hour)	887		
89	Utilisation (busy hour passengers per 100m²)	53		
90	Utilisation (% of processing capacity)	27%		
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)	11-06-2022 - 17:00	03-01-2022 - 18:00	N/A
95	Floor space (m²)	1,513	1,675	N/A
96	Passenger throughput during the passenger busy hour (passengers/hour)	887	1,326	N/A
97	Utilisation (busy hour passengers per 100m²)	59	79	N/A
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	11-06-2022 - 17:00	03-01-2022 - 18:00	
100	Floor space (m²)	6,676	1,081	
101	Number of reclaim units	7	2	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	3,137	938	
103	Bags processed during the passenger busy hour (bags/hour)*	1,091	1,021	
104	Passenger throughput during the passenger busy hour (passengers/hour)	887	1,326	
105	Utilisation (% of processing capacity)	35%	109%	
106	Utilisation (busy hour passengers per 100m²)	13	123	
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)	11-06-2022 - 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)	887		
115	Utilisation (% of processing capacity)	41%		
116	Utilisation (busy hour passengers per 100m²)	34		
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)	11-06-2022 - 17:00	03-01-2022 - 18:00	N/A
120	Floor space (m²)	1,676	260	N/A
121	Passenger throughput during the passenger busy hour (passengers/hour)	887	1,326	N/A
122	Utilisation (busy hour passengers per 100m²)	53	509	N/A
123				

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2022**

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

ref *Version 5.0*

		International terminal	Domestic terminal	Common area †
131	**Total terminal functional areas providing facilities and service directly for passengers**			
132	Floor space (m^2)	67,562	14,692	N/A
133	Number of working baggage trolleys available for passenger use			
134	at end of disclosure year	4,050	450	N/A

135 **Commentary concerning capacity utilisation indicators for Passenger Terminal Activities**

136 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 2022**

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 5.0*

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 21	31 Dec 21	31 Mar 22	30 Jun 22	average
Ease of finding your way through an airport		4.2		4.1	3.9	4.1
Ease of making connections with other flights		4.1		3.5	3.7	3.8
Flight information display screens		4.2		4.1	4.0	4.1
Walking distance within and/or between terminals		4.1		4.1	4.0	4.1
Availability of baggage carts/trolleys		4.1				4.1
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.3		4.4	4.2	4.3
Availability of washrooms/toilets		4.2		4.1	3.9	4.1
Cleanliness of washrooms/toilets		4.1		4.1	3.9	4.0
Comfort of waiting/gate areas		3.7		3.8	3.6	3.7
Cleanliness of airport terminal		4.2		4.3	4.0	4.2
Ambience of the airport		3.8		4.0	3.8	3.8
Security inspection waiting time		4.2		4.6	4.2	4.3
Check-in waiting time		4.3		4.6	4.4	4.4
Feeling of being safe and secure		4.5		4.3	4.0	4.3
Average survey score		4.1	–	4.1	4.0	4.1

International terminal	*Quarter*	1	2	3	4	Annual
	for year ended	30 Sep 21	31 Dec 21	31 Mar 22	30 Jun 22	average
Ease of finding your way through an airport					4.0	4.0
Ease of making connections with other flights					3.5	3.5
Flight information display screens					4.0	4.0
Walking distance within and/or between terminals					3.9	3.9
Availability of baggage carts/trolleys						
Courtesy, helpfulness of airport staff (excluding check-in and security)					4.1	4.1
Availability of washrooms/toilets					4.1	4.1
Cleanliness of washrooms/toilets					4.2	4.2
Comfort of waiting/gate areas					3.6	3.6
Cleanliness of airport terminal					4.1	4.1
Ambience of the airport					3.9	3.9
Passport and visa inspection waiting time					4.3	4.3
Security inspection waiting time					4.0	4.0
Check-in waiting time					4.1	4.1
Feeling of being safe and secure					4.1	4.1
Average survey score		–	–	–	4.0	4.0

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 2022**

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 5.0*

Disclosure of the operational improvement process

Please refer 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 2022**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref *Version 5.0*

