COMMERCE COMMISSION NEW ZEALAND

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

Company Name	Auckland International Airport
Disclosure Date	17 May 2012
Disclosure Year (year ended)	30 June 2011
Pricing period starting year (year ended) [1]	30 June 2008

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

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

Auckland Airport

Regulatory Information Disclosure – Specified Airport Services

Annual Information Disclosures FY11

Key Points:

- Auckland Airport is committed to the new information disclosure process and to ensuring that the new regime is given sufficient time to be fully tested.
- Auckland Airport is proud of its airport performance and has committed to further embedding the objectives of part 4 of the Commerce Act into its company culture, values, policies and decision making – Auckland Airport believes that what benefits consumers also benefits its business and benefits New Zealand.
- Auckland Airport believes that an airports performance against the purpose of Part 4 cannot reasonably be assessed on the basis of a single year's disclosure. The variable nature of the industry and its players may lead to legitimate differences in reporting interpretation, methodology and approach.
- Isolated elements of the FY11 disclosure require further explanation. The disclosure has a one-off reported return on investment (ROI) heavily influenced by non-cash and unrealised revaluations which does not reflect in cash-flows. With the support of the airlines, we have had a moratorium on asset revaluations in place for the FY08 to FY12 pricing period. The returns partly reflect a weighted average cost of capital (WACC) that was set for pricing 5 years ago, making comparisons difficult.
- Auckland Airport's goal is to serve the interests of consumers and NZ by driving choice, innovation, efficiency and quality – reflecting its service ethos of making journeys better – and by ensuring that, as the airport that receives more than 70% of all visitors to NZ and contributes the most to tourism and trade, it does not constrain the country's economic growth agenda.

Introduction

This report, including these explanatory notes and the attached schedules, provides a comprehensive public disclosure of information outlining the delivery of regulated services at Auckland Airport for the year to 30 June 2011. Auckland Airport does not believe it should be considered in isolation from the FY10 disclosure, or subsequent performance disclosures. The information also reflects the service ethos of Auckland Airport of 'making journeys better' for consumers, for airlines, and for our business partners.

Auckland Airport is committed to working with the Commerce Commission on the new information disclosure regime to ensure the purpose of Part 4 of the Commerce Act is fulfilled. The new information disclosure reporting regime is a significant improvement on previous reporting requirements as it encompasses broader performance measures than simply financial outcomes, and provides for a more effective and comprehensive assessment of regulated services. The increased transparency of the new regime provides better means for explaining an airport's individual circumstances alongside its regulated services, including commercial pricing arrangements, capacity constraints and capital requirements.

That said, it is difficult for any industry-wide disclosure regime, no matter how good, to accommodate all the individual characteristics and circumstances of industry participants, particularly in an industry such as airports with wide differences in size, scale, networks, airline customer competition, infrastructure, asset bases and growth rates. These variances may lead to legitimate differences in reporting interpretation, methodology and approach, whilst still reflecting the desired outcome of benefiting New Zealand and consumers.

One key area of difference between Auckland Airport's approach to pricing and the Commerce Commission's approach to information disclosure is in the treatment of revaluations. To avoid the short-term variances that can be caused by unrealised revaluation gains or losses, Auckland Airport, with the support of airlines, has had a moratorium on asset revaluations in place for the FY08 to FY12 pricing period. It is noted that asset revaluations at Auckland Airport during this period have resulted in unrealised valuation gains.

The Commerce Commission's approach sees those gains increasing the regulatory asset base and being included in the regulatory profit used to calculate the return on investment. By comparison, the moratorium approach supported by Auckland Airport and the airlines does not include these unrealised valuation gains in the regulatory asset base and regulatory profit. Both methods are valid, in that over time they should produce the equivalent NPV=0 results, but measuring performance using one methodology against actual results derived from another methodology can bring challenges in interpreting results and meaningfully assessing the long-term effectiveness of the new regime.

For ease of reading, this summary of the disclosure is structured against five core themes derived from the purpose statement of Part 4 of the Commerce Act 2008. These align strongly with Auckland Airport's culture, values and business planning. Please note that Auckland Airport addresses separately the purpose of having an incentive to invest in innovation and an incentive to invest in increased capacity as these are investment decisions of a different nature. Where relevant, particular schedules relating to these themes are referenced.

To summarise, this disclosure and associated schedules reports comprehensively on the extent to which Auckland Airport is benefiting consumers through:

1. **Identifying and implementing innovations**
2. **Having an appropriate incentive to invest**
3. **Providing services of the quality and range required by consumers**
4. **Generating efficiencies and sharing the benefits of those efficiency gains with consumers**
5. **Earning a fair and reasonable return on the investments made**

Identifying and implementing innovations (Schedules 6, 11, 12, 13, 14, 15)

The introduction of technologies and innovation to improve departures, arrivals and border initiatives is a continuous process that can increase the propensity to travel and increase the available capacity of the existing infrastructure, thus deferring capital expenditure on new infrastructure until it is needed.

Successful innovation serves several purposes. It leads to operational improvements as outlined in Schedule 15. It also improves capacity utilisation of terminal and airfield facilities (Schedules 12 and 13) and can increase reliability performance (Schedule 11).

Innovation can also reduce actual expenditure against forecast expenditure (Schedule 6), by finding new ways to utilise existing assets, increase capacity, and delay the need for further investment.

Auckland Airport has a history of innovation in airport and airfield operations and in customer service. For example, the Auckland Airport 'Blue Coat' ambassador programme initiated here has been copied by many airports around the world, and is frequently cited in Airport Service Quality (ASQ) surveys and customer research as a source of satisfaction (Schedule 14).

Innovations can also improve operational risk. Auckland Airport recently introduced a world-first 'Jackal' grass, especially developed by PGG Wrightson, containing a fungus that deters insects, and in turn, reduces bird activity near runways.

A harbour-side location means that Auckland Airport has needed to find innovative ways to manage risks associated with extreme weather and tidal conditions. Auckland Airport was the first airport in Australasia to introduce Cat III technology to assist with airport operations in low-visibility conditions and significantly reduce the number of fog-related delays or cancellations for airlines.

Airport partners are involved in the identification and development of innovations through airport-wide initiatives to incentivise good ideas. A recent initiative, dubbed 'Every Minute Matters', produced a number of ideas, including a winning idea from MAF Biosecurity, which identified a smarter way for 'disinsection' of a plane upon landing. This idea saves up to 10 minutes in the processing of each arriving flight.

Each time-saving initiative helps with reliability, customer satisfaction, capacity utilisation and operational improvements.

One of the key drivers of innovation is destination competition. Being further away from major markets, for Auckland Airport to compete effectively with the likes of Sydney, Melbourne and Brisbane Airports, our airport processing, operations and product offer must be as good, if not better. As Auckland Airport provides the first or last impression for most visitors, these efforts reflect on the perception of New Zealand as a destination. This need to represent New Zealand well helps inform the terminal environment design, which is reflected in passenger satisfaction, with ASQ scores averaging 'very good'.

Product innovations include the introduction of free car-parking for the first 10 minutes, which has reduced the need for increased forecourt space required for passenger pick-up and drop-off and has reduced pressure on terminal capacity. The Auckland Airport Emperor Lounge opened in late 2011, complementing a number of existing airline operated lounges that are located at Auckland Airport, providing greater choice for partner airlines and for passengers.

An important service innovation in recent years has been the removal of the international departure fee, replaced with a passenger service charge that is levied on the airlines. Consumer feedback for many years was unequivocal that having to pay a separate departure fee at the airport was a poor experience. This Auckland Airport initiative has since been followed by Christchurch Airport and Wellington Airport.

Airfield innovations include apron lighting for low visibility conditions, and ground power units to improve energy efficiency of aircraft. To be A380 capable, gate 15 and 16 in the Pier B building are specially fitted with two Multi Aircraft Ramp System (MARS) air-bridges able to disembark or load

both levels of the aircraft. These also provide the unique ability to service two A380s or four smaller aircraft at the same time.

To ensure New Zealand was A380 ready Auckland Airport upgraded the main runway, adding a 7.5m asphalt strip down each side. While this runway rehabilitation was underway, the taxiway was converted to a runway to allow operations to continue. Innovative engineering techniques were employed for the first time in New Zealand to allow for sections of widened runway to be poured in a way that minimised impact on airline operations.

Innovation is being used to generate sustainability efficiencies and energy savings. The LEED accredited Pier B international terminal has the largest solar voltaic panel array in New Zealand on the roof, 300m² of solar panels, providing much of the energy for the building. Improvements in water capture technologies have reduced the water use per passenger down to 0.049 cubic metres in 2011, down from 0.055 cubic metres the year before. Rainwater is collected and piped to a rainwater reclaim tank farm. Approximately 4000m³ of rain water is collected annually and recycled for use in the air-conditioning cooling towers.

Public recycling stations have been installed at Auckland Airport since 2008. There are ten in the international terminal and five in the domestic terminal for plastic, cans and glass. Auckland Airport also provides facilities for tenants to recycle their waste and together they recycle over 400 tonnes from the terminals which gives a recycling rate of around 25%.

Operationally, a recent Auckland Airport innovation has been the introduction of Advanced Passenger Display, which has assisted with resource allocation and capacity utilisation. This provides border agencies and Auckland Airport with advanced information on the nationality breakdown of arriving passengers.

Operation Kingfish saw Auckland Airport work with Air New Zealand to introduce self-check facilities at international check-in. Auckland Airport has also innovated in assisting passengers to get to the gate in time for flights, with new Flight Information Displays, supplemented by targeted gate announcements, helping to reduce missed flights.

In the last year, with the growing ubiquity of smart mobile devices, and the rise of digitally savvy consumers who want individualised products and services on demand, the concept of a ‘smart’ airport has also become a proxy for innovation at Auckland Airport. As part of our research, Auckland Airport is assessing how consumers in the near-future will travel, and the experience they expect along the way.

Having an appropriate incentive to invest

In general, airports are one of the few industry sectors in New Zealand that does not have a significant sector-wide infrastructure deficit. That said, airport infrastructure is very capital intensive and long-lived, and it is essential for New Zealand that airports continue to have appropriate incentives to provide the capacity necessary to ensure there are no growth constraints and to facilitate our country’s ambitions to grow trade and tourism.

Auckland Airport is an economic growth engine for the Auckland and New Zealand economies, generating thousands of jobs and driving millions of dollars' worth of tourism and trade activity. It handles more than 230,000 tonnes of airfreight annually worth $12.5 billion; contributes around $19 billion annually to the national economy and $10.7 billion to the Auckland economy (13.7% of New Zealand's GDP).

Projected to grow faster than the rest of the economy, this importance will grow. Auckland Airport's goal is to enhance this economic contribution as much as possible. With that in mind it is taking steps to increase productivity, by investing in smart airport infrastructure, in air-service development and, in conjunction with our key stakeholders, initiating and promoting programmes to attract more tourists and trade to New Zealand.

Auckland Airport is heavily focused on growing tourism, travel and trade for the benefit of Auckland and New Zealand. Gaining better air connections to high-growth markets is essential for New Zealand's economic growth agenda – there is a strong link between air services, market access and economic growth.

Master-planning for the future considers factors such as demographics, population growth, tourism growth, aviation trends, the economy, the regulatory framework, globalisation, technology, resource constraints, security, environmental responsibility, community and stakeholder input.

While there is a responsibility to Auckland and New Zealand to ensure long-term tourism infrastructure capacity for predicted growth is in place, Auckland Airport must also carefully balance supply with demand to optimise the efficiency of existing infrastructure and to ensure excess capacity is not delivered too far ahead of need.

A major development programme, which saw more than half a billion dollars invested in new infrastructure over several years, came to a conclusion in the late 2000s. Since then, the main emphasis has been on maximising the efficiency of this investment by improving utilisation of airport assets. But as passenger numbers, aircraft movements and freight volumes continue to grow, capacity constraints will develop.

In particular, capacity in the domestic terminal is becoming increasingly constrained. Accordingly, in consultation with our stakeholders, we need to carefully and appropriately invest to ensure that Auckland Airport is able to meet expected demand and underpin growth within the region.

With strong passenger and freight growth projected, and with the more than 40 year old existing domestic terminal infrastructure nearing the end of its useful life and degrading service, Auckland Airport needs to begin investing carefully now to ensure long-term tourism infrastructure capacity is in place at the right time and that out-dated assets do not negatively impact on New Zealand's reputation.

Because of the dynamic operating environment, Auckland Airport must continually adapt for the long-term horizon. A long-term planning vision of a centralised domestic and international terminal served by two runways, surrounded by a vibrant airport business district, and well connected with the city remains central to the airport's thinking. With growth in passenger and freight transport, changing aircraft types, and associated aircraft movements Auckland is now confronting capacity constraints, particularly in the domestic terminal. These constraints will only become more acute as more of the larger A320 aircraft are deployed on domestic routes. The highest priority for the short to medium-term horizon is to address the capacity constraints in the existing domestic terminal and to find a pathway for enabling the future benefits for passengers and New Zealand resulting from the integration of terminals.

A second runway to the north and parallel to the existing runway has long been part of the Auckland Airport master-plan and will, in time, be essential to cope with forecasted long-term tourism and trade growth. Construction work on the Northern Runway commenced in 2007 and was temporarily paused in 2009 to maximise the capacity utilisation of the existing runway and better match timing of delivery with demand slowed by economic conditions. This suspension of construction was extended for several more years in July 2010, following extensive consultation with the airline industry and a review of capacity management. That review identified more innovative means of managing peak-time capacity on the existing runway, meaning it can handle expected growth for longer than earlier envisaged. Additionally, although passenger volumes are growing again, the growth trend is behind where it was anticipated to be when construction of the Northern Runway began. The eventual recommencement of the Northern Runway construction will be demand-driven relative to the capacity of the existing runway and terminals.

As the airport grows, the efficient use of land becomes more important. Auckland Airport has a coherent land development vision, centred on an Auckland Airport Business District that provides a framework to maximise land use.

The nature and large scale of some of the capital investment that will be required to accommodate demand growth at Auckland Airport, and the relatively shallow capital pools available in the

country, means that we must be able to raise capital and attract funding from a wide range of sources. Access to global capital is therefore critical to our ability to invest.

The treatment of revaluation gains and other non-cash items that remain unrealised is an important consideration in terms of our incentive to invest. As these unrealised gains do not contribute to cash returns, they make no contribution to the funding of investment in infrastructure.

Providing services of the quality and range required by consumers (Schedule 14 and 15)

Schedule 14 of the disclosure statements reports on passenger service indicators, which are one measure of Auckland Airport's ability to provide services of the quality and range wanted and expected by consumers. The operational improvement indicators outlined in Schedule 15 also serve to highlight work that improves customer satisfaction.

Auckland Airport uses a number of methods to understand and improve the quality of services required by customers and to assess customer satisfaction. These include membership of the global ASQ service rating system. Outlined in more detail in Schedule 14, ASQ is a customer satisfaction analysis and benchmarking programme. Average survey scores for the year showed slow but steady improvement from a high base.

A strong passenger satisfaction indicator is also the World Airport Skytrax Awards. For the last four years, Auckland Airport has been voted the best airport in Australia Pacific in the World Airport Skytrax awards, and was named in the top 10 airports in the world in 2009, 2010 and 2011. We also received the Best Service in Australia Pacific award in 2009 and 2012. These annual awards are based on a global survey that received over 12 million entries in 2012, evaluating traveller experiences across 39 different airport service and product factors - from check-in, arrivals, transfer through to departure at the gate.

Auckland Airport also undertakes regular qualitative and quantitative market research that assists in understanding consumer needs and preferences. The quality and range of products and services across the business has been expanded, including terminal amenities and passenger processing. This offers choice and encourages supplier innovation and competition to help grow the size of the overall market.

Research also indicates that consumers expect a certain quality of airport environment, or ambience. In 2011, Auckland Airport completed a major refurbishment of international departures including an expansion of airside and emigration processing space and a reduced space landside. This has helped Customs and Aviation Security to increase processing speed, and has assisted airlines by reducing the incidences of passengers missing flights. The refurbishment also had a particular focus on using design to enhance the passenger experience. The quality of the refurbishment was recognised in August 2011, being awarded the Supreme Winner at the national Red Retail Design Awards, which promote excellence in design.

A pre-Rugby World Cup 2011 refresh of the arrivals experience included a review and upgrade of way-finding for international arriving passengers, making it easier for passengers to find their way around, and thereby improving the capacity utilisation data outlined in Schedule 13 and the passenger satisfaction indicators outlined in Schedule 14.

Auckland Airport is also seeking to improve terminal access for the disabled and for the mobility-reduced. In late 2010, an Access Audit was undertaken for both the International and Domestic terminals by the Disability Resource Centre, with a number of best-practice initiatives already completed and underway following the recommendations of that audit.

Air-service development initiatives have continued with the aim of driving market growth and increasing consumer choice. Auckland Airport has invested significantly in international air-service development to stimulate and accommodate targeted tourism and trade growth and to benefit consumers through an increase in air-service competition and an expansion of destination options.

Due to the smaller market scale, opportunities to invest in domestic and regional air-service development that benefits consumers through increased competition and choice are more limited.

Improved physical access to the airport is important to consumer satisfaction. Auckland Airport has worked with transport agencies and operators to increase choice in airport transport options and improve the road and forecourt layouts to improve ease of use and increase safety. This has, to date, resulted in an increased frequency of bus services, an award-winning car-pooling system, and strong participation in council initiatives to identify and protect transport routes for a future rapid transit network option.

Consumers increasingly expect that organisations meet their responsibilities and obligations to care for the community and the environment. Auckland Airport has the largest noise mitigation programme in New Zealand, designed to reduce noise impacts and meet our obligations to the community. The Auckland Airport Community Trust has now distributed over $2 million in funding to community initiatives within the airport noise contours. In 2011 Auckland Airport gained 'Silver' status in the international Earthcheck sustainability benchmarking programme, and was the only organisation in New Zealand nominated in every category of the Sustainable 60 awards. Using a range of energy harnessing or energy saving-related initiatives there are continued improvements across all key measures, including CO_2 and water use per passenger.

Generating efficiencies and sharing the benefits of those efficiency gains with consumers (Schedules 6, 11, 12, 13, 14 and 15)

Schedules 12 and 13 of the disclosures report on the ability of Auckland Airport to maximise utilisation of the passenger terminal and the aircraft and apron facilities to drive efficiencies for passengers and airlines. Schedules 11, 14 and 15 are influenced by the benefits that are gained through better efficiency.

Achievements in operational efficiencies have continued across the terminal and airfield. These include the extension of SmartGate into international departures, continued collaboration with our airport partners on expanded Lean Six Sigma efficiency work, and the further development of Smart Border initiatives. Smart Border is Auckland Airport's description for the group of technology and efficiency initiatives that, when completed, can effectively 'submerge' the trans-Tasman border processing experience for travellers, making it as close to a domestic journey as possible, while preserving sovereign border integrity in terms of immigration, customs and bio-security needs.

