

## EXECUTIVE SUMMARY

### 1. Introduction

This is the sixth annual disclosure by Christchurch International Airport Limited ("CIAL") under Part 4 of the Commerce Act. The disclosure report is for the year ending 30 June 2016 ("2016 Disclosure"). This executive summary gives an overview of the information the 2016 Disclosure provides on the performance of the company for this period.

CIAL's current aeronautical charges came into effect on 1 December 2012 and are for the period to 30 June 2017 ("current price setting period"). These charges are based on a long-term levelised price path. CIAL determined this to be the most efficient pricing approach for the current price setting period, in a context where CIAL needed to recover the very large investment that was made in its new Integrated Terminal.

CIAL first reported for the current price setting period in two initial disclosures (the 2012 Price Setting Event disclosure and the annual disclosure for the year ended 30 June 2013).

After feedback from the Commerce Commission that greater transparency of returns was needed, which CIAL accepted, expert advice was sought on how to report on its long-term levelised prices in a way that makes transparent the return of its investment over the current price setting period and for each year of that pricing period.

A report on the appropriate methodology was prepared by Incenta Economic Consulting (Incenta) and can be found on our website at [www.christchurchairport.co.nz/en/about-us/corporate-information/regulatory-disclosures](http://www.christchurchairport.co.nz/en/about-us/corporate-information/regulatory-disclosures). The key element of the revised disclosure methodology was a change from using a standard straight line depreciation method to using a method that calculates the depreciation implied by the long-run price path. A post-tax approach was also adopted.

As a result, in 2014 CIAL used this revised methodology to re-publish the two initial disclosures and committed to using the revised approach as the basis for its annual disclosures for the remainder of the current price setting period. The two re-issued disclosures and the subsequent 2014 and 2015 disclosures are available on our website at [www.christchurchairport.co.nz/en/about-us/corporate-information/regulatory-disclosures](http://www.christchurchairport.co.nz/en/about-us/corporate-information/regulatory-disclosures).

CIAL has continued to use the methodology advised by Incenta in preparing the 2016 Disclosure.

This 2016 Disclosure should be compared to the two re-issued disclosures (the Price Setting Event disclosure for the period to 30 June 2017 and the annual disclosure for the year ended 30 June 2013) and the subsequent 2014 and 2015 disclosures to get a picture of the performance of CIAL's regulated activities over time.

### 2. CIAL's Long Term Objectives

In 2005 CIAL committed to building a new integrated terminal to meet the demands of consumers and growth in tourism, and to reflect the Airport's role as gateway to the South Island – New Zealand's premium international tourism destination. This work is now completed.

Following the 2011 Christchurch earthquake, passenger numbers at the Airport suffered a material reduction as airlines moved capacity to other airports. CIAL's PSE2 prices were set in that context.

Christchurch's total passenger volume growth is now positive, in part due to significant investment in route development by CIAL and recovery initiatives at the Airport. The Airport is vital infrastructure for regional connectivity and this passenger growth in turn drives economic growth in the South Island.

Activity at the Airport is estimated to have a multiplier effect of 1:50 in the South Island. In other words, for every \$1 spent at the Airport, \$50 is spent in the South Island. Furthermore the South Island tourism industry supports approximately 63,000 jobs across the South Island.

CIAL has set its long-term aeronautical growth strategy to ensure that during the post-quake period CIAL increases the productivity of its assets through more flexible options for airlines, appropriate price signals moving forwards, and competitive cost structures, without compromising safety and security.

CIAL's long-term objectives for the use of its assets fall into three categories:

- increasing the **productivity and efficient** use of CIAL's existing terminal asset, through maximising the flexibility of the asset and minimising future capital requirements. In particular, the integrated terminal was designed to provide increased productivity into the future through its ability to "swing" between domestic and international, jet and turboprop flights.
- ensuring CIAL is **innovative** and facilitates, is open to, and fully utilises, others' innovation.
- increased **transparency and simplicity** in information disclosures and future price setting events.