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	4,042	1,019,278
Airbus Industrie - A-350-900	1,023	278,288
Boeing - B777-300ER	679	238,208
Airbus Industrie - A-330-300	533	125,955
Airbus Industrie - 321neo	383	35,828
Boeing - B737-300	427	28,247
Boeing - B737-800	304	23,692
Boeing - B757-200	133	15,383
Airbus Industrie - A-320	183	13,971
Airbus Industrie - A- 350-1000	23	7,268
Airbus Industrie - A-340-300	21	5,572
Airbus Industrie - A330-900neo	23	5,571
Boeing - B747-800	11	4,925
Airbus Industrie - A320neo	62	4,898
Boeing - 747-400 Freighter	9	3,572
Boeing - B777-300	10	2,994
Boeing - 737-MAX 8	15	1,233
Boeing - B777-200	3	1,042
Airbus Industrie - A-319	9	680
Airbus Industrie - A-321	7	679
Boeing - B787-8 Dreamliner	2	456
Beechcraft - 350 Super King Air	53	392
Canadair - CL-600 Challenger 600	18	386
Bombardier - BD-700 Global 5000	8	353
Boeing - B777-200LR	1	347
Boeing - B737-200	4	300
Cessna - 680 Citation Sovereign	18	247
Antonov - AN-124 Ruslan	1	235
Ilyushin - Ilyushin Il-76	1	195
Boeing - B767-300ER	1	187
Boeing - B767-200ER	1	143
Bombardier - Learjet 45	16	127
Gulfstream Aerospace - G650	3	123
Boeing - B737-400	1	65
EMBRAER EMB-505	8	64
Dassault - Falcon 7X	2	64
SAAB - Saab 340	4	53
Dassault - Falcon 50	2	36
Gulfstream Aerospace - G-4	1	33
Cessna - 750 Citation X	2	33
LEARJET INC 60	2	21
Dassault - Falcon 900	1	21
Cessna Citation CJ 4	1	8
BEECH AIRCRAFT CORP B200C	1	6
Cessna - 525A Citation CJ2	1	5
Total	8,053	1,821,181

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)

ref *Version 5.0*

(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	9,806	704,770
Airbus Industrie - 321neo	1,430	133,705
Boeing - B737-300	1,111	71,800
Airbus Industrie - A320neo	858	67,782
Boeing - B787-9 Dreamliner	58	14,654
Boeing - B737-400	200	12,928
Boeing - B777-300ER	26	9,140
Boeing - B737-800	4	316
Boeing - B757-200	1	116
Total	13,494	1,015,210

(2). Domestic air passenger services—aircraft 3 tonnes or more but less than 30 tonnes MCTOW

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Aerospatiale/Alenia - ATR-72-600	6,824	155,519
De Havilland Canada - Dash 8 Q300	6,971	135,962
Cessna - 208 Grand Caravan	3,236	12,844
SAAB - Saab 340	852	11,047
Fairchild - SW-4B	566	4,138
Beechcraft - 300 Super King Air	231	1,572
Aerospatiale/Alenia - ATR-72-500	53	1,208
Beechcraft - 200 Super King Air	203	1,156
Canadair - CL-600 Challenger 600	49	1,060
Convair - CV-580 Convair	26	627
British Aerospace - Jetstream 32	75	551
Beechcraft - 90 King Air	112	534
Cessna - 510 Citation Mustang	59	231
Cessna - 680 Citation Sovereign	16	220
Beechcraft - 350 Super King Air	28	207
Fairchild - SW-4A	5	37
Piper	4	20
Dassault - Falcon 50	1	18
Piper Cheyenne 400	3	16
Cessna - 441 Conquest 2	3	13
McDonnell Douglas - DC-3 Dakota	1	12
Cessna - 421 Golden Eagle	1	6
Aero Commander - Turbo Commander 690	1	5
Total	19,320	327,004

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

Version 5.0

(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	12	34
Freight aircraft	1,195	279,550
Military and diplomatic aircraft	19	1,516
Other aircraft (including General Aviation)	946	14,157

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

	Total number of landings	Total MCTOW (tonnes)
Total	43,039	3,458,653

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	15,044	–	2,877	17,921
Domestic jet air passenger service movements	27,100	1,345	–	28,445

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

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers†	2,140,643	640,119	2,780,762
Outbound passengers†	2,099,717	700,672	2,800,389
Total (gross figure)	4,240,360	1,340,791	5,581,151
less estimated number of transfer and transit passengers		88,030	88,030
Total (net figure)			5,493,121

† 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 Chathams	Air Chathams
Air New Zealand	Air New Zealand
Barrier Air	Air Vanuatu
Jetstar Airways	Cathay Pacific
Mount Cook Airlines	China Airlines
	China Eastern Airlines
	China Southern Airlines
	Emirates
	Etihad Airways
	Fiji Airways
	Jetstar Airways
	Korean Air
	LATAM Airlines
	Malaysia Airlines
	Philippine Airlines
	Qantas
	Qatar Airways
	Singapore Airlines
	Solomon Airlines
	Thai Airways International

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2022**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref *Version 5.0*

Airline statistics (cont)

Domestic	International

16e: Human Resource Statistics

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
Number of full-time equivalent employees	189.8	167.2	20.1	377.1
Human resource costs ($000)				39,977

Commentary concerning the report on associated statistics

Please refer Disclosure Commentary Note 16.