Auckland Airport works constantly with relevant border agencies (in particular, MAF, Immigration and Customs) using Lean Six Sigma methodologies to drive a better experience – the success of which was particularly evident during the RWC 2011. This is an on-going process as we strive to improve our levels of service and the passenger experience. The results of the Lean Six Sigma work are reflected in Schedules 12, 13 and 15. In particular, in line with Schedule 15 there have been operational improvements in passenger processing times. SmartGate self-service border kiosks were advocated for, trialled and first introduced at Auckland Airport, speeding up the Customs process for eligible New Zealand and Australian passport holders. Time and convenience are a strong proxy for value for a passenger.

Self-service check-in kiosks are now available for domestic travel with Jetstar and for both domestic and trans-Tasman travel with Air New Zealand. In addition, Auckland Airport supported the introduction of risk-based biosecurity screening, increasing the likelihood of detecting bio-security risks and speeding up MAF bio-security screening times significantly.

There has been a focus on procurement efficiency. Auckland Airport has successfully reduced the number of suppliers from over 5000 to fewer than 1500, generating operational efficiencies, greater economies of scale, and reduced supplier management cost.

Auckland Airport has also completed a review of its capital sourcing strategies and capital allocation/productivity. In improving the discipline and efficiency of the sourcing and allocation of capital, cost pressures on the balance sheet have been reduced, and there is more informed and

more accurate decision-making on potential expenditure (Schedule 6). In tightly controlling capital expenditure and making every dollar count, there is an emphasis on innovative thinking and better utilisation of existing assets (Schedules 12 and 13).

Changes were made over the year to the domestic and international terminal forecourts to ease congestion, facilitate better traffic flow, and make provision for more public transport. Ahead of the RWC 2011, Auckland Airport also invested in a revamp of the international terminal arrivals experience, particularly the airside arrivals corridor and the landside public arrivals hall, and in an update of signage at both terminals.

A key focus is on maximising the efficiency of infrastructure to delay capital expenditure as long as prudently possible. As growth in air traffic continues to rebound, the capacity of the terminal infrastructure can be maximised through greater use of technology such as SmartGate to increase processing capacity, improved optimisation of processes and facilities using process improvement methodologies, and a fresh focus on how existing assets such as runways, taxiways, airfields, roads and terminals are used. An example is the development of a new roading plan for future airport terminal access, which has significantly reduced projected capital expenditure forecasts, avoiding the need for up to $150 million in roading construction.

As well as having a strong growth focus, Auckland Airport has strived to disconnect costs (including capital expenditure) from passenger volume growth to help drive down unit costs and reduce pressures on pricing.

Reliability of core regulated services has been very high, and compares well with international airport performance. Auckland Airport believes the best measure is to calculate reliability of these core services as a percentage of available time. For example, the overall availability of the runway, including a significant and unusual outage in late 2010 caused by cabling works commissioned by Airways, was over 99.9%.

Earning a fair and reasonable return on the investments made

As outlined in the introduction, and in Schedule 1 of the disclosures, Auckland Airport believes that return on investment should be measured over a period of time rather than at a single point in time. As this is the first disclosure under the new information disclosure regime it should form the first of a series of data on return on investment.

While new airport facilities deliver benefits to New Zealand tourism and trade, Auckland Airport acknowledges that providing this new infrastructure will represent a significant investment that will affect airport charges. It is conscious of the challenging environment some airlines currently face, and the Asia-centric growth that other airlines are experiencing. Such concerns must be balanced with the requirement to invest in infrastructure, in a staged, fit-for-purpose and highly efficient way to best meet New Zealand's interests.

Historically, Auckland Airport has earned conservative returns on investment. As outlined in earlier information disclosures, the last three years of return on average assets after tax but before interest were 1.0% (2010), 4.5% (2009) and 4.5% (2008), based on the methodology adopted at the time and excluding any revaluations.

Auckland Airport also has a history of delaying major investments, for example on the Northern Runway, in recognition of evolving market conditions, and in order to carefully optimise delivery with market need. In July 2009, in recognition of the extraordinary conditions being experienced at that time by our airline customers, it deferred a scheduled increase in landing charges, effectively waiving $2.7 million of revenue over a nine month period. There was a return to the scheduled pricing arrangement in March 2010.

Schedule 1 reports on the actual return on investment compared to an estimate of WACC for the year ended 30 June 2011. The commentary explains how different but valid methodology approaches can give different outcomes.

The three main differences relate to; the difference in timing in setting an appropriate WACC for pricing, a moratorium on asset revaluations included in Auckland Airport's price setting in 2007 and the exclusion of land held for the future second runway and expansion of aircraft and freight activities.

As prescribed by the information disclosure determination, the WACC comparatives provided in Schedule 1 are the Commerce Commission's estimates for the year ended 30 June 2011 using inputs determined as at 1 July 2010. The "previous price setting event" relevant to these disclosures occurred in 2007 and the WACC used for that pricing used inputs determined at that time. This meant that the WACC used for pricing purposes is very different to the WACC now being used to benchmark the subsequent outcomes of the previous pricing decision.

Applying the Commerce Commission's WACC methodology, but using the inputs applicable at the time of the previous price consultation, would have resulted in a mid-point (50th percentile) post-tax WACC estimate of 9.11% (for 2007), rather than the Commission's 8.06% (2011) estimate in Schedule 1. Further, using the Commerce Commission's WACC methodology with the inputs applicable at the time of the previous price consultation, but using the 75th percentile (as used by the Commerce Commission for price setting purposes in other industries) would have resulted in a post-tax WACC estimate of 10.09% (2007) compared with the 8.06% (2011).

In 2007, Auckland Airport consulted with its substantial customers on how to treat asset revaluations. With the support of the airlines, the price path for FY08 to FY12 included a moratorium on asset revaluations to avoid the short-term variances it may produce. Therefore no revaluation gains were included in the calculation of Auckland Airport's regulatory profit used to calculate return on investment during the pricing period.

In contrast, the Commerce Commission is measuring the return on investment by including revaluations in the calculation of Auckland Airport's regulatory profit used to calculate return on investment. Each is a valid approach if consistently applied. However, the Commerce Commission's approach includes revaluations as income even though the pricing decision in 2007 did not include these increases in the asset base.

Auckland Airport's reported return on investment set out in the disclosures ended 30 June 2011 incorporates the revaluation gains. To illustrate the impact, the unrealised non-cash revaluation gains of $75.4 million represent over half of the company's reported return on investment for the year ended 30 June 2011. Excluding these would lower the post-tax return on investment estimates for the year ended 30 June 2011 to 5.8%. This compares with a post-tax WACC range of 9.11% to 10.09% at the 50th to 75th percentiles calculated using the Commerce Commission's methodology and the parameters applicable when the price path was set.

To compare FY11 with FY10, the 2010 financial year did not include any market revaluation gains on land, although it did include $17.7 million of CPI valuation adjustments on land, plant and equipment. Auckland Airport's estimated post-tax return on investment for the year ended 30 June 2010 is 7.3% including the 2010 CPI revaluation, and 5.8% excluding it. This compares with the same post-tax WACC range of 9.11% to 10.09% at the 50th to 75th percentiles applying the Commission's WACC methodology at the time prices were set.

As required by the information disclosure determination, land held by Auckland Airport for the future second runway and the expansion of aircraft and freight activities is excluded from the regulatory asset base. Airports are land intensive businesses and land available and owned by Auckland Airport, adjacent to existing airport infrastructure, is key to Auckland Airport delivering on the future aeronautical growth needs of Auckland and New Zealand. The value of the land held for future use, using the Commerce Commission's valuation methodology, is recorded at $153m as at 30 June 2011.

Given the regulatory, political and commercial debate that centres on aeronautical charges, Auckland Airport sought a realistic and professional assessment of how its charges compare with other airports that are relevant to its market, so commissioned two reports.

The first report, by international aviation consultants, Jacobs, was conducted in September 2010 and reviewed international charges. According to Jacobs, Auckland Airport's international aeronautical charges are "middle of the pack", just below the average of the 20 airports serviced by Air New Zealand that handle more than 500,000 international passengers a year.

The second report, by Australasian aviation consultants, Airbiz, was conducted in August 2010 and reviewed our domestic charges. The Airbiz report found that Auckland Airport has amongst the lowest domestic charges in Australasia. These competitive charges have been achieved while providing excellent levels of service, as indicated by being named the best airport in Australia Pacific for four years running.

Finally, as a publicly listed entity, Auckland Airport must make regular and transparent financial disclosures based on IFRS accounting standards, and must meet stringent NZX and ASX obligations on its governance and financial matters. Auckland Airport takes these responsibilities very seriously, and has been regularly recognised by industry groups, shareholding associations and by market analysts as having a very high standard of governance.

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Disclosure Template Guidelines for Information Entry

Internal consistency check | OK |

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

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

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

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

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

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

	Regulated Airport	Auckland International Airport
	For Year Ended	30 June 2011

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref *Version 2.0*

1a: Return on Investment

($000 unless otherwise specified)

ref			CY-2 *	CY-1 *	Current Year CY
8	**Return on Investment (ROI)**	*for year ended*			**30 Jun 11**
9	Regulatory profit / (loss)				141,975
10	*less* Notional interest tax shield				3,914
11	Adjusted regulatory profit				138,062
12	Regulatory investment value				1,091,751
13					
14	ROI—comparable to a post tax WACC (%)				12.65%
15	Post tax WACC (%)				8.06%
16					
17	ROI—comparable to a vanilla WACC (%)				13.00%
18	Vanilla WACC (%)				8.40%

Commentary on Return on Investment

Schedule 1 reports on the actual return on investment compared to an estimate of WACC for the year ended 30 June 2011. This commentary explains how valid but different methodology approaches to determine prices or measure performance can give different outcomes. This explanation is necessary when the methodologies for determining prices at the time are different to the methodologies that are subsequently prescribed to be used for information disclosure reporting.

The three main differences to the input methodologies relate to:

- The difference in timing in setting an appropriate WACC for pricing;
- A moratorium on asset revaluations included in Auckland Airport's price setting in 2007; and
- The exclusion of land held for future use from the regulatory asset base for monitoring returns.

Further, Auckland Airport believes interested parties should consider the return on investment over a period of time rather than in respect of one year in isolation as outcomes in any one year can vary significantly from others.

<u>The difference in timing in setting an appropriate WACC</u>

As prescribed by the information disclosure determination, the post-tax and vanilla WACC provided above are the Commerce Commission's estimates for the year ended 30 June 2011 that were published on 4 March 2011 using inputs determined as at 1 July 2010.

The "previous price setting event" relevant to these disclosures occurred in 2007 and the WACC used for that pricing utilised inputs determined at that time. This meant that the WACC used for pricing purposes produced a different WACC outcome than the WACC used to benchmark the subsequent outcomes of the previous pricing decision. Applying the Commerce Commission's WACC methodology, but using the inputs applicable at the time of the previous price consultation, would have resulted in a mid-point (50th percentile) post-tax WACC estimate of 9.11%, rather than the Commission's 8.06% estimate shown above. Further, using the Commerce Commission's WACC methodology with the inputs applicable at the time of the previous price consultation, but using the 75th percentile (as used by the Commerce Commission for price setting purposes in other industries) would have resulted in a post-tax WACC estimate of 10.09% compared with 8.06% shown above.

The post-tax WACC range that Auckland Airport actually consulted on, and used to set aeronautical prices for the financial periods 2008 to 2012, was 8.76% to 11.00% (9.88% mid-point) incorporating the prevailing input parameters at the time. Auckland Airport did not use a Vanilla WACC to set prices.

<u>A moratorium on asset revaluations included in Auckland Airport's price setting in 2007</u>

In 2007, Auckland Airport consulted with its substantial customers on how to treat asset revaluations during the pricing period. With the support of the airlines, the aeronautical price path for the financial periods 2008 to 2012 included a moratorium on asset revaluations to avoid the short-term variances it may produce. The implementation of the moratorium entails that the company's regulatory asset base for pricing does not increase over the forecast period due to revaluations, and therefore no revaluation gains were included in the calculation of Auckland Airport's regulatory profit used to calculate return on investment during the pricing period.

In contrast, the Commerce Commission is measuring the return on investment for the airport industry by increasing the company's regulatory asset base over the forecast period for revaluations and including revaluation gains in the calculation of Auckland Airport's regulatory profit used to calculate return on investment. Each is a valid approach if consistently applied. However, the Commerce Commission's approach is inconsistent with the actual pricing approach that was undertaken by Auckland Airport and includes revaluations as income even though the pricing decision in 2007 did not include these increases in the asset base.

Auckland Airport's reported return on investment set out in the disclosures above for the year ended 30 June 2011 incorporates the unrealised revaluation gains. To illustrate the impact of this, these non-cash gains of $75.4 million represent over half of the company's reported return on investment for the year ended 30 June 2011. Excluding these non-cash, unrealised revaluation gains from the above return on investment calculations (from both the regulatory profit calculation and the regulatory asset base to make the measures comparable with the basis on which Auckland Airport consulted to set prices) would lower the post-tax return on investment estimates for the year ended 30 June 2011 to 5.8%.

Auckland Airport's post-tax return on investment, excluding revaluations gains of 5.8%, compares with a post-tax WACC range of 9.11% to 10.09% at the 50th to 75th percentiles calculated according to the Commerce Commission's methodology and the input parameters applicable when the price path was set.

Land held for future use

Airports are by nature a land intensive business. Auckland Airport has access to land for future expansion. We note for interested parties that the $1,091m assessed as the regulatory investment value excludes $153m of this land, which is deemed "land held for future use". This land has been set aside in the Masterplan for the future second runway and expansion of aircraft and freight activities.

Measuring return on investment performance over the long-term

Return on investment should be measured over a period of time rather than at a single point in time. As this is the first disclosure under the new information disclosure regime it should form the first part of a series of data on return on investment. Auckland Airport has estimated the return on investment for the 2010 financial year, including several assumptions where information is incomplete, using the Commerce Commission's methodologies. That financial year did not include any market revaluation gains on land, although it did include $17.7 million of CPI valuation adjustments on land, plant and equipment. Auckland Airport's estimated post-tax return on investment for the year ended 30 June 2010, inclusive of the assumptions for incomplete data, is 7.3% including the 2010 CPI revaluation, and 5.8% excluding it. This compares with the same post-tax WACC range of 9.11% to 10.09% at the 50th to 75th percentiles applying the Commission's WACC methodology at the time prices were set.

Note

As prescribed by the information disclosure determination, the cost of debt assumption in schedule 1b(i) of 7.09% is the Commerce Commission's estimate for the year ended 30 June 2011 that were published on 4 March 2011 using inputs determined as at 1 July 2010. The negative assets commissioned values in schedule 1b(ii) relate to reversals of retentions and accruals on projects of capital expensidture that involved total expendture of more than $5 million over the life of the project and where the project is first commissioned in the current disclosure year.

Summary

In summary, Auckland Airport consulted with its substantial customers on the aeronautical price path for the financial periods 2008 to 2012, including the year ended 30 June 2011 to which these disclosure statements pertain, based on forward looking cost of capital estimates incorporating the inputs that were applicable at that time. Furthermore, the company consulted on the basis that asset revaluation gains would not be included in the measure of return on investment, whereas the Commission's methodology incorporates approximately 6.8% of non-cash, unrealised valuation gains in Auckland Airport's reported return on investment for the year ended 30 June 2011.

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

	Regulated Airport	Auckland International Airport
	For Year Ended	30 June 2011

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)

ref *Version 2.0*

($000 unless otherwise specified)

1b: Notes to the Report

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

57	RAB value - previous year	1,082,331
58	Debt leverage assumption (%)	17%
59	Cost of debt assumption (%)	7.09%
60	Notional deductible interest	13,045
61	Tax rate (%)	30.0%
62	Notional interest tax shield	3,914

1b(ii): Regulatory Investment Value

64	Regulatory asset base value - previous year	1,082,331

		Commissioned Projects	Assets Commissioned—RAB Value ($000)	Proportion of Year Available (%)	Proportionate Regulatory Value
66		Airfield Pavements Rehabilitation	2,702	18%	476
67		DTB Building Works	80	78%	62
68		Meeters and greeters, forecourt mgmt & emigration	8,604	58%	4,995
69		Pier B Hardstand Stage 2 (Stand 19)	(224)	100%	(224)
70		Stage 1A (Stands 15 and 16 + Connector)	(496)	100%	(496)
71		Terminal Precinct Roading & Services	287	44%	126
72		[Commissioned Project 7]			–
73		[Commissioned Project 8]			–
74		[Commissioned Project 9]			–
75	*plus*	Other assets commissioned	9,161	50%	4,580
76	*plus*	Adjustment for merger, acquisition or sale activity	–		–
77	*less*	Asset disposals	199	50%	99
78		RAB investment	19,915		
79		RAB proportionate investment			9,420
80					
81		Regulatory investment value			1,091,751

	Regulated Airport	Auckland International Airport	
	For Year Ended	30 June 2011	

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref | *Version 2.0*

2a: Regulatory Profit

ref				($000)
7	**Income**			
8		Airfield	72,529	
9		Passenger Service Charge	78,760	
10		Terminal Services Charge	28,342	
11		[Airport activity charge 4]	–	
12		Lease, rental and concession income	27,618	
13		Other operating revenue	2,343	
14		Net operating revenue		209,591
15				
16		Gains / (losses) on sale of assets	(103)	
17		Other income	–	
18		Total regulatory income		209,489
19	**Expenses**			
20		Operational expenditure:		
21		Corporate overheads	26,591	
22		Asset management and airport operations	20,048	
23		Asset maintenance	27,455	
24		Total operational expenditure		74,095
25				
26	**Operating surplus / (deficit)**			135,394
27				
28		Regulatory depreciation		43,756
29				
30	*plus*	Indexed revaluation	24,905	
31	*plus*	Non-indexed revaluation	50,523	
32		Total revaluations		75,429
33				
34	**Regulatory Profit / (Loss) before tax & allowance for long term credit spread**			167,067
35				
36	*less*	Allowance for long term credit spread		82
37				
38	**Regulatory Profit / (Loss) before tax**			166,985
39				
40	*less*	Regulatory tax allowance		25,010
41				
42	**Regulatory Profit / (Loss)**			141,975

43 **Commentary on Regulatory Profit**

As explained in the commentary to Schedule 1, $75.4 million of non-cash, unrealised revaluation gains represents over half of Auckland Airport's reported Regulatory Profit for the year ended 30 June 2011. In 2007, Auckland Airport consulted with its substantial customers on how to treat asset revaluations during the pricing period. With the support of the airlines, the aeronautical price path for the financial periods 2008 to 2012 included a moratorium on asset revaluations to avoid the short-term variances it may produce. The outcome of the moratorium results in the company's regulatory asset base for pricing not increasing over the forecast period due to revaluations and as a result no revaluation gains were included in the calculation of Auckland Airport's regulatory profit used to calculate return on investment during the pricing period.