### **3. Information Provided in Disclosure Templates**

The information disclosure regime under Part 4 of the Commerce Act requires CIAL to make a significant amount of detailed information available to its stakeholders on an annual basis. In overview, the disclosure report contains the following financial information and quality and statistical information:

#### ***Financial Information***

In this disclosure report CIAL reports on:

- Our asset base and how it is rolled forward during the year (e.g. depreciation, additions, disposals, revaluations);
- A detailed break-down of our expenditure and how it compares to our price reset forecasts;
- A break-down of our revenue across regulated and unregulated activities;
- A summary of the allocation methodology used to allocate assets and costs to regulated activities;

- A reconciliation to our published financial statements; and
- A detailed analysis of our regulatory profit and return on investment.

### ***Quality, Innovation and Service Performance Information***

The provision of quality, innovation and service performance information was a major change under the new information disclosure regulation. Such information includes:

- Reliability measures across the range of airfield and terminal activities;
- Capacity utilisation indicators for specified airfield, aircraft and freight and terminal activities;
- Passenger satisfaction and perception of customer experience;
- Operational improvements, stakeholder forums and innovation activities and outcomes;
- Initiatives implemented to improve the service experience for all users of Christchurch Airport and to improve the cost efficiency of business operations and asset investment programmes; and
- Statistical analysis of aircraft and passenger movements and pricing efficiency outcomes.

The purpose of Part 4 regulation of airports will be met if consumers are fully informed about the performance of airports. Any assessment of airport performance, in particular promoting the long term benefit of consumers, is best achieved by contextual analysis which considers service quality, efficiency, innovation and investment as well as financial performance.

CIAL also believes it is important to consider performance and returns over time, given that airports are long term cyclical assets.

We are committed to operating an airport that provides high quality, innovative, safe and efficient services for an appropriate price, and we welcome the opportunity to disclose information knowing it will help us perform to the highest standard.

This disclosure report may prompt questions from our customers or other stakeholders, and CIAL welcomes all enquiries. Our objective is to ensure that all of our stakeholders have a good understanding of all facets of our operations, the market we operate in and our long-term objectives.

## **4. 2016 Regulatory Performance Summary**

Information disclosure has a purpose. It allows our stakeholders to assess our financial and non-financial performance at a point in time and, more informatively, it allows our stakeholders to build up a picture of our performance over time.

This is our sixth annual disclosure. In the following sections we discuss what readers can take from the picture it presents, both on a stand-alone basis and when read with our previous annual disclosures and our revised 2012 price setting event disclosure.

## **4.1 Financial Information**

### ***Revenue Outcomes***

Our new aeronautical charges took effect on 1 December 2012, part way through the 2013 disclosure year. This 2016 Disclosure is the third full year under our new aeronautical charges.

The new aeronautical charges were described in detail in our price setting event disclosure report (dated 19 December 2012). Our prices are based on a transition up to the long-run levelised price level by June 2017.

In setting the new aeronautical charges in 2012 it was necessary for CIAL to make a number of judgements including, importantly, the forecast demand for the pricing period through to June 2017.

This was done at a time when the impacts of the Canterbury earthquakes and the uncertainties they created for international leisure travel were largely unknown coupled with additional uncertainty around the likely extent and timing of the Christchurch rebuild programme and how long it would take before critical infrastructure, particularly hotel accommodation, became available.

In addition, an assessment was made of the likely profile of aircraft movements and the mix between jet and turboprop aircraft. This assessment of aircraft movements and aircraft mix then drove CIAL's forecast of the capacity of seats that would likely fly into and out of Christchurch, together with the volume of MCTOW in aircraft weight that would be utilising the airfield services.

As noted previously, CIAL's market experience has been quite different to the forecast made in pricing consultation. In particular the recovery of passenger movements and aircraft capacity servicing Christchurch post-earthquakes took longer than originally forecast. In addition the mix of aircraft between turboprop and jet has been quite different to that forecast. Air New Zealand has used a higher proportion of turboprop aircraft compared with jet aircraft to that originally forecast for the domestic markets.

The combination of all these factors has resulted in CIAL not recovering its forecast revenue for the 43 months to date of the current pricing period (i.e. the period from the price reset in 1 December 2012 to 30 June 2016).

The following table compares the revenue forecast we made when setting our 1 December 2012 prices with the actual revenue based on actual aircraft movements that have eventuated.