Regulated Airport: Auckland International Airport Limited
For Year Ended: 30 June 2022

SCHEDULE 17: REPORT ON PRICING STATISTICS

ref *Version 5.0*

17a: Components of Pricing Statistics

	($000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	3,985
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	19,262
Net operating charges from airfield activities relating to international flights	38,900
Net operating charges from specified passenger terminal activities relating to domestic passengers	13,379
Net operating charges from specified passenger terminal activities relating to international passengers	30,498

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,209,611
Number of domestic passengers on flights of 30 tonnes MCTOW or more	3,030,749
Number of international passengers	**1,340,791**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	332,599
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,019,787
Total MCTOW of international flights	2,114,159

17b: Pricing Statistics

	Average charge ($ per passenger)	Average charge ($ per tonne MCTOW)
Average charge from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	3.29	11.98
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	6.36	18.89
Average charge from airfield activities relating to international flights	29.01	18.40

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	3.16	22.75

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	8.64	51.76

Commentary on Pricing Statistics

Please refer Disclosure Commentary Note 17.

SCHEDULE 20

CERTIFICATION FOR DISCLOSED INFORMATION

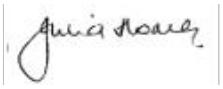
Clause 2.7(1)

We, Dr Patrick Strange and Julia Hoare, being directors of Auckland International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge the following attached audited information of Auckland International Airport Limited, prepared for the purposes of clauses 2.3(1) and 2.4(1) of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 complies with that determination.

Signed on behalf of the Board by:

22/11/2022 3:02 pm

Patrick Strange
Director, Chair of the Board



22/11/2022 3:04 pm

Julia Hoare
Director, Chair of the Audit and Financial Risk Committee

22 November 2022

Deloitte.

Independent Assurance Report

To the Board of Directors of Auckland International Airport Limited and to the Commerce Commission

Opinion

We have undertaken a reasonable assurance engagement on the compliance of the attached Airport Services Information Disclosure Schedules, comprised of Schedules 1 to 17 of Auckland International Airport Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 (the 'Schedules'), with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 ('Determination').

In our opinion:

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

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) Compliance Engagements ('SAE 3100 (Revised)') issued by the New Zealand Auditing and Assurance Standards Board.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' responsibilities for the Schedules

The directors are responsible on behalf of the Group for the preparation and presentation of the Schedules in accordance with the Determination. This responsibility includes identification of the risks that threaten the compliance requirements identified above being met and the design, implementation and maintenance of internal controls relevant to mitigating those risks and monitoring ongoing compliance with the requirements of the Determination.

Our independence and quality control

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

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

Other than in our capacity as auditor, our firm carries out other assignments for the Group in the area of greenhouse gas inventory assurance reporting and trustee reporting as well as non-assurance services provided to the Corporate Taxpayers Group. These services have not impaired our independence as auditor of the Company and Group. In addition to this, partners and employees of our firm deal with the Company and Group on normal terms within the ordinary course of trading activities of

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the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Our responsibility

Our responsibility is to express an opinion on whether the Schedules comply, in all material respects, with the requirements of the Determination. SAE 3100 (Revised) requires that we plan and perform procedures to obtain reasonable assurance about whether the Group has complied, in all material respects, with the requirements of the Determination for the year ended 30 June 2022.

An assurance engagement to report on the Group's compliance with the requirements of the Determination involves planning and performing procedures to obtain evidence about the compliance activity and controls implemented to ensure the Schedules meet the requirements of the Determination. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the requirements of the Determination.

Our procedures included:

- identifying key inputs to the information in the Schedules and reconciling or agreeing them to source documents and systems, subject to clause 2.6(3) of the Determination; and,

- considering the methodologies used in preparing the Historical Non-Financial information included in Schedules 11 through to 17 and confirming that they are in accordance with the guidance issued pursuant to the Determination.

In respect of the historical financial information, we note that the Determination requires the Group to provide historical financial information relating only to its specified airport services. This information has been extracted from the underlying accounting records of the Group, which we have previously audited. For the purposes of this engagement, our work on the historical financial information was limited to:

- obtaining an understanding of how the Group has determined its allocation methodology in accordance with the Determination, in order to allocate revenue, expenses and assets to the Specified Airport Services;
- evaluating how the allocation methodology has been applied by testing the allocation of revenue, expenses and assets to the Specified Airport Services on a sample basis; and,
- agreeing the Historical Financial Information in the Schedules to the Group's underlying records, and to the company's audited annual financial statements, where appropriate.

These procedures have been undertaken to form an opinion as specified above.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control, there is unavoidable risk that fraud, error or non-compliance by the Group may occur and not be detected even though the engagement is properly planned and performed in accordance with SAE 3100 (Revised).

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

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Our procedures on the forecast information in Schedules 6, 9 and 10 were limited to agreeing that information to the forecast information prepared by the Group and required by the Determination to be included in Schedule 18. Schedule 18 is published by the Group in a separate document. These procedures do not provide assurance that forecast information was accurate or reasonable at the time it was prepared, or that it subsequently was (or will be) proved to be accurate.

Further, a reasonable assurance engagement for the year ended 30 June 2022 does not provide assurance on whether compliance with the requirements of the Determination will continue in the future.

Restriction on use

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

Deloitte Limited

Deloitte Limited
Auckland, New Zealand
22 November 2022