Regulated Airport For Year Ended: **Auckland International Airport** — **30 June 2011**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

ref Version 2.0

($000 unless otherwise specified)

2b: Notes to the Report

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

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

Qualifying debt	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value	Term Credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment
Refer to Long Term Credit Spread Attachment					727.176	1.135	142	(796)
for detailed breakdown of Qualifying Debt and								
Allowance for Long Term Credit Spread calcs.								
						1.135	142	(796)

482

Attribution Rate (%) 16.97%

Allowance for long term credit spread 82

2b(ii): Financial Incentives

		($000)
Pricing incentives	–	
Other incentives	6,710	
Total financial incentives		6,710

2b(iii): Rates and Levy Costs

	($000)
Rates and levy costs	3,189

2b(iv): Merger and Acquisition Expenses

	($000)
Merger and acquisition expenses	–

Justification for Merger and Acquisition Expenses

There were no merger and acquisition expenses in the year ended 30 June 2011 for the regulated airport business

Allowance for Long Term Credit Spread

Term credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment	Attribution rate	Q = (A+B+C)xD
A	B	C	D	
1,134,946	142,178	(795,580)	16.97%	84,723

A - Term credit Spread Difference

A	B	Q = AXB			
	Book value of the qualifying debt at issue date	Term Credit Spread Difference		Original Issue Tenor	Qualifying Debt?
0.00150	50,000,000	75,000		7.0 yrs	1.0
0.00150	100,000,000	150,000		10.0 yrs	1.0
0.00150	129,992,000	194,988		8.1 yrs	1.0
0.00150	50,000,000	75,000		5.1 yrs	1.0
0.00150	125,000,000	187,500		5.1 yrs	1.0
0.00150	25,000,000	37,500		7.0 yrs	1.0
0.00150	20,000,000	30,000		3.2 yrs	0.0
0.00150	36,000,000	54,000		3.2 yrs	0.0
0.00150	26,000,000	39,000		3.2 yrs	0.0
0.00150	52,000,000	78,000		5.0 yrs	1.0
0.00150	100,000,000	150,000		4.9 yrs	0.0
0.00150	175,000,000	262,500		4.9 yrs	0.0
0.00184	64,783,623	119,267		10.0 yrs	1.0
0.00150	65,616,798	98,425		10.0 yrs	1.0
0.00184	64,783,623	119,267		12.0 yrs	1.0
	727,176,043	1,134,946		6.9 yrs	1.0
	1,084,176,043	*1,670,446*			

B	C	D	E	F	A			
Issue date	Maturity date	Book value of the qualifying debt at issue date	Yield shown on the Bloomberg NZ "A" fair value curve for a bond with a tenor equal to, or closest to, the original tenor of the qualifying debt	NZ swap rate quoted by Bloomberg for a tenor equal to the original tenor of the qualifying debt	the yield shown on the Bloomberg NZ "A" fair value curve for a bond with a tenor of 5 years	NZ swap rate quoted by Bloomberg for a tenor of 5 years	A=(C-D)-(E-F)	Original Issue Tenor	Qualifying Debt?
7-Nov-05	7-Nov-12	50,000,000	7.1758%	6.9545%	7.2559%	7.0510%	0.00016	7.0 yrs	1.0
7-Nov-05	9-Nov-15	100,000,000	7.1758%	6.8925%	7.2559%	7.0510%	0.00078	10.0 yrs	1.0
15-Oct-08	15-Nov-16	129,992,000	7.8802%	6.5200%	7.8284%	6.4950%	0.00027	8.1 yrs	1.0
12-Jan-09	28-Feb-14	50,000,000	6.5674%	4.5150%	6.5674%	4.5150%	-	5.1 yrs	1.0
2-Nov-09	27-Nov-14	125,000,000	7.0770%	5.6600%	7.0770%	5.6600%	-	5.1 yrs	1.0
10-Aug-09	10-Aug-16	25,000,000	7.8727%	5.7900%	7.4576%	5.4830%	0.00108	7.0 yrs	1.0
14-Dec-09	10-Mar-13	20,000,000	6.4801%	5.1975%	7.0284%	5.5875%	-0.00158	3.2 yrs	0.0
14-Dec-09	10-Mar-13	36,000,000	6.4801%	5.1975%	7.0284%	5.5875%	-0.00158	3.2 yrs	0.0
14-Dec-09	10-Mar-13	26,000,000	6.4801%	5.1975%	7.0284%	5.5875%	-0.00158	3.2 yrs	0.0
10-Mar-08	10-Mar-13	52,000,000	9.0580%	8.0200%	9.0580%	8.0200%	-	5.0 yrs	1.0
22-Feb-07	31-Jan-12	100,000,000	7.5092%	7.3578%	7.5092%	7.3578%	-	4.9 yrs	0.0
22-Feb-07	31-Jan-12	175,000,000	7.5092%	7.3578%	7.5092%	7.3578%	-	4.9 yrs	0.0
15-Feb-11	15-Feb-21	64,783,623	7.2369%	5.4580%	6.2698%	4.6750%	0.00184	10.0 yrs	1.0
12-Jul-11	12-Jul-21	65,616,798	6.5004%	5.1050%	5.8331%	4.3375%	-0.00100	10.0 yrs	1.0
15-Feb-11	15-Feb-23	64,783,623	7.2369%	5.4580%	6.2698%	4.6750%	0.00184	12.0 yrs	1.0
		727,176,043							
		1,084,176,043							

B - Execution cost of an interest rate swap

issue date	maturity date	Book value of the qualifying debt at issue date	Execution cost for an interest rate swap (half the wholesale bid offer spread)		Execution cost for an interest rate swap (half the wholesale bid offer spread)	Original Issue Tenor	Qualifying Debt?
7-Nov-05	7-Nov-12	50,000,000	0.00428%		2,141	7.0 yrs	1.0
7-Nov-05	9-Nov-15	100,000,000	0.00648%	*PHN-no print-out 'Bid'*	6,485	10.0 yrs	1.0
15-Oct-08	15-Nov-16	129,992,000	0.00760%		9,878	8.1 yrs	1.0
12-Jan-09	28-Feb-14	50,000,000	0.00443%		2,216	5.1 yrs	1.0
2-Nov-09	27-Nov-14	125,000,000	0.03979%		49,733	5.1 yrs	1.0
10-Aug-09	10-Aug-16	25,000,000	0.01954%		4,885	7.0 yrs	1.0
14-Dec-09	10-Mar-13	20,000,000	0.00992%		1,985	3.2 yrs	0.0
14-Dec-09	10-Mar-13	36,000,000	0.00992%		3,573	3.2 yrs	0.0
14-Dec-09	10-Mar-13	26,000,000	0.00992%		2,580	3.2 yrs	0.0
10-Mar-08	10-Mar-13	52,000,000	0.02824%		14,683	5.0 yrs	1.0
22-Feb-07	31-Jan-12	100,000,000	0.01333%		13,329	4.9 yrs	0.0
22-Feb-07	31-Jan-12	175,000,000	0.01333%		23,326	4.9 yrs	0.0
15-Feb-11	15-Feb-21	64,783,623	0.02037%		13,195	10.0 yrs	1.0
12-Jul-11	12-Jul-21	65,616,798	0.01963%	*15th Jul instead 12th*	12,880	10.0 yrs	1.0
15-Feb-11	15-Feb-23	64,783,623	0.04026%	*PHN-no print-out 'Ask'*	26,084	12.0 yrs	1.0
		727,176,043			142,178		
		1,084,176,043			*186,971*		

C - Notional debt issue cost readjustment

Original tenor of qualifying debt	Book value of the qualifying debt at issue date	Q = ((1.75%/A)-0.35%)xB	Original Issue Tenor	Qualifying Debt?
A	B			
7.01	50,000,000	(50,098)	7.0 yrs	1.0
10.01	100,000,000	(175,192)	10.0 yrs	1.0
8.09	129,992,000	(173,792)	8.1 yrs	1.0
5.13	50,000,000	(4,485)	5.1 yrs	1.0
5.07	125,000,000	(6,145)	5.1 yrs	1.0
7.01	25,000,000	(25,049)	7.0 yrs	1.0
3.24	20,000,000	38,080	3.2 yrs	0.0
3.24	36,000,000	68,543	3.2 yrs	0.0
3.24	26,000,000	49,503	3.2 yrs	0.0
5.00	52,000,000	(100)	5.0 yrs	1.0
4.94	100,000,000	4,074	4.9 yrs	0.0
4.94	175,000,000	7,130	4.9 yrs	0.0
10.01	64,783,623	(113,464)	10.0 yrs	1.0
10.01	65,616,798	(114,924)	10.0 yrs	1.0
12.01	64,783,623	(132,331)	12.0 yrs	1.0
Total	727,176,043	(795,580)		
	1,084,176,043	*(628,249)*		

D - Attribution rate

RAB Value for the previous disclosure year	Leverage rate of 17%	Sum of the book value of each qualifying debt and non-qualifying debt as of the end of the disclosure year	Q= (A*B)/C
A	B	C	
1,082,330,706	17%	1,084,176,043	16.97%

	Regulated Airport	Auckland International Airport
	For Year Ended	30 June 2011

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref *Version 2.0*

3a: Regulatory Tax Allowance

ref					($000)
7		Regulatory profit / (loss) before tax			166,985
8					
9	*plus*	Regulatory depreciation	43,756		
10		Other permanent differences—not deductible	76	*	
11		Other temporary adjustments—current period	5,156	*	
12					48,988
13					
14	*less*	Total revaluations	75,429		
15		Tax depreciation	38,171		
16		Notional deductible interest	13,045		
17		Other permanent differences—non taxable	–	*	
18		Other temporary adjustments—prior period	5,963	*	
19					132,608
20					
21		Regulatory taxable income (loss)			83,366
22					
23	*less*	Tax losses used	–		
24		Net taxable income			83,366
25					
26		Statutory tax rate (%)	30.0%		
27		Regulatory tax allowance			25,010

** Workings to be provided*

28

3b: Notes to the Report

29

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

30

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).

31

32

33 Other permanent difference - not deductible: This relates to non-deductible entertainment expenses allocated to the regulatory income based on the company wide rules.

34

35 Other temporary adjustments - current period:

36 These relate to accruals and provisions provided at year-end that are not deductible for tax purposes. These include

37 employee related provisions ($4.5m) for employee leave, ACC, FBT, and staff incentives. Other accruals and provisions

38 ($1.6m) including doubtful debts, unbilled consultancy and non-specific accruals. The other temporary adjustments -

39 current period also include timing differences relating to the disposal of fixed assets (-$0.9m).

40 Other temporary adjustments - prior period:

41 The prior period adjustments consist of the reversal of the prior period temporary adjustments for accruals and provisions that are identical in nature to those of the current period, being employee related provisions ($3.6m) and other accruals and provisions ($2.4m).

42

3b(ii): Tax Depreciation Roll-Forward

43

ref			($000)	
45		Opening RAB (Tax Value)	584,290	
46	*plus*	Regulatory tax asset value of additions	20,986	
47	*less*	Regulatory tax asset value of disposals	1,066	
48	*plus*	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	(2,974)	
49	*less*	Tax depreciation	38,171	
50	*plus*	Other adjustments to the RAB tax value	–	
51		Closing RAB (tax value)		563,065

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

52

ref			($000)	
54		Tax losses (regulated business)—prior period	–	
55	*plus*	Current year tax losses	–	
56	*less*	Tax losses used	–	
57				
58		Tax losses (regulated business)		–

59

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

			Regulated Airport	Auckland International Airport		
			For Year Ended	30 June 2011		

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref	Version 2.0				
		Unallocated RAB *		RAB	
		($000)	($000)	($000)	($000)
8	**RAB value—previous disclosure year**		1,292,314		1,082,331
9	*less*				
10	**Regulatory depreciation**		53,469		43,756
11	*plus*				
12	Indexed revaluations	31,321		24,905	
13	Non-indexed revaluations	52,011		50,523	
14	**Total revaluations**		83,332		75,429
15	*plus*				
16	Assets commissioned (other than below)	33,297		20,114	
17	Assets acquired from a regulated supplier	–		–	
18	Assets acquired from a related party	–		–	
19	**Assets commissioned**		33,297		20,114
20	*less*				
21	Asset disposals (other)	238		199	
22	Asset disposals to a regulated supplier	–		–	
23	Asset disposals to a related party	–		–	
24	**Asset disposals**		238		199
25					
26	*plus* **Lost and found assets adjustment**		6,457		2,968
27					
28	**Adjustment resulting from cost allocation**				0
29					
30	**RAB value †**		1,361,692		1,136,886

31 **Commentary**

32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49

The net increase in "Lost and found assets adjustment" contains assets not previously recorded in the register but were discovered during a reconciliations with the companies Geographical Information System.

It also contains assets that were previously considered outside of the unallocated RAB. These assets have subsequently been found to be related to aeronautical operations and now form part of the unallocated RAB.

** 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.*

50 51 *† RAB to correspond with the total assets value disclosed in schedule 9 Asset Allocations.*

52 **4b: Notes to the Report**

53 **4b(i): Regulatory Depreciation**

		Unallocated RAB ($000)	RAB ($000)
56	Standard depreciation	53,469	43,756
57	Non-standard depreciation	–	–
58	**Regulatory depreciation**	53,469	43,756

59

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2011**

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

ref | Version 2.0

($000 unless otherwise specified)

4b(ii): Non-Standard Depreciation Disclosure

Non-standard Depreciation Methodology	Depreciation charge for the period (RAB)	Year change made (year ended)	RAB value under 'non-standard' depreciation	RAB value under 'standard' depreciation

4b(iii): Non-Standard Depreciation Disclosure for Year of Change

Summary of Change	Justification for change in depreciation methodology	Extent of customer disagreement and supplier response

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

CPI at CPI reference dale—previous year (index value)		1,121
CPI at CPI reference dale—current year (index value)		1,157
Revaluation rate (%)		3.21%

		Unallocated RAB		RAB	
RAB value—previous disclosure year			1,292,314		1,082,331
less	Revalued land	314,570		305,492	
less	Assets with nil physical asset life	101		72	
less	Asset disposals	238		199	
less	Lost asset adjustment	2,092		1,045	
Indexed revaluation			31,321		24,905

4b(v): Works Under Construction

		Unallocated works under construction		Allocated works under construction	
Works under construction—previous disclosure year			42,102		14,944
plus	Capital expenditure	30,640		12,370	
less	Asset commissioned	33,297		20,114	
less	Offsetting revenue	–		–	
plus	Adjustment resulting from cost allocation				–
Works under construction			39,445		7,201

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2011**

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

ref | Version 2.0

4b(vi): Capital Expenditure by Primary Purpose

ref				
105		Capacity growth	12,370	
106	*plus*	Asset replacement and renewal	–	
107		Total capital expenditure		12,370

4b(vii): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
110		RAB value—previous disclosure year	305,492	227,976	534,296	14,566	1,082,331
111	*less*	Regulatory depreciation	–	10,918	27,805	5,032	43,756
112	*plus*	Indexed revaluations	–	7,316	17,124	465	24,905
113	*plus*	Non-indexed revaluations	50,523				50,523
114	*plus*	Assets commissioned	–	3,657	11,709	4,747	20,114
115	*less*	Asset disposals	–	154	33	12	199
116	*plus*	Lost and found assets adjustment	(1,913)	(14)	3,494	1,401	2,968
117	*plus*	Adjustment resulting from cost allocation	–	–	–	–	–
118		RAB value	354,103	227,863	538,786	16,135	1,136,886

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

4b(viii): Assets Held for Future Use

ref			Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
121		Assets held for future use—previous disclosure year	151,112	14,909	548	(2,466)	163,008
122	*plus*	Assets held for future use—additions[1]	–	16,102	531	(25,055)	(9,483)
123	*less*	Transfer to works under construction	–	–	–	–	–
124	*less*	Assets held for future use—disposals	298	–	–	–	298
125		Assets held for future use[2]	150,814	31,012	1,079	(27,521)	153,226

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

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

127		Highest rate of finance applied (%)	9.88%

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Regulated Airport	Auckland International Airport
For Year Ended	30 June 2011

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 2.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	–
Operational expenditure	2,833
Related party capital expenditure	83
Market value of asset disposals	–
Other related party transactions	4,024

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
Auckland Council	During the year, Auckland Council's shareholding in Auckland International Airport exceeded 20 percent. As such accounting standard IAS 24 requires the transactions with Auckland Council to be treated as related party transactions for the year ended 30 June 2011.
City Park Services	Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council.
Other - key management personnel	Key management personnel and directors

5(iii): Related Party Transactions

Entity Name	Description of Transaction	Average Unit Price ($)	Value ($000)
Auckland Council	Rates paid by Auckland Airport to Auckland Council for the regulated business	0.08	1,684
Auckland Council	Compliance, consent fees and other government regulatory obligations		90
City Park Services	Grounds maintenance for the regulated business	1,500,000	1,142
Key management personnel	Remuneration of directors and the senior management team		4,024

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

38 **Commentary on Related Party Transactions**

All trading with related parties, including but not limited to licence fees, rentals and other sundry charges, has been made on an arms-length commercial basis, without special privileges.

North Queensland Airports is an associate entity of the company. During the year ended 30 June 2011 there were no transactions between this business and the the Airport business.

Auckland Airport Hotel Limited partnership is an associate entity of the company. During the year ended 30 June 2011 there were no transactions between this business and the Airport business.

Queenstown Airport is an associate entity of the company. During the year ended 30 June 2011 there were no transactions between this business and the Airport business.

During the year Auckland Council's shareholding of Auckland International Airport exceeded 20%. As such accounting standard IAS 24 requires the transactions with Auckland Council to be treated as related party transactions for the year ended 30 June 2011. Rates of $1.684 million and compliance, consent costs and other local government regulatory obligations of $0.090 million were incurred for the year ended 30 June 2011 by the Airport business. Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council. In the year ended 30 June 2011 grounds maintenance costs of $1.142 million were incurred by the Airport business. The grounds maintenance contract consists of various work across the airport and the annual contract value is $1.500 million.

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Further, on 28 October 2010 Auckland Airport and Manukau City Council came to an agreement where Auckland Airport will vest approximately 24 hectares of land in the north of the airport to the Council as public open space. The vesting of the land will be triggered when building development in that precinct achieves certain levels. The land is outside of the unallocated RAB and land held for Future Use. The same agreement also rationalised the road network within the airport with some roads to be transferred between the parties and some roads to be acquired by Auckland Airport. These transactions were not complete as at 30 June 2011 and the obligations and benefits of the agreement relating to Manukau City Council now rest with Auckland Council.

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No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

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For the year ended 30 June 2011, Auckland Airport has not made any allowance for impairment loss relating to amounts owed by related parties.

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Auckland Airport has transactions with other companies in which there are common directorships. All transactions with these entities have been entered into on an arms-length commercial basis, without special privileges, with the exception of the loans to Auckland Airport Limited and Auckland Airport Holdings (No. 2) Limited which are interest free but relate to unregulated activities and are therefore excluded from the regulated Airport business.

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Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Regulated Airport For Year Ended: **Auckland International Airport — 30 June 2011**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref | *Version 2.0*

6a: Actual to Forecast Expenditure

($000)

Expenditure by Category	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Capacity growth	12,370	15,065	(17.9%)		182,548	(100.0%)
Asset replacement and renewal	–	15,570	(100.0%)		48,579	(100.0%)
Total capital expenditure	12,370	30,635	(59.6%)	183,026	231,127	(20.8%)
Corporate overheads	26,591	–	Not defined		–	Not defined
Asset management and airport operations	20,048	–	Not defined		–	Not defined
Asset maintenance	27,455	–	Not defined		–	Not defined
Total operational expenditure	74,095	56,938	30.1%	254,844	212,774	19.8%
Key Capital Expenditure Projects						
Expanded Arrivals excl Pier B elements	–	–	Not defined	41,176	41,711	(1.3%)
Airfield Pavements Rehabilitation	2,702	11,825	(77.1%)	9,767	26,778	(63.5%)
Stage 1A (Stands 15 and 16 + Connector)	(496)	–	Not defined	47,031	36,524	28.8%
Northern Rwy Stage 1 (1200m)	–	8,311	(100.0%)	–	35,381	(100.0%)
DTB Building Works	246	–	Not defined	5,864	6,754	(13.2%)
Meeters and greeters, forecourt mgmt & emigration	(1,968)	464	(523.9%)	20,204	17,063	18.4%
Terminal Precinct Roading & Services	377	3,727	(89.9%)	4,743	11,235	(57.8%)
Pier B Hardstand Stage 2 (Stand 19)	(224)	–	Not defined	6,986	8,383	(16.7%)
Engine run-up incl part cross taxiway	–	–	Not defined	–	8,042	(100.0%)
Noise prevention	–	373	(100.0%)	–	4,888	(100.0%)
Other capital expenditure	11,734	5,934	97.7%	47,256	34,370	37.5%
Total capital expenditure	12,370	30,635	(59.6%)	183,026	231,127	(20.8%)

Explanation of Variances

The forecast for the 30 June 2011 disclosure year has been sourced from the FY08-FY12 price setting disclosure. At the time of the price setting event, the Input Methodologies and Information Disclosure requirements had not been created, therefore the new disclosure requirements were not contemplated and relevant information was not collated in the manner now required to be disclosed.

The annual disclosure requirements relate to all Specified Airport Activities. The forecast disclosure requirement relates to the subset of airport activities covered in price consultation. The FY07 price setting event excluded Aircraft and Freight activities and activities recovered by way of lease. Therefore the basis for the actual regulated expenses and capital expenditure has a different scope to the basis of the forecasts. As discussed with the Commerce Commission this will be addressed from the FY13 disclosure onwards.

In this schedule we explain the variance analysis for operating expenditure, then capital expenditure. Where the variance is minor (<10%), this has been labeled as "Immaterial difference" on the basis that the price setting event forecast capital expenditure was subject to estimates of +/- 30%.

Operational expenditure

The following table provides an analysis of the variance

Area	Annual variance	Explanation	Period to date variance	Explanation
Total variance	$17.2m	The scope of disclosed activities is broader than that which was included in the scope of the price setting event.	$42.1m	The scope of disclosed activities is broader than that which was included in the scope of the price setting event.
Aircraft and freight costs	$2.6m	14.7% of the annual variance relates to aircraft and freight operating costs which were not part of the price setting forecast.	$9.8m	22.8% of the year to date variance relates to aircraft and freight operating costs which were not part of the price setting forecast.
Business development costs	$10.4m	60.3% of the annual variance relates to aeronautical business development activities associated with competing to attract new air services for Auckland and New Zealand, through proactively targeting routes and markets.	$14.0m	33.0% of the period to date variance is for aeronautical business development activities. These strategic activities were not performed at the time of the price setting forecast and therefore not included in pricing. The airlines therefore have received the benefit of the services without the costs having been recovered from them.
Remaining variance $	$5.1m	The remaining variance is less than 10% of annual costs. This is attributable to leased areas which were excluded from the price setting event and other variances.	$18.3m	The remaining variance is less than 10% of period to date costs. This is attributable to leased areas which were excluded from the price setting event and other variances.

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Capital expenditure:

	Area	Annual variance	Explanation	Period to date variance	Explanation
43 44 45	Total Capital Expenditure variance	($18.3m) Or ($9.6m) after adjusting for the Northern Runway and noise prevention projects	FY11 expenditure was below forecast primarily due to a revision to capital priorities described below. $8.7m of this relates to projects not included in the regulatory asset base, but rather treated as an asset held for future use (for land) and as work in progress (for capital expenditure incurred to date). $8.3m of this variance relates to the Northern Runway project which was anticipated, commenced and put on hold during the pricing period. Final works were completed in order to preserve the value of work to date. $400k of the variance relates to the Noise prevention programme associated with the Northern Runway asset Later in this schedule actual expenditure on these programmes is detailed. An adjusted variance is shown as this consistently excludes both the actual and forecast values for the Northern Runway and noise prevention programme from the analysis.	($48.1m) Or ($7.8m) after adjusting for the Northern Runway and noise prevention costs. .	Auckland Airport's disclosed period to date capital expenditure $187.6m versus a forecast of $231m, an 18.8% variance. Key drivers of the variance are: • A revision of priorities, in particular the Northern Runway; • Softer passenger and aircraft volume growth requiring a reprioritisation of capital expenditure; • Initiatives to save cost and extend the lives of existing assets. $35.4m of this variance relates to the Northern Runway project which was anticipated, commenced and put on hold during the pricing period. In total $20.3m was spent between FY08 and FY10 on Northern Runway, prior to this project being put on hold. This expenditure is not shown in the schedule as this project is expenditure towards an asset for future use and is disclosed as work in progress. This is discussed further below. An adjusted variance is shown as this consistently excludes both the actual and forecast values for the Northern Runway from the analysis. In FY09 there was a fall in PSC paying passenger numbers and therefore aeronautical income compared to the forecast used for pricing. By the year ended FY09 these passenger volumes were 6% less than forecast, growing to 8% less than forecast by FY11. As a result of this the company reviewed capital expenditure priorities to deliver projects at the optimal time based on new passenger forecasts and also reviewed passenger processes to seek efficiencies in capital utilisation and to increase overall capital efficiency.
46	Expanded Arrivals excluding Pier B elements	Nil.	Immaterial difference.	($0.5m)	Immaterial difference.
47 48 49 50 51 52 53	Airfield Pavements Rehabilitation	($9.1m)	During 2009 the team responsible reprioritised projects as a result of the weaker economic conditions and lower aircraft movements. Initiatives included: • Introducing greater competition into the tendering process without sacrificing quality; • Prioritising pavement areas at a more granular level of detail; • Extending the life of pavement through the use of epoxy injection repairs (increasing operating cost). $11.8m of works were forecast for FY11. $2.6m of works were prioritized for FY11, these were concentrated on the main taxiway at its busiest intersection.	($17.0m)	The recommended annual pavement rehabilitation programme is reviewed annually. During 2009 the team responsible reprioritised projects as a result of the weaker economic conditions and aircraft movements. Initiatives included: • Introducing greater competition into the tendering process without sacrificing quality; • Prioritising pavement areas at a more granular level of detail; • Extending the life of pavement through the use of epoxy injection repairs (increasing operating cost) . Over the period the programme was reduced by $17m versus forecast.
54 55	Stage 1A (Stands 15 and 16 + Connector)	($0.5m)	Immaterial difference.	$10.5m	A new pier, Pier B, providing gate lounges and access to four contact stands was delivered in November 2008. The variance between actual and the pricing forecast is a result of a difference between forecast and actual cashflow timing. Overall the total project was delivered at cost of $53.5m versus a budget of $54.5m. This construction was also a critical milestone in Auckland Airport's sustainability initiatives and received LEED accreditation in 2009.
56	Northern Runway Stage 1 (1200m)	(8.3m)	The forecast expenditure has not been incurred in FY11 as the project was put on hold on 28th August 2009 (FY10) for 12 months. One year later it was deferred for a few more years.	($35.3m)* $20.3m has been spent to date.	$20.3m of the $35.3m expenditure forecast for this project has been incurred to date, ($17.3m to FY09 and $3.0m in FY10 and FY11). Works occurred after the decision to put the project on hold in order to make the site safe and prevent degradation of runway works to date. During the initial works on the Northern Runway and Maori historic sites (including koiwi burial sites) were also discovered, so it was necessary to complete the cataloguing of this for the Historical Places Trust, these works continued into FY11. The $20.3m is excluded from this schedule as it pertains to work in progress toward an asset held for future use.
	DTB Building Works	$0.3m	Immaterial difference.	$(0.8m)	Period to date expenditure is $800k less than forecast.
57 58	Meeters and greeters, forecourt management & emigration	($2.4m)	The net negative total in FY11 is caused by a small over accrual in FY10 for this programme.	$3.1m	19% more than forecast has been spent in these areas of the international terminal due to scope requirements not forecast at the time of the FY07 price setting event.

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

59	Terminal Precinct Roading & Services	($3.3m)	The final stages of the roading plan have been de-prioritised.	($6.5m)	$4.7m of the $11.2m forecast, for the terminal precinct roading contemplated at the time of pricing, has been spent. This expenditure represented the diversion of Ray Emery Drive, the reconfiguration of the short term car park and the reconfiguration of the ITB forecourt to improve public transport access and to bring it in line with international safety trends.
60 61	Pier B Hardstand Stage 2 (Stand 19)	Not defined	The net negative expenditure in FY11 is caused by small over accrual which has been reversed out in FY11.	($1.4m)	The pier B hardstand was delivered on time and under budget.
	Engine run-up including part cross taxiway	Not defined	Immaterial difference.	($8.0m)	This project was due to be delivered in FY10. In FY09, at the height of the financial crisis, and the need to manage capital expenditure in light of weak demand compared to forecast, this project was de-prioritised. A new engine run-up facility was perceived to provide advantages with respect to greater availability and noise attenuation. However, Auckland Airport does currently have a controlled engine run area which it manages. It was concluded that the existing solution was sufficient and met demand for the time being.
62	Noise prevention	($0.4m)* $2.9m has been spent this year.	$2.9m was spent on noise prevention in FY11, $2.5m more than the $0.4m forecast. Annually offers are made to house owners and schools affected by aircraft noise. The timing and uptake of noise treatment offers are particularly hard to predict. In FY11 costs were particularly high due to the participation of a number of schools in the programme. * As this investment is linked to the Northern Runway it is treated as a works under construction associated with the Northern Runway future use asset and excluded from the totals in this schedule.	($4.9m)* $4.6m has been spent to date.	The actual variance to forecasts is $0.3m on a total forecasts of $4.9m to date. * As this investment is linked to the Northern Runway it is treated as a works under construction associated with the Northern Runway future use asset and excluded from the totals in this schedule.
63	Other	$5.8m	In FY11 $5.8m in minor projects have been prioritised that were not anticipated in FY07.	$12.9m	In FY07 capital priorities were established with an expectation that 15% would be minor in nature. Over time the effective rate has been 26%. The relative share is higher than expected due re-prioritisation of some major projects in light of softened demand.
64					

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

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

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Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Regulated Airport For Year Ended: **Auckland International Airport — 30 June 2011**

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

ref | Version 2.0

6b: Forecast Expenditure

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended): 30 June 2008

Expenditure by Category	for year ended	Pricing Period Starting Year 30 Jun 08	Pricing Period Starting Year + 1 30 Jun 09	Pricing Period Starting Year + 2 30 Jun 10	Pricing Period Starting Year + 3 30 Jun 11	Pricing Period Starting Year + 4 30 Jun 12
Capacity growth		106,313	40,588	20,582	15,065	6,720
Asset replacement and renewal		14,921	7,765	10,323	15,570	17,433
Total forecast capital expenditure		121,235	48,353	30,904	30,635	24,153
Corporate overheads						
Asset management and airport operations						
Asset maintenance						
Total forecast operational expenditure		48,752	52,532	54,552	56,938	58,889

Key Capital Expenditure Projects	for year ended	Pricing Period Starting Year 30 Jun 08	Pricing Period Starting Year + 1 30 Jun 09	Pricing Period Starting Year + 2 30 Jun 10	Pricing Period Starting Year + 3 30 Jun 11	Pricing Period Starting Year + 4 30 Jun 12
Expanded Arrivals excl Pier B elements		41,711	–	–	–	–
Airfield Pavements Rehabilitation		4,718	3,527	6,708	11,825	13,025
Stage 1A (Stands 15 and 16 + Connector)		33,064	3,460	–	–	–
Northern Rwy Stage 1 (1200m)		7,287	8,225	11,557	8,311	–
DTB Building Works		6,754	–	–	–	–
Meeters and greeters, forecourt mgmt & emigration		3,517	8,807	4,274	464	–
Terminal Precinct Roading & Services		6,434	1,073	–	3,727	604
Pier B Hardstand Stage 2 (Stand 19)		722	7,661	–	–	–
Engine run-up incl part cross taxiway		1,340	5,809	893	–	–
Noise prevention		2,458	1,138	918	373	299
Other capital expenditure		13,229	8,653	6,554	5,934	10,225
Total forecast capital expenditure		121,235	48,353	30,904	30,635	24,153

	Regulated Airport	Auckland International Airport
	For Year Ended	30 June 2011

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref *Version 2.0*

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Airfield	–	72,529	–	72,529
Passenger Service Charge	78,760	–	–	78,760
Terminal Services Charge	28,342	–	–	28,342
[Airport activity charge 4]				–
Lease, rental and concession income	17,310	1,488	8,820	27,618
Other operating revenue	608	522	1,213	2,343
Net operating revenue	125,020	74,539	10,032	209,591
Gains / (losses) on asset sales	1	(103)	0	(103)
Other income	–	–	–	–
Total regulatory income	125,021	74,435	10,032	209,489
Total operational expenditure	51,000	20,468	2,627	74,095
Regulatory depreciation	26,952	15,514	1,290	43,756
Total revaluations	16,367	52,459	6,603	75,429
Allowance for long term credit spread	33	44	4	82
Regulatory tax allowance	12,328	11,027	1,655	25,010
Regulatory profit/ loss	51,075	79,841	11,059	141,975
Regulatory investment value	442,884	589,738	59,129	1,091,751

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

Commentary on Segmented Information

This schedule provides a segmental breakdown of the entire airport business regulatory profit and return on investment data contained in schedules 1 and 2. Vanilla return on investment can be estimated for each regulated segment for the year ended 30 June 2011 by dividing regulatory profit / loss by regulatory investment value above. Post tax return on investment can be estimated by allocating the notional interest tax shield total from schedule 1 across the segments, eg based on relative regulatory investment value in each segment.

The commentary to schedule 1 provides Auckland Airport's assessment of the year ended 30 June 2011 return on investment for the entire airport business versus WACC. As explained in that commentary, and in the commentary to Schedule 2, Auckland Airport's return on investment for the year ended 30 June 2011 is impacted by two years of market revaluations which are required to be included in regulatory profit for the year ended 30 June 2011. This impact is largest for the Airfield and Aircraft and Freight segments where the year ended 30 June 2011 asset revaluations represent 9% and 11% respectively of regulatory investment value and 66% and 60% respectively of segmental regulatory profit. This compares with 4% of regulatory investment value and 32% of segmental regulatory profit for Specified Passenger Terminal Activities. This is the main contributor to an average estimated post-tax return on investment for the Airfield and Aircraft and Freight segments in the year ended 30 June 2011 of nearly 16% compared with 11% for the Specified Passenger Terminal segment and 12.6% across the entire Airport Business.

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Regulated Airport	Auckland International Airport
For Year Ended	30 June 2011

SCHEDULE 8: CONSOLIDATION STATEMENT

ref *Version 2.0*

8a: CONSOLIDATION STATEMENT

($000)

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	Airport Company– GAAP
Net income	209,489	–	209,489	187,912	397,401
Total operational expenditure	74,095	–	74,095	25,329	99,424
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	135,394	–	135,394	162,584	297,977
Depreciation	43,756	737	44,492	12,351	56,843
Revaluations	75,429	(118,192)	(42,763)	938	(41,825)
Tax expense	25,010	(9,143)	15,866	41,171	57,038
Net operating surplus / (deficit) before interest	142,057	(109,785)	32,272	110,000	142,271
Property plant and equipment	1,136,886	438,027	1,574,913	1,460,507	3,035,420

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

($000)

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
Differences arise from the requirement under GAAP to depreciate assets from their commissioning dates, but the Input Methodologies does not allow new assets to be depreciated in the year they are commissioned. A further difference in depreciation is attributed to the CPI revaluation roll forward from 2009 and the capitalised WACC interest adjustment increasing the depreciable values .	Depreciation	737
Differences arise between fair value valuations at 30 June 2011 on all assets, based on an existing use valuation of the assets for financial reporting purposes, and a market value alternative use valuation on land assets and a CPI revaluation on non-land assets from 2009.	Revaluations	(118,192)
The regulatory/GAAP adjustment relates to the removal of deferred tax in the tax expense calculation in favour of a tax payable approach per the input methologies determination. For financial reporting purposes the large deferred tax adjustment in 2011 related primarily to the revaluation of property, plant and equipment assets. The revaluation resulted in an overall increase in property, plant and equipment depreciable assets which increased the taxable temporary differences.	Tax expense	(9,143)
Difference between fair value valuations at 30 June 2011 on all assets based on their existing use for financial reporting purposes and a market value alternative use valuation on land assets and a CPI revaluation on non-land assets. A further difference relates to the depreciation based on the CPI roll forward and the capitalised WACC interest adjustment and no depreciation in the year of commissioning.	Property plant & equipment	438,027
	[Select one]	
	[Select one]	
	[Select one]	

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

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Commentary on the Consolidation Statement

In this commentary we expand on the short-form explanations provided in the table above.

Depreciation

The difference in depreciation in FY11 is in large part due to a requirement under GAAP to depreciate assets from their commissioning date resulting in depreciation for part years of new assets. The Input Methodologies do not provide for new assets to be depreciated in the year they are commissioned resulting in higher GAAP depreciation than regulatory depreciation for those assets.

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

Revaluations

The valuations for the Airport Company - GAAP include the revaluation movements on investment property ($21.640m increase) and the movement for individual property, plant and equipment assets that had a decrease in fair value ($63.465m decrease). The property, plant and equipment increases in fair value are not shown in the income statement and are instead included in the revaluation reserve in equity.

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

The revaluations for the regulated Airport businesses consist of a market value alternative use valuation for land assets at 30 June 2011 consistent with the Input Methodologies determination. The revaluations for non-land assets consist of a CPI roll-forward from 2009 also consistent with the Input Methodologies determination.

Tax Expense

The tax expense for the Airport Company-GAAP includes the impact of deferred tax on revaluation changes in the underlying asset values for financial reporting. The increase in deferred tax results from the increase in the accounting carrying value which increases the taxable temporary differences as the taxable carrying values do not change. The Airport businesses do not recognise deferred tax movements because a tax payable approach is adopted per the Input Methodologies determinations.

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

Property, plant and equipment

As noted above the GAAP values for property, plant and equipment are carried at fair value. The property, plant and equipment for the Airport Businesses consist of land carried at market value alternative use and non-land assets at the 2009 initial RAB values rolled forward at CPI. The final differences relate to the depreciation differences noted above.

Regulated Airport For Year Ended: **Auckland International Airport** — **30 June 2011**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref | Version 2.0

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	197	302,552	24,424	327,174		327,174
Assets not directly attributable	20,379	5,962	587	26,929	10,577	37,505
Total value land				354,103		
Sealed Surfaces						
Directly attributable assets	–	227,863	–	227,863		227,863
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				227,863		
Infrastructure and Buildings						
Directly attributable assets	45,730	42,519	28,251	116,500		116,500
Assets not directly attributable	363,819	48,573	9,894	422,285	208,826	631,111
Total value infrastructure and buildings				538,786		
Vehicles, Plant and Equipment						
Directly attributable assets	1,665	2,054	–	3,719		3,719
Assets not directly attributable	8,882	3,256	279	12,417	5,403	17,820
Total value vehicles, plant and equipment				16,135		
Total directly attributable assets	47,592	574,988	52,675	675,255		675,255
Total assets not directly attributable	393,080	57,791	10,760	461,631	224,806	686,436
Total assets	440,672	632,779	63,435	1,136,886	224,806	1,361,692

Asset Allocators

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

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

35	Infrastructure:	Space	Proxy Cost Allocator	Lighting within shared areas is split based on the space based allocation of regulated and non-regulated activities use of those areas.	Lighting
36	Infrastructure:	Space	Proxy Cost Allocator	Pavement associated with shared business units such as forecourt, terminals and storm water and is shared between regulated and non-regulated activities based on the respective analysis of space associated with the business unit.	Pavement - mainly for parking other than roading and footpaths
37	Infrastructure:	Space	Proxy Cost Allocator	There are a small number of shared assets which provide terminal signage and or access to terminal buildings. These assets are allocated using the ITB space allocation rule.	Signage outside buildings including traffic lights
38	Infrastructure:	Space	Proxy Cost Allocator	The storm water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of sealed surfaces associated with regulated and non-regulated activities.	Stormwater network outside buildings
39	Infrastructure:	Space	Proxy Cost Allocator	The waste water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of water used by each business unit which is in turn allocated to regulated and non-regulated activities.	Wastewater network outside buildings
40	Infrastructure:	Space	Proxy Cost Allocator	The water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of water used by each business unit which is in turn allocated to regulated and non-regulated activities.	Water network outside buildings
41	Land	Space	Proxy Cost Allocator	Land under the terminal is allocated to regulated and non-regulated activities on the same basis as building structure – i.e. based on the share of terminal space.	Land under terminals
42	Plant & Equipment:	FTE Analysis	Proxy Cost Allocator	Motor vehicles used by Aeronautical management are shared between regulated and non-regulated activities based on the share of time spent between each regulated activity as indicated by staff in the operating cost business unit analysis.	Motor vehicles used by Aeronautical management
43	Plant & Equipment:	Internal R&M Analysis	Proxy Cost Allocator	Motor vehicles used by Engineering Support Services are shared between regulated and non-regulated activities based on the product of: • how their activity has been consumed, proxied by share of engineering support services by business unit; and • the business unit rule.	Motor vehicles used by Engineering Support Services
44	Plant & Equipment:	Internal R&M Analysis	Proxy Cost Allocator	In the same way as Plant & Equipment - Motor Vehicles internal R&M analysis above.	Plant
45	Plant & Equipment:	Space	Proxy Cost Allocator	Plant and equipment which is not directly attributed is allocated to regulated and non-regulated activities on the same basis as building structure - based on the share of terminal space.	Plant
46	Plant & Equipment:	Company-wide	Proxy Cost Allocator	Where Plant and Equipment (primarily IT related) cannot be directly attributed to a Specified Airport Service and non-Specified Airport Service and provides benefit to the broader business the company wide rule is used to allocate these assets.	Plant
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Regulated Airport: Auckland International Airport
For Year Ended: 30 June 2011

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

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62 **Asset Allocators (cont)**

63	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
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129 ** A description of the metric used for allocation, e g. floor space.*

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Regulated Airport	Auckland International Airport
For Year Ended	30 June 2011

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 2.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

($000)

			Effect of Change CY-1 30 Jun 10	Current Year (CY) 30 Jun 11	CY+1 30 Jun 12
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

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

1. Identifying assets that are directly attributable to Specified Airport Activities and directly attributing them accordingly.

2. Identifying assets that are indirectly attributable to Specified Airport Activities (ie that are common or shared) and allocating those assets to Specified Airport Activities using causal or proxy cost allocators.

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

The Asset Allocators table above summarises the common assets that are required to be shared across two or more regulated activities, or across both regulated and non-regulated activities, after direct attributions have been made.

Auckland Airport has adopted the same allocation methodologies as at 30 June 2010 and therefore there are no changes to report in table 9b(i).

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2010**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2010)

ref | Version 2.0

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	170	261,066	21,157	282,393		282,393
Assets not directly attributable	17,429	5,162	508	23,100	9,078	32,178
Total value land				305,492		
Sealed Surfaces						
Directly attributable assets	–	227,976	–	227,976		227,976
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				227,976		
Infrastructure and Buildings						
Directly attributable assets	49,849	42,509	27,893	120,250		120,250
Assets not directly attributable	358,652	46,433	8,961	414,046	196,809	610,855
Total value infrastructure and buildings				534,296		
Vehicles, Plant and Equipment						
Directly attributable assets	1,707	1,720	–	3,427		3,427
Assets not directly attributable	7,852	3,029	258	11,139	4,097	15,236
Total value vehicles, plant and equipment				14,566		
Total directly attributable assets	51,726	533,271	49,049	634,045		634,045
Total assets not directly attributable	383,934	54,624	9,727	448,285	209,983	658,269
Total assets	435,660	587,895	58,776	1,082,331	209,983	1,292,314

Asset Allocators

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

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

36	Infrastructure	Space	Proxy Cost Allocator	Pavement associated with shared business units such as forecourt, terminals and storm water and is shared between regulated and non-regulated activities based on the respective analysis of space associated with the business unit.	Pavement - mainly for parking other than roading and footpaths
37	Infrastructure	Space	Proxy Cost Allocator	There are a small number of shared assets which provide terminal signage and or access to terminal buildings. These assets are allocated using the ITB space allocation rule.	Signage outside buildings including traffic lights
38	Infrastructure	Space	Proxy Cost Allocator	The storm water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of sealed surfaces associated with regulated and non-regulated activities.	Stormwater network outside buildings
39	Infrastructure	Space	Proxy Cost Allocator	The waste network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of water used by each business unit which is in turn allocated to regulated and non-regulated activities.	Wastewater network outside buildings
40	Infrastructure:	Space	Proxy Cost Allocator	The water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of water used by each business unit which is in turn allocated to regulated and non-regulated activities.	Water network outside buildings
41	Land	Space	Proxy Cost Allocator	Land under the terminal is allocated to regulated and non-regulated activities on the same basis as building structure – i.e. based on the share of terminal space.	Land under terminals
42	Plant & Equipment	FTE Analysis	Proxy Cost Allocator	Motor vehicles used by Aeronautical management are shared between regulated and non-regulated activities based on the share of time spent between each regulated activity as indicated by staff in the operating cost business unit analysis.	Motor vehicles used by Aeronautical management
43	Plant & Equipment	Internal R&M Analysis	Proxy Cost Allocator	Motor vehicles used by Engineering Support Services are shared between regulated and non-regulated activities based on the product of: • how their activity has been consumed, proxied by share of engineering support services by business unit; and • the business unit rule.	Motor vehicles used by Engineering Support Services
44	Plant & Equipment	Internal R&M Analysis	Proxy Cost Allocator	In the same way as Plant & Equipment - Motor Vehicles internal R&M analysis above.	Plant
45	Plant & Equipment	Space	Proxy Cost Allocator	Plant and equipment which is not directly attributed is allocated to regulated and non-regulated activities on the same basis as building structure - based on the share of terminal space.	Plant
46	Plant & Equipment	Company-wide	Proxy Cost Allocator	Where Plant and Equipment (primarily IT related) cannot be directly attributed to a Specified Airport Service and non-Specified Airport Service and provides benefit to the broader business the company wide rule is used to allocate these assets.	Plant
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Regulated Airport: Auckland International Airport
For Year Ended: 30 June 2010

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2010) (cont)

ref | Version 2.0

Asset Allocators (cont)

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items

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

Regulated Airport	Auckland International Airport
For Year Ended	30 June 2010

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2010) (cont)

ref *Version 2.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

($000)

			Effect of Change		
			CY-1	Current Year (CY)	CY+1
Asset category			30 Jun 09	30 Jun 10	30 Jun 11
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	–	–	–
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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

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

1. Identifying assets that are directly attributable to Specified Airport Activities and directly attributing them accordingly.

2. Identifying assets that are indirectly attributable to Specified Airport Activities (ie that are common or shared) and allocating those assets to Specified Airport Activities using causal or proxy cost allocators.

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

The Asset Allocators table above summarises the common assets that are required to be shared across two or more regulated activities, or across both regulated and non-regulated activities, after direct attributions have been made.

Auckland Airport has adopted the same allocation methodologies as at 30 June 2009 and therefore there are no changes to report in table 9b(i).

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Regulated Airport For Year Ended: **Auckland International Airport — 30 June 2009**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2009)

ref | Version 2.0

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	167	256,790	20,810	277,767		277,767
Assets not directly attributable	17,166	5,079	500	22,746	8,899	31,645
Total value land				300,513		
Sealed Surfaces						
Directly attributable assets	–	233,780	–	233,780		233,780
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				233,780		
Infrastructure and Buildings						
Directly attributable assets	43,369	42,353	26,917	112,639		112,639
Assets not directly attributable	359,546	41,151	8,885	409,583	174,312	583,895
Total value infrastructure and buildings				522,221		
Vehicles, Plant and Equipment						
Directly attributable assets	2,082	1,527	–	3,609		3,609
Assets not directly attributable	5,026	2,168	181	7,375	2,608	9,983
Total value vehicles, plant and equipment				10,984		
Total directly attributable assets	45,618	534,451	47,727	627,796		627,796
Total assets not directly attributable	381,739	48,398	9,567	439,703	185,819	625,522
Total assets	427,357	582,849	57,294	1,067,499	185,819	1,253,318

Asset Allocators

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

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Regulated Airport: Auckland International Airport
For Year Ended: 30 June 2009

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2009) (cont)

ref | Version 2.0

62 **Asset Allocators (cont)**

63 Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
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129 ** A description of the metric used for allocation, e g. floor space.*

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Regulated Airport: Auckland International Airport
For Year Ended: 30 June 2009

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2009) (cont)

ref | Version 2.0

9b: Notes to the Report

Commentary on Asset Allocations

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

1. Identifying assets that are directly attributable to Specified Airport Activities and directly attributing them accordingly.

2. Identifying assets that are indirectly attributable to Specified Airport Activities (ie that are common or shared) and allocating those assets to Specified Airport Activities using causal or proxy cost allocators.

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

The Asset Allocators table above summarises the common assets that are required to be shared across two or more regulated activities, or across both regulated and non-regulated activities, after direct attributions have been made.

Regulated Airport For Year Ended: **Auckland International Airport, 30 June 2011**

SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref | Version 2.0

10a: Cost Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	27	–	–	27		27
Costs not directly attributable	16,112	9,910	542	26,564	7,500	34,063
Asset Management and Airport Operations						
Directly attributable operating costs	5,809	3,549	551	9,909		9,909
Costs not directly attributable	5,924	3,177	1,038	10,139	9,346	19,485
Asset Maintenance						
Directly attributable operating costs	21,773	2,494	309	24,576		24,576
Costs not directly attributable	1,355	1,338	187	2,880	8,469	11,349
Total directly attributable costs	27,609	6,043	860	34,512		34,512
Total costs not directly attributable	23,391	14,425	1,767	39,583	25,315	64,898
Total operating costs	51,000	20,468	2,627	74,095	25,315	99,410

Cost Allocators

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

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

35	Asset Management & Airport Operations	Employee time split	Proxy	Predominately employee related costs	All costs lines within the TRANSPORT MANAGEMENT business unit except repairs and maintenance costs.
36	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Recovery on a network asset with company wide use.	All costs lines within the GAS LINE - PUHINUI RD BRIDGE business unit except repairs and maintenance costs.
37	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the GROUND CARE business unit except repairs and maintenance costs.
38	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the SECURITY business unit except repairs and maintenance costs.
39	Asset Management & Airport Operations	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the ASSET DATA SERVICES business unit except repairs and maintenance costs.
40	Asset Management & Airport Operations	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the PROJECTS AND PLANNING business unit except repairs and maintenance costs.
41	Asset Management & Airport Operations	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the RESCUE FIRE ADMIN business unit except repairs and maintenance costs.
42	Asset Management & Airport Operations	Share of rental revenues between aeronautical and non-aeronautical revenues	Proxy	Revenues and costs relate to tenancies within the ITB.	All costs lines within the ITB TENANCIES ADMINISTRATIVE business unit except repairs and maintenance costs.
43	Asset Management & Airport Operations	Share of area between aeronautical and non-aeronautical activities	Proxy	Property is used for both aeronautical and administrative purposes.	All costs lines within the INTERNATIONAL JETBASE business unit except repairs and maintenance costs.
44	Asset Management & Airport Operations	Split of rental revenues between aeronautical and non-aeronautical activities	Proxy	BU dominated by rental revenue	All costs lines within the DHL business unit except repairs and maintenance costs.
45	Asset Management & Airport Operations	Split of aeronautical and non-aeronautical activities undertaken by ground handler	Proxy	Revenues received allow ground handler to conduct a variety of aeronautical activities	All costs lines within the MENZIES GROUND HANDLING LICENCE business unit except repairs and maintenance costs.
46	Asset Management & Airport Operations	Rules applying to individual assets within this BU weighted by NBV	Proxy	Costs associated with maintaining roads in the airport district	All costs lines within the ROADWAYS business unit except repairs and maintenance costs.
47	Asset Management & Airport Operations	Share of aeronautical and non aeronautical activities undertaken by ground handler	Proxy	Revenues received allow ground handler to conduct a variety of aeronautical activities	All costs lines within the SKYCARE GROUND HANDLING LICENCE business unit except repairs and maintenance costs.
48					

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2011**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref | *Version 2.0*

Cost Allocators (cont)

ref	Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
57	Corporate Overheads	Employee time split	Proxy	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the RETAIL MANAGEMENT business unit except repairs and maintenance costs.
58	Corporate Overheads	Employee time split	Proxy	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the AERO MANAGEMENT business unit except repairs and maintenance costs.
59	Corporate Overheads	Employee time split	Proxy	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the MARKETING AND BRANDING business unit except repairs and maintenance costs.
60	Corporate Overheads	Employee time split	Proxy	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the INSIGHT business unit except repairs and maintenance costs.
61	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	='[June 2011 Revenue & Expenses Allocationsv1.xls]s10'!Q62
62	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the CORPORATE RELATIONS business unit except repairs and maintenance costs.
63	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the COMMUNITY RELATIONS business unit except repairs and maintenance costs.
64	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Nature of costs support company-wide use	All costs lines within the MARAE business unit except repairs and maintenance costs.
65	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the IT SYSTEMS business unit except repairs and maintenance costs.
66	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the BUSINESS SOLUTIONS business unit except repairs and maintenance costs.
67	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the ACCOUNTING business unit except repairs and maintenance costs.
68	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the BUSINESS INTELLIGENCE business unit except repairs and maintenance costs.
69	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the PURCHASING/PAYROLL business unit except repairs and maintenance costs.
70	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the MANAGING DIRECTOR & BOARD business unit except repairs and maintenance costs.
71	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the GOVERNMENT RELATIONS business unit except repairs and maintenance costs.

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

72	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the HUMAN RESOURCES business unit except repairs and maintenance costs.
73	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Nature of costs support company-wide use	All costs lines within the INTERNAL ELIMINATION business unit except repairs and maintenance costs.
74	Corporate Overheads	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the ENGINEERING SUPPORT SERVICES business unit except repairs and maintenance costs.
75	Corporate Overheads	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the MERITS REVIEW business unit except repairs and maintenance costs.
76	Corporate Overheads	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the COMMERCE AMENDMENT ACT business unit except repairs and maintenance costs.
77	Corporate Overheads	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the BUSINESS DEVELOPMENT MANAGEMENT business unit except repairs and maintenance costs.
78	Corporate Overheads	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the ROUTE DEVELOPMENT business unit except repairs and maintenance costs.
79	Corporate Overheads	Aeronautical revenues split excluding aircraft and freight revenues	Proxy	Costs associated with both Airfield and Passenger Terminal Pricing	All costs lines within the AERONAUTICAL PRICING business unit except repairs and maintenance costs.
80	Asset Management & Airport Operations	70% terminal / 30% commercial	Proxy	Management fees paid to ADT to management public and commercial forecourt areas	Management Fees within thePSVL (TRANSPORT LICENCE) business unit
81	Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal	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.
82	Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal	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
83	Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal	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.
84	Asset Management & Airport Operations	Employee time split	Proxy	Salaries associated with management of investment properties as well as aircraft and freight facilties	Salary costs within the PROPERTY Management business unit
85	Corporate Overheads	Insurance-specific company-wide allocation based on nature of activities insured	Proxy	Insurance premiums cover both aeronautical and non aeronautical activities	Insurance Premiums within the GENERAL COUNSEL & CO SECRETARY business unit
86	Asset Maintenance	Various business unit allocation rules	Proxy	All repairs and maintenance costs have been classified as asset maintenance expenditure. These costs have been allocated to regulatory segments based on the individual business unit rules where the costs are incurred	All Repairs and maintenance object codes within all business units.
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Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

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122	* A description of the metric used for allocation, e.g. floor space				
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Regulated Airport	**Auckland International Airport**
For Year Ended	**30 June 2011**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 2.0*

130 **10b: Notes to the Report**

131 **10b(i): Changes in Cost Allocators**

ref				CY-1 30 Jun 10	Current Year (CY) 30 Jun 11	CY+1 30 Jun 12
132						($000)
133					Effect of Change	
135	Operating cost category					
136	Original allocator or components		Original			
137	New allocator or components		New			
138	Rationale		Difference	–	–	–
140	Operating cost category					
141	Original allocator or components		Original			
142	New allocator or components		New			
143	Rationale		Difference	–	–	–
145	Operating cost category					
146	Original allocator or components		Original			
147	New allocator or components		New			
148	Rationale		Difference	–	–	–
150	Operating cost category					
151	Original allocator or components		Original			
152	New allocator or components		New			
153	Rationale		Difference	–	–	–
155	Operating cost category					
156	Original allocator or components		Original			
157	New allocator or components		New			
158	Rationale		Difference	–	–	–
160	Operating cost category					
161	Original allocator or components		Original			
162	New allocator or components		New			
163	Rationale		Difference	–	–	–
165	Operating cost category					
166	Original allocator or components		Original			
167	New allocator or components		New			
168	Rationale		Difference	–	–	–

169 **Commentary on Cost Allocations**

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

1. Identified the activities undertaken by each business unit;
2. Identified costs attributable to a single regulated aeronautical activity and directly attributed the costs to those activities accordingly;
3. Identified common costs that are shared across more than one regulated activity and/or between regulated and non-regulated activities;
4. Used causal allocators where appropriate to allocate those common costs across regulated and/or non-regulated activities;
5. Allocated the remainder of common costs using proxy allocators.

The report on cost allocator table above 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 those cost allocators follows:

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

2. 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.

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

182 4. 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.

183 5. 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.

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

a. the stormwater rule examines sealed (impermeable) surface area usage between regulated and non-regulated activities.
b. the wastewater rule examines metered water usage between regulated and non-regulated activities.
c. 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.

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

8. Engineering and support services costs are allocated across regulated and non-regulated activities based on a two-step process:
a. First the internal repairs and maintenance charges to business units are summed by internal business unit.
b. Then the allocation rule is calculated based on the product of the charge by business unit and the default rule associated with each business unit (e.g. direct or otherwise).

Auckland Airport has adopted the same allocation methodologies as applied for the year ended 30 June 2010 and therefore there are no changes to report in table 10b(i).

	Regulated Airport	Auckland International Airport	
	For Year Ended	30 June 2011	

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

ref | *Version 2.0*

ref		Number	Total Duration Hours	Total Duration Minutes
6	**Runway**			
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	–	–	–
9	Airlines/Other	–	–	–
10	Undetermined reasons	1	7	57
11	Total	1	7	57
12	**Taxiway**			
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	–	–	–
15	Airlines/Other	–	–	–
16	Undetermined reasons	1	–	53
17	Total	1	–	53
18	**Remote stands and means of embarkation/disembarkation**			
19	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	–	–	–
21	Airlines/Other	–	–	–
22	Undetermined reasons	–	–	–
23	Total	–	–	–
24	**Contact stands and airbridges**			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	–	–	–
27	Airlines/Other	–	–	–
28	Undetermined reasons	93	249	58
29	Total	93	249	58
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	–	–	–
33	Airlines/Other	–	–	–
34	Undetermined reasons	16	24	18
35	Total	16	24	18
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	2	–	58
41	Total	2	–	58
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	N/A	N/A	N/A
45	Airlines/Other	N/A	N/A	N/A
46	Undetermined reasons	N/A	N/A	N/A
47	Total	–	–	–
48				

Regulated Airport	Auckland International Airport
For Year Ended	30 June 2011

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref | *Version 2.0*

Fixed electrical ground power availability (if applicable)

The percentage of time that FEGP is unavailable due to interruptions* N/A

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

Commentary concerning reliability measures

Transitional Provisions for FY11

The Information Disclosure Determination contains transitional provisions relating to the public disclosure of reliability measures for the disclosure year ending 2011. Clause 2.10 lists the following exemptions:

- Interruptions do not need to be identified by the party responsible. Instead, these are required to be reported as occurring for "undetermined reasons".
- The on time departure delay information does not need to be disclosed.
- The fixed electrical ground power information does not need to be disclosed.

Reliability Measures

Auckland Airport captures interruptions to services through its fault management system. Appendix C to the Commerce Commission Information Disclosure (Airport Services) Reasons Paper dated 22 December 2010 defines the conditions in which an interruption to the supply of a material service is identified and recorded. The fault management system has been designed to record the interruptions based on the principles outlined in Appendix C. All systems faults are reviewed on a monthly basis with a view to ensuring that interruptions that meet the conditions defined by Appendix C are not missed.

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

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

The preceding tables report the number and duration of material service interruptions. To provide context, another way to view this information is to consider the proportion of the time that the material service is available. For the disclosure year ended 2011, the percentage of time that Auckland Airport's material services were available was as follows:

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

Under the definition of an interruption to the supply of a material airport service provided in Appendix C of the Commerce Commission's Information Disclosure (Airport Services) Reasons Paper, one of the conditions for an interruption to have occurred is that an impacted flight must be on schedule were it not for an interruption to a material service. Auckland Airport has not to date received comprehensive information related to on-time performance from the airlines for the disclosure year ending 30 June 2011. This means that Auckland Airport cannot determine whether an interruption related to a scheduled or unscheduled flight. Auckland Airport has therefore reported all material interruptions, regardless of whether the flight was on schedule or not. Auckland Airport may therefore have over reported material interruptions. Auckland Airport has requested that the airlines provide it with on time performance information but is not able to compel the provision of this information.

Auckland Airport's fault management system captures the interruption time from the time the fault first occurred until it was resolved and has the capability to identify if an equivalent service was provided. According to the definition of an interruption in Appendix C, if an equivalent service is provided, then an interruption to supply has not been deemed to occur. On some occassions, the fault management system has recorded the total time that the asset was out of use for, rather than the time an equivalent service was unable to be provided. This issue particularly impacted airbridge fault data. Auckland Airport has a number of airbridges. If one airbridge cannot be used, another airbridge can easily be substituted, in which case airlines are provided with an equivalent service. However, if all airbridges are in use, then an airline will not have received an equivalent service. To account for this, Auckland Airport assessed which faults occurred during peak times, when it was more likely that no alternative service would have been made available. This adjustment was only made to eight of the 93 interruptions. Auckland Airport considers that in this respect the duration of the interruptions disclosed is likely to overestimate the true interruption time according to the definition in Appendix C.

Auckland Airport has established an Operational Process Improvement Forum. The forum meets on a quarterly basis to review the performance of material services and to ensure that adequate operational improvements are in place (see Schedule 15 for further information). Auckland Airport investigates the reported interruptions in order to determine the root cause. Actions are then identified to prevent re-occurrence of the interruption and to seek to continually improve the service provided to airlines and passengers.

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

Regulated Airport: Auckland International Airport
For Year Ended: 30 June 2011

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

ref Version 2.0

Runway

		Runway #1	Runway #2	Runway #3
Description of runway(s)	Designations	23L/05R	N/A	N/A
	Length of pavement (m)	3,635	N/A	N/A
	Width (m)	45	N/A	N/A
	Shoulder width (m)	30	N/A	N/A
	Runway code	4F	N/A	N/A
	ILS category	Category III B	N/A	N/A
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	40	N/A	N/A
	IMC (movements per hour)	32	N/A	N/A

Taxiway

		Taxiway #1	Taxiway #2	Taxiway #3
Description of main taxiway(s)	Name	Alpha	Bravo	Delta
	Length (m)	3,204	2,447	333
	Width (m)	45	24	23
	Status	Full length	Part length	Part length
	Number of links	11	10	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	12	–	26
	Domestic jet	9	1	–
	Domestic turboprop	–	10	8
Total parking stands		21	11	34

Busy periods for runway movements

	Date
Runway busy day	23 December 2010
Runway busy hour start time (day/month/year hour)	25 Apr 2011 11 a.m.

Aircraft movements

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

		Contact stand–airbridge	Contact stand–walking	Remote stand—bus	Total
Air passenger services	International	117	8	2	127
	Domestic jet	96	20	1	117
	Domestic turboprop	–	215	–	215
	Total	213	243	3	459
Other (including General Aviation)					20
Total aircraft movements during the runway busy day					479

Number of aircraft runway movements during the runway busy hour	39

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

The reported runway description is consistent with what Auckland Airport reports in the Aeronautical Information Publication (AIP). The declared runway capacity under instrument meteorological conditions varies between 20 and 39 movements per hour. The capacity depends on weather conditions and the runway mode of operation. The more inclement the weather, the fewer the aircraft movements per hour that are possible. This is because greater allowance is required for missed approaches. The runway mode of operation depends on the wind direction. In most instances, aircraft land and take off into the wind. Auckland Airport's prevailing wind direction is westerly. Under westerly wind conditions, aircraft land and take-off using RWY 23L. RWY 23L is therefore used more than the easterly facing RWY 05R.

RWY 23L has greater capacity than RWY 05R. RWY 23L is equipped with a Category III B instrument landing system. This means that pilots can land with 0 feet cloud base and 75 metres of visibility. RWY 05R is equipped with a Category I instrument landing system. This allows pilots to land with a cloud base of 215 feet and at least 800 metres of visibility. During low visibility operations, pilots are still able to land using RWY 23L, whereas they may not be able to land using RWY 05R. During low visibility operation using RWY 23L, up to 20 aircraft movements per hour are possible.

Auckland Airport is continually assessing ways in which to increase its runway capacity. As part of the Airways Runway Capacity Enhancement group, Auckland Airport works with key stakeholders to investigate how runway capacity can be increased.

During the runway busy hours, up to 39 aircraft runway movements were made. During the year, there were 32 hours during which 39 aircraft runway movements were made. This suggests that there is some evidence that the runway is reaching maturity and that a second runway may be required over the medium term. Auckland Airport is working with key stakeholders to evaluate the appropriate timing of any need for a second runway.

At present, there is only one taxiway link in and out of the Western side of the international apron. This causes congestion, particularly at peak times. To ease this congestion, Auckland Airport has recently approved the building of a second link in this area. This will facilitate airlines' ability to arrive and depart at prime times, reducing the possibility of delays. This taxiway link will also provide additional holding points during low visibility operations.

	Regulated Airport	Auckland International Airport
	For Year Ended	30 June 2011

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

ref Version 2.0

	Outbound (Departing) Passengers	International terminal	Domestic terminal	Common area †
7	**Landside circulation (outbound)**			
8	Passenger busy hour for landside circulation (outbound)—start time			
9	(day/month/year hour)	20 Feb 2011 6 p.m.	6 Jul 2010 7 a.m.	
10	Floor space (m²)	5,393	1,506	
11	Passenger throughput during the passenger busy hour (passengers/hour)	1,575	1,122	
12	Utilisation (busy hour passengers per 100m²)	29	75	Not defined
13	**Check-in**			
14	Passenger busy hour for check-in—start time (day/month/year hour)	20 Feb 2011 6 p.m.	6 Jul 2010 7 a.m.	
15	Floor space (m²)	4,489	1,029	
16	Passenger throughput during the passenger busy hour (passengers/hour)	1,575	1,122	
17	Utilisation (busy hour passengers per 100m²)	35	109	Not defined
18	**Baggage (outbound)**			
19	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	20 Feb 2011 6 p.m.	6 Jul 2010 7 a.m.	
20	Make-up area floor space (m²)	8,457	2,617	
21	Notional capacity during the passenger busy hour (bags/hour)*	2,040	2,000	
22	Bags processed during the passenger busy hour (bags/hour)*	1,575	864	
23	Passenger throughput during the passenger busy hour (passengers/hour)	1,575	1,122	
24	Utilisation (% of processing capacity)	77%	43%	Not defined
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 Feb 2011 6 p.m.		
29	Floor space (m²)	792		
30	Number of emigration booths and kiosks	27		
31	Notional capacity during the passenger busy hour (passengers/hour) *	1,848		
32	Passenger throughput during the passenger busy hour (passengers/hour)	1,575		
33	Utilisation (busy hour passengers per 100m²)	199		
34	Utilisation (% of processing capacity)	85%		
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 Feb 2011 6 p.m.	13 Feb 2011 7 a.m.	
38	Facilities for passengers excluding international transit & transfer			
39	Floor space (m²)	303	197	
40	Number of screening points	6	4	
41	Notional capacity during the passenger busy hour (passengers/hour) *	1,620	1,080	
42	Passenger throughput during the passenger busy hour (passengers/hour)	1,575	972	
43	Utilisation (busy hour passengers per 100m²)	520	493	
44	Utilisation (% of processing capacity)	97%	90%	
45	Facilities for international transit & transfer passengers			
46	Floor space (m²)	85		
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)	124		
51	Utilisation (busy hour passengers per 100m²)	146		
52	Utilisation (% of processing capacity)	23%		
53	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
54				

	Regulated Airport	Auckland International Airport	
	For Year Ended	30 June 2011	

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

ref Version 2.0

ref		International terminal	Domestic terminal	Common area †
61				
62	**Airside circulation (outbound)**			
63	Passenger busy hour for airside circulation (outbound)—start time			
64	(day/month/year hour)	20 Feb 2011 6 p.m.	6 Jul 2010 7 a.m.	
65	Floor space (m^2)	8,631	1,726	
66	Passenger throughput during the passenger busy hour (passengers/hour)	1,699	1,122	
67	Utilisation (busy hour passengers per $100m^2$)	20	65	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	20 Feb 2011 6 p.m.	6 Jul 2010 7 a.m.	
70	Floor space (m^2)	6,779	1,903	
71	Number of seats	1,344	612	
72	Passenger throughput during the passenger busy hour (passengers/hour)	1,699	1,122	
73	Utilisation (busy hour passengers per $100m^2$)	25	59	
74	Utilisation (passengers per seat)	1.3	1.8	
75	**Inbound (Arriving) Passengers**			
76	**Airside circulation (inbound)**			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	25 Oct 2010 2 p.m.	2 Sep 2010 11 a.m.	N/A
79	Floor space (m^2)	8,129	1,750	–
80	Passenger throughput during the passenger busy hour (passengers/hour)	1,536	1,103	–
81	Utilisation (busy hour passengers per $100m^2$)	19	63	Not defined
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	25 Oct 2010 2 p.m.		
85	Floor space (m^2)	1,470		
86	Number of immigration booths and kiosks	56		
87	Notional capacity during the passenger busy hour (passengers/hour) *	3,304		
88	Passenger throughput during the passenger busy hour (passengers/hour)	1,488		
89	Utilisation (busy hour passengers per $100m^2$)	101		
90	Utilisation (% of processing capacity)	45%		
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)	25 Oct 2010 2 p.m	2 Sep 2010 11 a.m.	N/A
95	Floor space (m^2)	1,541	1,506	–
96	Passenger throughput during the passenger busy hour (passengers/hour)	1,488	1,103	–
97	Utilisation (busy hour passengers per $100m^2$)	97	73	Not defined
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	25 Oct 2010 2 p.m.	2 Sep 2010 11 a.m.	
100	Floor space (m^2)	4,226	1,063	
101	Number of reclaim units	5	4	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	1,350	938	
103	Bags processed during the passenger busy hour (bags/hour)*	1,488	849	
104	Passenger throughput during the passenger busy hour (passengers/hour)	1,488	1,103	
105	Utilisation (% of processing capacity)	110%	91%	
106	Utilisation (busy hour passengers per $100m^2$)	35	104	
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)	25 Oct 2010 2 p.m.		
111	Floor space (m^2)	2,163		
112	Notional MAF secondary screening capacity during the passenger busy hour	2,400		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	1,488		
115	Utilisation (% of processing capacity)	62%		
116	Utilisation (busy hour passengers per $100m^2$)	69		
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)	25 Oct 2010 2 p.m.	2 Sep 2010 11 a.m	N/A
120	Floor space (m^2)	1,652	145	–
121	Passenger throughput during the passenger busy hour (passengers/hour)	1,488	1,103	–
122	Utilisation (busy hour passengers per $100m^2$)	90	761	Not defined
123				

Regulated Airport	Auckland International Airport
For Year Ended	30 June 2011

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

ref Version 2.0

ref		International terminal	Domestic terminal	Common area †
130				
131	**Total terminal functional areas providing facilities and service directly for passengers**			
132	Floor space (m^2)	54,110	11,716	N/A
133	Number of working baggage trolleys available for passenger use			
134	at end of disclosure year	2,250	650	N/A

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

136 Floor spaces

137 In 2010, Airbiz was engaged to compile estimates of capacity and utilisation measures in the same manner as required by information disclosure. As part of this work, Airbiz completed estimates of the floor spaces. The reported floor spaces are based on Airbiz' work, adjusted to account for changes since 2010.

138 Domestic passenger busy hour and throughput

Auckland Airport has engaged Airbiz to estimate the domestic inbound and outbound passenger busy hour and passenger throughput during the passenger busy hour. Unlike some other airports in New Zealand, Auckland Airport does not currently have a domestic passenger charge. Auckland Airport therefore has not captured domestic passenger information at the level of detail required to accurately report on the passenger busy hour and throughput during the busy hour. At present, Auckland Airport is seeking to obtain domestic passenger information in future years by incorporating this into its conditions for use.

139 Airbiz has estimated the passenger busy hour and passenger throughput during the busy hour by using aircraft movements and load factor assumptions. While there are gaps in Airbiz' records of passenger numbers on individual flights, Auckland Airport has reliable data of all aircraft movements. Where passenger data is unavailable, Airbiz applies a 75% load factor to determine a notional number of passengers to apply to those flights.

140 Notional capacity of baggage units and busy hour throughput

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

142 The notional capacity of the international outbound baggage facilities has been assessed by using a practical capacity of 17 bags per minute through each x-ray unit. While Auckland Airport has three x-ray units, the notional capacity has been based on two units as the third unit is required for secondary screening purposes.

143 Airbiz has assessed the domestic terminal outbound baggage notional capacity based on the practical capacity of the baggage system. Airbiz ascribe a practical capacity of 1,000 bags per hour for each of the two units. One of the units is owned and maintained by Auckland Airport, and the other by Air New Zealand.

144 The notional capacity of the international baggage reclaim facilities is based on an assumed typical aircraft of 300 passengers and a load factor of 80%, occupying a reclaim unit for 40 minutes. This capacity is then scaled by a utilisation factor of 75% to account for the fact that not every aircraft arrives on schedule. After the utilisation factor is applied, the notional capacity measured in passengers per hour is 1,350. To convert this to a notional capacity in bags per hour, this needs to be multiplied by the average number of bags carried by each passenger. Multiplying the number of passengers per hour by Auckland Airport's calculated bags per passenger gives the notional capacity in bags per hour. Auckland Airport's calculation of bags per passenger is explained in more detail below.

146 Airbiz used a similar methodology to estimate the notional capacity of the baggage reclaim units in the domestic terminal. Airbiz' notional capacity calculation assumes that a mix of narrow body aircraft and smaller turbo props land in a typical busy hour. Airbiz assume that a narrow body aircraft requires 20 minutes per claim unit and a turboprop aircraft requires 6 minutes per claim unit. The assumed load factor for both aircraft is 80%. A utilisation factor of 75% is then applied. This gives a notional capacity in passengers per hour of 1,220. Airbiz advised that approximately 70% of domestic passengers travel with checked in baggage and carry an average of 1.1 bags. Multiplying this by the notional capacity in passengers per hour gives a notional capacity in bags per hour.

The number of bags processed during the busy hour for both outbound and inbound passengers using the international and domestic terminals was calculated by multiplying the number of passengers in the busy hour by the estimated number of bags per passenger. Allowances of 1 bag per international passenger and 0.77 bags per domestic passenger were used when calculating the notional capacity of the baggage facilities. Auckland Airport therefore applied these same assumptions in calculating the number of bags processed.

149 The number of bags processed during the busy hour for outbound passengers using the international terminal was calculated by first estimating the average number of bags per passenger. Because outbound bags are scanned, a record of the number of outbound bags processed during the year is available. Auckland Airport's baggage operator Glidepath provided the number of outbound bags processed during the year. Dividing the number of outbound bags by the number of outbound passengers (excluding transit and transfer passengers) and adding an allowance for oversize baggage gave an average of one bag per passenger. This number was multiplied by the passenger throughput during the busy hour to estimate the number of bags processed during the busy hour.

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

152 Passport control

153 The notional capacity during the passenger busy hour for outbound and inbound passport control has been calculated by considering the number of SmartGates, the number of emigration and immigration desks, the transaction time per SmartGate and the transaction time per emigration/immigration desk. The transaction time per passenger at an emigration counter was estimated to be 30 seconds and the transaction time per passenger at an immigration counter was estimated to be 45 seconds. The transaction time for both inbound and outbound passengers at a SmartGate was estimated to be 15 seconds. All transaction times were adjusted by an efficiency factor of 70% to allow for considerations such as the time to walk from the queue to the counter. This information was provided by Airbiz and is used in planning.

155 It should be noted that the notional capacity will not be achievable in all circumstances. The SmartGate facilities can presently only be used by New Zealand and Australian passport holders who are over 18. If an aircraft has relatively few passengers able to use the SmartGates, the practical capacity will be lower.

157 Security screening

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

The busy hour identified for inbound security screening is not necessarily the same busy hour for transit and transfer passengers where the number of transit and transfer passengers varies significantly for different air routes. During the identified busy hour, 124 passengers were estimated to have been processed through international transit and transfer screening. However in the month of January 2011 alone, there were an estimated 55 instances when more than 124 passengers per hour went through transit and transfer screening.

Departure lounges

The number of seats in both the international and domestic terminals was based on a physical count in April 2011.

Bio-security screening and customs secondary inspection

The notional capacity of MAF secondary screening capacity during the passenger busy hour was calculated by multiplying Airbiz' estimate of the number of passengers per hour each screening unit can process by the number of units. The estimate of the number of passengers per hour per unit was 300. It should be noted that the notional capacity is based on average processing times. For periods with a greater proportion of higher risk profile passengers, the screening capacity will be lower.

162 Total terminal functional space

The number of working trolleys represents the number of trolleys that Auckland Airport's trolley provider, Smartecarte, is contracted to provide.

The total terminal functional area floor space is slightly less than the sum of the individual areas. This is because airside circulation space is used for both
166 outbound and inbound passengers. The area that has been double counted was subtracted from the total.

General comments on capacity utilisation

Domestic capacity utilisation measures indicate that a number of domestic terminal facilities are operating at, or near, capacity. As the space utilisation indicators suggest, almost all areas of the domestic terminal are more constrained than the international terminal. Auckland Airport has prioritised capital expenditure to alleviate some of the main congestion points in the short term. For example, Auckland Airport is redeveloping the gate lounges and airside circulation spaces. In the check in area, the lack of space has partially been mitigated by the use of self-service kiosks. However, in the longer term, additional measures are likely to be needed, including a larger terminal facility.

The baggage reclaim and security screening facilities are other areas which Auckland Airport has identified require further investment. Both the baggage utilisation metrics (% of processing capacity and busy hour passengers per 100 square metres) indicate that the domestic baggage reclaim facilities are nearing capacity. There is a project currently investigating improving the baggage reclaim area.

The domestic security screening indicator suggests that 90% of capacity was being used during the busy hour. However, the practical capacity is lower than the notional capacity and, at times, the domestic security screening facilities are operating well above 90%. Because of the split location of the screening facilities, there are times when capacity is lower than 1,080 passengers per hour. The main screening facilities have three screening units, and there is an additional screening unit that services two gates. These two gates typically hold aircraft seating up to 180 passengers. The screening facility can only process 270 passengers per hour, which means that the screening facility cannot process two planes at one time. Therefore there are times when the screening capacity is only 990 passengers per hour. Regional passengers generally do not go through security screening. However, regional passengers using the Koru lounge must go through security to get to the lounge. The busy hour passenger throughput numbers do not include these passengers. In addition, passengers do not arrive at the screening point at a consistent rate during the busy hour. There can be periods during the busy hour when the facilities are put under severe strain. Improving security screening processing is a high priority for Auckland Airport.

In the international terminal, the capacity utilisation indicators suggest that the emigration processes and baggage reclaim are nearing capacity. Auckland Airport is investigating further investment in both of these areas.

167

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

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

170

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2011**

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 2.0*

Survey organisation

Survey organisation used	ACI
If "Other", please specify	

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

Domestic terminal

Quarter for year ended	1 30 Sep 10	2 31 Dec 10	3 31 Mar 11	4 30 Jun 11	Annual average
Ease of finding your way through an airport	4.1	4.2	4.1	4.2	4.1
Ease of making connections with other flights	3.8	3.8	3.9	4.1	3.9
Flight information display screens	4.1	4.1	4.0	4.2	4.1
Walking distance within and/or between terminals	4.0	4.0	4.0	4.0	4.0
Availability of baggage carts/trolleys	4.3	4.1	4.2	4.3	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.3	4.2	4.3	4.3	4.3
Availability of washrooms/toilets	3.8	3.9	3.9	3.9	3.9
Cleanliness of washrooms/toilets	3.8	3.8	3.8	3.7	3.8
Comfort of waiting/gate areas	3.5	3.6	3.6	3.6	3.6
Cleanliness of airport terminal	4.0	4.1	4.2	4.1	4.1
Ambience of the airport	3.7	3.8	3.9	3.8	3.8
Security inspection waiting time	4.3	4.2	4.3	4.3	4.3
Check-in waiting time	4.5	4.3	4.3	4.4	4.4
Feeling of being safe and secure	4.3	4.2	4.4	4.3	4.3
Average survey score	4.0	4.0	4.1	4.1	4.0

International terminal

Quarter for year ended	1 30 Sep 10	2 31 Dec 10	3 31 Mar 11	4 30 Jun 11	Annual average
Ease of finding your way through an airport	4.0	4.0	4.2	4.1	4.1
Ease of making connections with other flights	4.1	4.2	4.2	3.9	4.1
Flight information display screens	4.0	3.9	4.2	4.1	4.0
Walking distance within and/or between terminals	3.7	3.9	4.0	3.9	3.9
Availability of baggage carts/trolleys	4.2	4.4	4.2	4.3	4.3
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.2	4.3	4.3	4.4	4.3
Availability of washrooms/toilets	4.0	4.2	4.1	4.1	4.1
Cleanliness of washrooms/toilets	3.9	4.2	4.1	4.0	4.0
Comfort of waiting/gate areas	3.9	4.0	3.9	3.9	3.9
Cleanliness of airport terminal	4.2	4.4	4.3	4.3	4.3
Ambience of the airport	3.9	4.1	4.1	4.1	4.1
Passport and visa inspection waiting time	3.8	4.3	4.1	4.4	4.1
Security inspection waiting time	4.1	4.2	4.1	4.3	4.2
Check-in waiting time	3.9	4.1	4.0	4.1	4.0
Feeling of being safe and secure	4.3	4.3	4.3	4.4	4.3
Average survey score	4.0	4.2	4.1	4.2	4.1

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

Commentary concerning report on passenger satisfaction indicators

Auckland Airport surveys its passengers every quarter in order to assess passenger satisfaction. This survey covers key aspects of passenger facilities and customer service.

The minimum sample size is 350 passenger interviews per quarter. The Airport Service Quality ('ASQ') sample plan has quotas by airline and by destination so that the total sample is representative of Auckland Airport's actual traffic mix. Interviews are therefore undertaken with both domestic and international passengers. All interviews take place in the boarding gate area while passengers are waiting to board their flights. Each questionnaire is completed by one passenger only.

To ensure that the survey results are as accurate as possible, ASQ publishes field work guidelines on an annual basis. These guidelines outline the procedures to be followed when implementing the sample plan and conducting passenger interviews. A copy of the field work requirements can be found on Auckland Airport's website – http://www.aucklandairport.co.nz/Corporate/Regulatory-Disclosures.aspx.

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

The quarterly score disclosed for each question is the weighted average of the responses. While the tables above state the scores for each quarter, Auckland Airport monitors responses using a four quarter rolling average, as the annual sample size will give a statistically significant result (by contrast the quarterly sample does not).

Each quarter Auckland Airport undertakes a detailed review of the passenger surveys. The results are fed into business activities and process improvement initiatives. Particular areas of focus have been terminal and bathroom cleanliness, access, and terminal ambience. Auckland Airport has been proactively working with its cleaning contractors to deliver improvements. The cleaning contractors have been briefed on the ASQ programme and their role in helping to improve service delivery. Overall, the cleanliness scores for the terminal facilities improved at the beginning at the year and pleasingly, these improvements were sustained throughout the reporting period. Auckland Airport's focus has now moved to terminal presentation and the factors that influence ambience. Auckland Airport is also focussing on improving the comfort of waiting areas and gate lounges, flight information and the ease of way-finding. In the domestic terminal, the availability and cleanliness of washrooms is also a priority. The results are used to shape Auckland Airport's expenditure on repairs and maintenance. In the domestic terminal, significant investment in new and additional facilities needs to be balanced against the remaining short life expectancy of the terminal in its current form.

The satisfaction with passport and visa inspection waiting time improved markedly during the reporting period. This suggests that new initiatives designed to reduce processing time translated to an improved passenger experience. These initiatives included the introduction of SmartGate kiosks for New Zealand and Australian passenger processing and risk-based profiling for biosecurity.

During the year, Auckland Airport expanded the ASQ tool to develop a greater understanding as to why passengers rate the airport poorly in some areas. Where a passenger rates a service or facility lower than 3 out of 5, Auckland Airport now receives direct feedback as to what the passenger bases this rating on. This will better inform investment and expenditure decisions. Going forward, Auckland Airport is working on ways to monitor customer feedback in real time, in specific areas such as bathroom facilities.

Note that a comment on the accuracy of the passenger data used to prepare the utilisation indicators is included in commentary for schedule 13.

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
For Year Ended: 30 June 2011

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref Version 2.0

Disclosure of the operational improvement process

The Determination requires airports to introduce processes whereby airports meet regularly with airlines to:

(a) Identify any measures available either to:
i. Reduce the likelihood of service losses which have caused loss of material services or on time departure delays from reoccurring; or
ii. Better manage such losses of service or on time departure delays so as to reduce the impact; and
(b) Review quarterly passenger satisfaction surveys to identify where remedial action is required by the airport, airline or border agencies.

To meet this requirement, Auckland Airport has established a quarterly forum held as part of the monthly Regional Facilitation meeting. This meeting is attended by Auckland Airport, airlines, joint border agencies, ground handlers and Board of Airline Respresentatives New Zealand ('BARNZ'). The first of these forums was held in the July 2011. Because this was the first meeting, the review covered the full 2011 financial year. Going forward, the meetings will concentrate on the performance in the previous quarter.

The operational improvement forum focusses on three key areas; airbridge performance, baggage system performance and runway and taxiway performance.

Airbridge performance

Auckland Airport has taken a proactive approach to the improvement of airbridge performance. In October 2009, a working group was formed to address airbridge faults. The group continued to meet regularly during the reporting period. Members of the group were from both Auckland Airport and Air New Zealand. The initial meetings focussed on discussing both operating and repairs and maintenance issues. A list of priorities was developed. Subsequent meetings provided feedback on any on-going concerns and discussed progress on agreed actions.

Root cause analysis was undertaken on major asset outages. The findings were tabled at the Regional Facilitation meeting. This included a description on actions taken to prevent re-occurrence of the outage.

Baggage system performance

Auckland Airport established both weekly and fortnightly forums to address baggage handling performance. This included a fortnightly meeting with Glidepath, the baggage handling operator. A review of back-up procedures was undertaken. The updated procedures performed well at times when the system is down. Problems relating to system outages caused by X-ray failures were highlighted to Avsec for investigation.

Runway and taxiway performance

Auckland Airport holds a monthly forum where runway and taxi-way issues are discussed. Any interruptions are identified and feedback provided. Wildlife hazard management plans are also communicated.

The lighting cable failure that resulted in a significant runway interruption was extensively reviewed by Airways and Valupa. Valupa was commissioned to provide an independent review of the failure. Recommendations from the report are in the process of being implemented.

Lean initiatives

Auckland Airport and other key operational stakeholders have established a lean working group to improve the quality of processes and drive better passenger experiences. The group meets on a monthly basis. The group has specific passenger processing targets for both arrivals and departures. The target time for processing arrivals passengers through immigration passport control, baggage reclaim and biosecurity is 25 minutes. The target time for processing departing passengers through emigration passport control and security screening is 12 minutes. Initiatives introduced during the year to improve passenger processing included:

- The introduction of SmartGate kiosks
- Reduced screening for low risk New Zealand and Australian passengers
- Roving MAF profilers to assess risk in the baggage hall as passengers wait for their bags
- Configuration of customs and biosecurity areas to facilitate better passenger flow and maximise through-put
- Simulation modelling of the emigration hall to define requirements for the future state
- Improved check in zoning and flight information display systems
- Way finding initiatives
- Baggage carousel extension

Some of these initiatives have a direct impact on customer satisfaction. The ASQ passenger satisfaction survey score relating to passport and visa inspection waiting time improved markedly during the reporting period.

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**
For Year Ended: **30 June 2011**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref | *Version 2.0*

16a: Aircraft statistics

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

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Boeing - B777	4,380	1,349,156
Airbus Industrie - A340	1,764	500,540
Boeing - B767	2,456	453,741
Boeing - B737	5,856	448,749
Boeing - B747	975	387,171
Airbus Industrie - A320	4,550	350,245
Airbus Industrie - A380	357	203,133
Airbus Industrie - A330	871	198,904
Boeing - B757	189	20,856
Boeing - B727	31	2,770
McDonnell Douglas - MD11	1	280
Bombardier - BD700	4	174
Grumman - Gulfstream	2	66
Cessna - C750	3	49
Beechcraft - BE40	5	37
Cessna - C560	5	36
Bombardier - Learjet	4	34
Dassault - Falcon	1	31
Convair - CV580	1	28
Canadair - CL600	1	20
Embraer - ERJ135	1	20
British Aerospace - Jetstream	1	7
Cessna - C510	1	4
Total	21,459	3,916,052

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Regulated Airport	Auckland International Airport
For Year Ended	30 June 2011

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)

ref *Version 2.0*

(ii) Domestic air passenger services—the total number and MCTOW of landings of flights by aircraft type during disclosure year

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Boeing - B737	14,571	834,601
Airbus Industrie - A320	4,753	360,063
Boeing - B777	74	22,186
Boeing - B747	21	8,303
Boeing - B767	11	2,030
Boeing - B757	2	222
Boeing - B727	1	89
British Aerospace - BAe146	2	80
Bombardier - BD700	1	44
Total	19,436	1,227,617

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
De Havilland Canada - Dash8	12,696	247,600
Beechcraft - BE1900	14,704	114,177
Aerospatiale/Alenia - ATR72	1,338	30,506
Convair - CV580	813	21,634
Fokker - F27	312	6,496
Britten-Norman - BN2 Trilander	725	3,289
Fairchild - Metroliner	311	2,327
British Aerospace - Jetstream	141	1,030
Beechcraft - BE20	61	346
Piper - PA31	59	208
IAI - GALX	7	113
Cessna - C560	15	108
Beechcraft - BE9L	11	48
SAAB - SF340	3	39
Cessna - C441	3	13
IAI - WW24	1	11
Cessna - C421	3	10
Cessna - C402	3	9
Cessna - C208	2	7
Cessna - C501	1	5
Sikorsky - S76	1	5
Total	31,210	427,982

Regulated Airport	Auckland International Airport
For Year Ended	30 June 2011

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

ref *Version 2.0*

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

	Total number of landings	Total MCTOW (tonnes)
Air passenger service aircraft less than 3 tonnes MCTOW	2,073	5,923
Freight aircraft	296	65,985
Military and diplomatic aircraft	44	3,115
Other aircraft (including General Aviation)	2,656	43,879

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

	Total number of landings	Total MCTOW (tonnes)
Total	77,174	5,690,552

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	40,812	988	997	42,797
Domestic jet air passenger service movements	30,624	7,965	504	39,093

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

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers†	3,058,433	3,686,659	6,745,092
Outbound passengers†	2,981,832	3,705,386	6,687,218
Total (gross figure)	6,040,265	7,392,045	13,432,310
less estimated number of transfer and transit passengers		569,844	569,844
Total (net figure)			12,862,466

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

16d: Airline statistics

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

Domestic	International
Air New Zealand	Aerolineas Argentinas
JetStar Airways	Air Caledonie International
Air Nelson	Air New Zealand
Eagle Airways	Air Pacific
Mount Cook Airlines	Air Tahiti Nui
Pacific Blue Airlines	Air Vanuatu
Great Barrier Air	Cathay Pacific Airways
	China Airlines
	China Southern Airlines
	Emirates Airlines
	Jetstar Airways
	Jetstar Asia
	Korean Air Lines
	Linea Aerea Nacional de Chile
	Malaysian Airline System
	Pacific Blue Airlines
	Qantas Airways
	Royal Brunei Airlines
	Singapore Airlines
	Thai Airways International

Regulated Airport: Auckland International Airport
For Year Ended: 30 June 2011

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref Version 2.0

178 **Airline statistics (cont)**

	Domestic	International
179		
180		
181		
182		
183		
184		
185		
186		
187		
188		
189		

190 **16e: Human Resource Statistics**

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
191				
192 Number of full-time equivalent employees	161.3	86.3	5.2	252.8
193 Human resource costs ($000)				26,395

194 **Commentary concerning the report on associated statistics**

195 **Aircraft and Passenger Statistics**

	2011	2010	% change
Auckland Airport passenger movements			
International arrivals	3,401,737	3,260,315	4.3
International departures	3,420,464	3,287,375	4.0
International passengers excluding transits	6,822,201	6,547,690	4.2
Transits passengers	596,844	578,368	3.2
Total international passengers	**7,392,045**	**7,126,058**	**3.7**
Total domestic passengers	6,040,265	6,032,410	0.1
Total passenger movements	**13,432,310**	**13,158,468**	**2.1**

In the 2011 year, total passenger movements were 13,432,310, an increase of 2.1 percent over the 2010 year. The year to 30 June 2011 provided many natural disaster challenges to passenger volumes at Auckland Airport including the Christchurch earthquake, the Chilean ash cloud and the Japanese tsunami which all had a significant impact on tourism. Despite this, international passenger movements, including transit passengers, increased by 3.7 percent in 2011. International passenger growth of outbound New Zealand passengers was particularly strong in 2011. However, this is in contrast to domestic passenger growth which struggled particularly in the second half of the financial year. The drag on growth experienced in domestic passenger movements was largely driven by Pacific Blue's exit from the domestic market in October 2010. The drop experienced in June 2011 in both domestic and international passenger movements was as a result of the Chilean ash cloud which caused the cancellation of several flights.

Passengers arriving at Auckland by country

Country of Last Permanent Residence	2011 Arrivals	%	2010 Arrivals	%	% Change
New Zealand	1,589,069	46.9	1,498,484	46.1	6.0
Australia	649,017	19.2	633,228	19.5	2.5
United Kingdom	188,779	5.6	190,385	5.9	-0.8
United States of America	154,772	4.6	155,056	4.8	-0.2
China, People's Republic of	128,064	3.8	101,246	3.1	26.5

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Japan	63,724	1.9	62,567	1.9	1.8
Germany	50,814	1.5	51,319	1.6	-1.0
Korea, Republic of	47,232	1.4	48,346	1.5	-2.3
Canada	42,139	1.2	41,673	1.3	1.1
India	30,177	0.9	26,453	0.8	14.1
Hong Kong	22,223	0.7	23,001	0.7	-3.4
Singapore	21,801	0.6	17,708	0.5	23.1
Fiji	20,295	0.6	22,184	0.7	-8.5
France	19,438	0.6	20,361	0.6	-4.5
Netherlands	18,786	0.6	19,406	0.6	-3.2
Other	340,141	10.0	340,019	10.5	0.0
Total	3,386,471	100.0	3,251,436	100.0	4.2

Source: Statistics New Zealand

New Zealanders and Australians based on country of last permanent residence, collectively made up 66.1 percent of international passenger arrivals at Auckland Airport, an increase from 65.6 percent in the prior year. The strongest international passenger growth came from China, with an increase of 26.5 percent - almost 27,000 more arrivals. The increase in Chinese arrivals reflects increased seat capacity from route development work undertaken by Auckland Airport and marketing campaigns driving passenger demand.

International passenger growth also came from Singapore (23.1 percent), India (14.1 percent) and Australia (2.5 percent).

International arrivals from Europe fell slightly during 2011 as a result of economic conditions as well as the impact of natural disasters.

Aircraft volumes

	2011	2010	% of Change
Aircraft landings			
International aircraft landings	21,970	21,401	2.7
Domestic aircraft landings	55,204	56,113	-1.6
Total aircraft landings	**77,174**	**77,514**	**-0.4**
MCTOW (maximum certificated take-off weight)			
International MCTOW	4,007,728	3,923,989	2.1
Domestic MCTOW	1,682,824	1,744,547	-3.5
Total MCTOW	**5,690,552**	**5,668,536**	**0.4**

Total aircraft landings were 77,174, a decrease of 0.4 percent from 2010. International aircraft movements increased by 2.7 percent, while domestic aircraft movements decreased by 1.6 percent.

The company's airfield income is determined from the MCTOW (maximum certificated take-off weight) of aircraft landing at Auckland Airport. The total MCTOW was 5,690,552 tonnes, an increase of 0.4 percent from 2010. Total international MCTOW increased 2.1 percent largely driven by new international services that increased aircraft landings and MCTOW. Total domestic MCTOW decreased by 3.5 percent mainly due to the withdrawl of Pacific Blue from domestic services in October 2010.

Human Resource Statistics

The total full time equivalent employees were 252.8 for the year ended 30 June 2011 which is consistent with the year ended 30 June 2010 which was 251.1. The human resource costs include all employee related costs including wages and salaries, superannuation, Kiwisaver contributions, ACC levies, safety equipment, health and safety programmes and training and travel costs associated with employee development.

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2011**

SCHEDULE 17: REPORT ON PRICING STATISTICS

ref *Version 2.0*

17a: Components of Pricing Statistics

	($000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	3,625
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	16,885
Net operating charges from airfield activities relating to international flights	53,033
Net operating charges from specified passenger terminal activities relating to domestic passengers	5,027
Net operating charges from specified passenger terminal activities relating to international passengers	116,312

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	
Number of domestic passengers on flights of 30 tonnes MCTOW or more	
Number of international passengers	**7,392,045**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	427,982
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,227,617
Total MCTOW of international flights	3,916,052

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	Not defined	8.47
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	Not defined	13.75
Average charge from airfield activities relating to international flights	7.17	13.54

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	Not defined	15.73

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	Not defined	22.91

Commentary on Pricing Statistics

We do not collect domestic passenger data at different MCTOW weight breaks and therefore have requested and received an exemption from this reporting requirement. However, we have prepared the domestic pricing statistics based on total domestic passengers and MCTOW:

Average charge from airfield activities relating to domestic flights: $20,510,000 / 6,040,265 = $3.40 per passenger

Average charge from specified passenger terminal activities: $5,027,000 / 6,040,265 = $0.83 per passenger

Average charge from airfield activities and specified passenger terminal activities: $25,537,000 / 6,040,265 = $4.23 per passenger

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2011**

SCHEDULE 23: REPORT ON INITIAL REGULATORY ASSET BASE VALUE

Version 2.0

23a: Regulatory Asset Base Value

	Unallocated RAB * ($000)	($000)	RAB ($000)	($000)
Allocated non-current assets—year ended 2009		1,349,038		
Adjustment to reinstate unallocated 2009 asset values		222,281		
Non-current assets—year ended 2009		1,571,319		
less				
Assets held for future use—year ended 2009	165,721			
Works under construction—year ended 2009	45,406			
Excluded intangible assets	2,360			
Other excluded assets	544			
		214,031		
plus				
MVAU valuation adjustment		(103,971)		
Initial RAB value		1,253,318		1,067,499
less				
Regulatory depreciation		53,693		44,061
plus				
Indexed revaluations	20,816		17,739	
Non-indexed revaluations	–		–	
Total revaluations		20,816		17,739
plus				
Assets commissioned (other than below)	48,395		30,869	
Assets acquired from a regulated supplier	–		–	
Assets acquired from a related party	–		–	
Assets commissioned		48,395		30,869
less				
Asset disposals (other)	153		69	
Assets disposed of to a regulated supplier	–		–	
Assets disposed of to a related party	–		–	
Asset disposals		153		69
plus **Lost and found assets adjustment**		23,632		10,354
Adjustment resulting from cost allocation				(0)
RAB Value—year ended 2010		1,292,314		1,082,331

Commentary

The net increase in "Lost and found assets adjustment " is comprised of assets that were previously considered outside of the unallocated RAB. These assets have subsequently been found to be related to aeronautical operations and now form part of the unallocated RAB.

The net increase in allocated lost and found assets represents the aeronautical component of the assets described above

** 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.*

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2011**

SCHEDULE 23: INITIAL REGULATORY ASSET BASE VALUE (cont)

ref | Version 2.0

23b: Notes to the Report

($000 unless otherwise specified)

23b(i): Calculation of Revaluation Rate and Indexed Revaluation

	CPI at CPI reference date—2009				1.081
	CPI at CPI reference date—2010				1.099
	Revaluation rate (%)				1.67%
			Unallocated RAB		RAB
	Initial RAB value		1,253,318		1,067,499
less	Revalued land	–		–	
less	Assets with nil physical asset life	3,074		2,134	
less	Asset disposals	153		69	
less	Lost asset adjustment	–		–	
	Indexed revaluation		20,816		17,739

23b(ii): Works Under Construction

		Unallocated works under construction ($000)	($000)	Allocated works under construction	
	Works under construction—year ended 2009	45,406			
plus	MVAU valuation adjustment	–			
	Works under construction adjusted—year ended 2009		45,406		16,266
plus	Capital expenditure	45,091		29,547	
less	Assets commissioned	48,395		30,869	
less	Offsetting revenue	–		–	
plus	Adjustment resulting from cost allocation				–
	Works under construction—year ended 2010		42,102		14,944

23b(iii): Assets Held for Future Use

		Base Value ($000)	Holding Costs ($000)	Net Revenues ($000)	Tracking Revaluations ($000)	Total ($000)
	Assets held for future use—year ended 2009	150,930	–	–	–	150,930
plus	Assets held for future use—additions[1]	–	14,909	548	(2,466)	11,895
less	Transfer to works under construction	–	–	–	–	–
less	Assets held for future use—disposals	2,283	–	–	–	2,283
	Assets held for future use—year ended 2010[2]	148,646	14,909	548	(2,466)	160,542

[1] *Holding Costs, Net Revenues, and Tracking Revaluations entries in the 'Assets held for future use—additions' line relate to the value incurred during the disclosure year.*
[2] *Each category value shown in the 'Assets held for future use—year ended 2010' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year'*

23b(iv): Asset Lives & Asset Uses

Land

Description of Land	RAB value year end	Description of use (land)
Seabed	–	Land under seabed around the Southern Airfield which provides both support and protection to the adjacent land and has provided a platform for past reclamations carried out by the Airport.
Airfield	220,470	Southern airfield land including runways, taxiways and aprons utilised by arriving and departing aircraft
Southern Airfield REPA/PSZ	24,493	Southern airfield runway end protection areas and public safety zones with limited permitted activities due to proximity to runway and flightpath
Southern Airfield Restricted	16,650	Southern Airfield restricted use land with limited permitted activities due to proximity to the Southern Airfield and flightpath
Aircraft and Freight	18,928	Land used by hangars, aircraft maintenance bases, cargo and freight forwarders, either within a secure area or enabling activity in secure areas
ITB	3,883	Land used for the International Terminal Building
DTB	1,397	Land used for the Domestic Terminal Building.
Infrastructure	6,530	Land used to provide essential infrastructure to the airport including stormwater retention ponds, sewer pumping stations, intake power centres and the facilities maintenance depot
Roads	13,141	Airport roads consisting on either main arterial roads or support roads connecting to the passenger terminals, airfield or aircraft and freight facilities
[Asset 10]		
[Asset 11]		
[Asset 12]		
[Asset 13]		
[Asset 14]		
[Asset 15]		
Total value land	305,492	

Schedules maybe subject to minor rounding errors of >$1,000 due to Commerce Commission calculated cells.

Regulated Airport: **Auckland International Airport**
For Year Ended: **30 June 2011**

SCHEDULE 23: INITIAL REGULATORY ASSET BASE VALUE (cont 2)

ref. *Version 2.0*

Sealed Surfaces:

Significant asset	RAB value year end	Description of use (significant assets)	Asset life (years)
Concrete pavement - sub base Airfield	10,460	Supports the runway slabs on the southern airfield	37
Concrete pavement - sub base Airfield	9,683	Supports the runway slabs on the southern airfield	37
Concrete pavement - sub base Airfield	8,271	Supports the runway slabs on the southern airfield	37
Concrete pavement - sub base Airfield	6,035	Supports the runway slabs on the southern airfield	37
Concrete pavement - sub base Airfield	5,729	Supports the runway slabs on the southern airfield	37
Concrete pavement - sub base Airfield	8,521	Supports the runway slabs on the southern airfield	37
[Asset 7]			

Other assets sealed surfaces	179,277
Total value sealed surfaces	227,976

23b(iv): Asset Lives & Asset Uses (cont)

Infrastructure and Buildings

Significant asset	RAB value year end	Description of use (significant assets)	Asset life (years)
Building structure ITB - 1988	68,228	International terminal building providing facilities to passengers	47
Building structure ITB - 1991	5,444	International terminal building providing facilities to passengers	47
Air conditioning & ventilation ITB - 1988	6,510	International terminal building providing facilities to passengers	7
Partitioning, internal walls & ITB - 1988	11,121	International terminal building providing facilities to passengers	37
Electricity network incl light ITB - 1988	6,736	International terminal building providing facilities to passengers	17
Building structure ITB - 1993	5,806	International terminal building providing facilities to passengers	47
See appendix	145,424		

Other assets infrastructure and buildings	285,027
Total value infrastructure and buildings	534,296

Vehicles, Plant and Equipment

Significant asset	RAB value year end	Description of use (significant assets)	Asset life (years)
[Asset 1]			
[Asset 2]			
[Asset 3]			
[Asset 4]			
[Asset 5]			
[Asset 6]			
[Asset 7]			

Other assets vehicles, plant and equipment	14,566
Total value vehicles, plant and equipment	14,566

23b(iv): Asset Lives & Asset Uses (cont)

Infrastructure and Buildings

Significant asset	RAB value year end	Description of use (significant assets)	Asset life (yea
Partitioning, internal walls & ITB - 2005	5,284	International terminal building providing facilities to passengers	47
Building structure ITB - 2001	7,182	International terminal building providing facilities to passengers	47
Baggage handling systems Outbound system - 2006	17,150	Processing of passenger baggage	8
Building structure ITB - 2005	24,272	International terminal building providing facilities to passengers	47
Check-in counters ITB - Cross feeder 1988	5,124	International terminal building counter area providing facilities to passengers	4
Building structure ITB 3A arrivals expansion	24,135	International terminal building providing facilities to passengers	49
Building structure Pier B stage 1a - D1 cost adjd	17,950	International terminal building providing facilities to passengers	50
Partitioning, internal walls & ITB - 2005	6,214	International terminal building providing facilities to passengers	19
Air conditioning & ventilation	6,505	International terminal building providing facilities to passengers	18
Electricity network incl light	8,130	Providing electricty to the International terminal building which provides facilities to passengers	29
Partitioning, internal walls & Pier B stage 1a	5,016	International terminal building providing facilities to passengers	19
Seawall	18,463	Provides protection to the Southern Airfield reclaimed land	253
Other assets infrastructure and buildings	145,424		

Auckland Airport

SCHEDULE 20 CERTIFICATION FOR DISCLOSED INFORMATION

Clause 2.7(1)

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

Signed on behalf of the board by:

Joan Withers

Director, chair of the board

James Miller

Director, chair of the audit and risk committee

17 May 2012

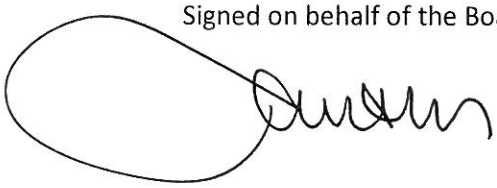
Auckland Airport

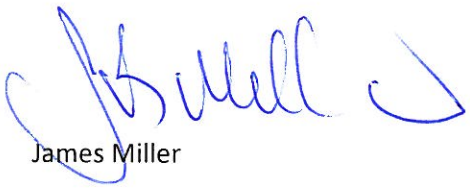
SCHEDULE 22 CERTIFICATION FOR INITIAL REGULATORY ASSET VALUE DISCLOSURE

Clause 2.7(3)

We, Joan Withers and James Bruce Miller, being directors of Auckland International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge the attached Report on Initial Regulatory Asset Value and Report on Asset Allocations of Auckland International Airport Limited, prepared for the purposes of clause 2.10(1) of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 complies with that determination.

Signed on behalf of the Board by:





Joan Withers

Director, chair of the board

James Miller

Director, chair of the audit and risk committee

17 May 2012

Deloitte.

INDEPENDENT ASSURANCE REPORT
TO THE BOARD OF DIRECTORS OF
AUCKLAND INTERNATIONAL AIRPORT LIMITED

Report on the Specified Airport Services Information Disclosure

We have audited the attached Specified Airport Services Information Disclosure Schedules on pages 14 to 71, composed of Schedules 1 through to 17, and Schedule 23 of Auckland International Airport Limited for the year ended 30 June 2011 (the Schedules). This information is stated in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (Determination).

Responsibilities of the Board of Directors for the Disclosure Report

The Board of Directors is responsible for the preparation and certification of the Schedules for the year ended 30 June 2011 in accordance with the Determination, and for such internal control as the Board of Directors determine is necessary to enable the preparation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

In relation to the historical financial information, we conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) with the objective of providing reasonable assurance that the disclosures of the historical financial information set out in Schedules 1 through to 10, and Schedule 23 (Historical Schedules) for the year ended 30 June 2011 have been properly presented, in all material respects, in accordance with the Determination. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Historical Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the Historical Schedules.

In relation to the historical non-financial information, we conducted our audit in accordance with the Standard on Assurance Engagements (New Zealand) 3100: *Compliance Engagements* (SAE 3100) with the objective of providing reasonable assurance that the disclosures of the historical non-financial information set out in Schedules 11 through to 17 for the year ended 30 June 2011 have been properly compiled in accordance with the requirements of the Determination, including guidance issued pursuant to the Determination, and the information is based on the records provided by Auckland International Airport Limited.

Our procedures included:

- Considering the methodologies used in preparing the historical non-financial information included in Schedules 11 through to 17 and confirming that they are in accordance with the guidance issued pursuant to the Determination; and
- Identifying key inputs to the information in Schedules 11 through to 17 and reconciling or agreeing them to source documents and systems.

In relation to the forecast financial information our procedures included:

- Agreeing the Forecast for Current Disclosure year column in Schedule 6 to the price setting event disclosure published on 27 October 2011 (Schedule 18);
- Agreeing the Forecast for Period to Date column in Schedule 6 as the summation of the forecast pricing periods in the price setting event disclosure published on 27 October 2011(Schedule 18).

Actual results are likely to be different from the forecast financial information since anticipated events frequently do not occur as expected and the variation could be material.

Deloitte.

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

Inherent limitations

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

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

Independence

Other than in our capacity as external auditor, AGM vote scrutineer assistance and the provision of taxation advice, we have no relationship with or interests in Auckland International Airport Limited or any of its subsidiaries.

Opinion

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

In our opinion;

- Subject to Clause 2.6(3) proper records have been kept by Auckland International Airport Limited to enable the complete and accurate compilation of required information, as far as appears from our examination of those records;
- The disclosure information in Schedules 1 to 17 and 23 for the year ended 30 June 2011 complies, in all material respects, with the Determination;
- The historical financial information included in Schedules 1 through to 10 has been prepared in all material respects in accordance with the Determination;
- Subject to clause 2.6(3), the historical non-financial information included in Schedules 11 through to 17 complies in all material respects with the requirements of the Determination, including guidance issued pursuant to the Determination, and the information is based on the records provided by Auckland International Airport Limited; and
- The historical financial information included in Schedule 23 (the Report on the Initial Regulatory Asset Value) has been prepared in all material respects in accordance with the Determination.

Use of this Independent Assurance Report

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

Deloitte

Chartered Accountants
17 May 2012
Auckland, New Zealand