<b>Revenue Gap Analysis - Dec 2012 to June 2016</b>						
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>	
<b>Pricing Forecast</b>						
<i>Airfield</i>	15.2	30.2	35.1	39.6	120.1	
<i>Terminal</i>	17.3	32.9	37.8	41.3	129.3	
<b>Pricing Total</b>	32.5	63.1	72.9	80.9	249.4	
<b>Actual Results</b>						
<i>Airfield</i>	13.0	25.7	31.2	36.1	106.0	
<i>Terminal</i>	16.2	29.8	34.4	39.2	119.6	
<b>Actual Total</b>	29.2	55.5	65.6	75.3	225.6	
<b>Revenue Gap</b>						
<i>Airfield</i>	(2.2)	(4.5)	(3.9)	(3.5)	(14.1)	
<i>Terminal</i>	(1.1)	(3.1)	(3.4)	(2.1)	(9.7)	
<b>Gap Total</b>	(3.3)	(7.6)	(7.3)	(5.6)	(23.8)	

\* excludes check-in counter revenue

A more detailed analysis of the demand variances is included in Schedule 16. For the 43 months to date of the current pricing period the negative variance to that forecast when setting prices has remained relatively consistent at approximately 10% less than forecast.

However airlines have added capacity into Christchurch during the 2015/16 year with a 550,000, or 7.5%, seat increase in the year to 30 June 2016. Expectations are for a continued growth in seat numbers for the 2016/17 year of approximately 4.5-5%.

### **Operating Expenditure**

Annual disclosure reports under the new information disclosure regime require us to report our actual operational expenditure for the current disclosure year against that forecast for that year back in 2012. This provides our stakeholders with a measure of our efficiency, and prompts more informed discussions about what is causing departures from our forecasts made in 2012.

In this 2016 Disclosure we discuss our operating expenditure variances in Schedule 6. As explained in Schedule 6 the operating costs for both the current 2016 Disclosure and the period to date are above that forecast when setting prices. In summary the key causes are:

- CIAL has offered promotions and incentives to specific airlines or route destinations, but those promotions and incentives were excluded from the forecast used for pricing after consultation with our airline customers;
- Insurance and rate increases have been greater than we forecast;
- CAA has ruled that labour costs for airfield security gates are an airport cost rather than an Aviation Security cost. The resulting charge was a cost that commenced in 2013 and was not included in the forecast;
- Other costs including maintenance, cleaning and personnel costs have been higher than forecast and to some degree reflect the difficulty of forecasting operating costs for a significantly larger and different terminal than in the previous pricing period;

- Increased emergency service personnel costs are now incurred, in line with the Task and Resource Analysis carried out to ensure compliance with CAA guidelines;
- The structure and processes associated with the on-going District Plan review and other Master Planning activity have driven planning costs higher than originally forecast. In addition in the current year there has been significant additional costs incurred in respect of the regulatory framework and compliance matters;
- There has been a change in approach for how a lease termination cost should be recovered. Annual disclosure requirements treat this cost as an operating cost whereas our pricing forecasts treated it as an asset addition to be amortised over the residual lease term.

The general picture that emerges from our disclosures is one of CIAL gaining operating experience with the new terminal footprint, a forward looking focus on maximising the productivity and operating cost of our new infrastructure, and investing in future growth.

This is coupled with increases in costs that are out of CIAL's control e.g. rates, insurance and CAA requirements, and significant activity required in the planning and regulatory aspects of CIAL's activities.

### ***Operating Efficiency***

In our annual disclosures we have consistently noted that CIAL is continually seeking to improve its operating efficiency. We are very aware that our investment in the new Integrated Terminal, while an efficient investment decision and somewhat overdue, has resulted in our customers facing increasing charges. We need to show that we are operating the new facility efficiently.

Accordingly, operating efficiency is a particular area of focus for CIAL. It is a specific area of attention in the on-going master planning processes, which seek to maximise the productivity of our new infrastructure and minimise the associated operating costs.

Going forward we will continue to target improved operating efficiencies and growth, and we expect our future information disclosure reports to make transparent to our stakeholders our investments in those areas.

A number of initiatives have continued and been progressed over the 2016 financial year designed to improve service performance and maintain a safe and secure operating environment. These are detailed in Schedule 15 of this disclosure report. In progressing these initiatives, CIAL has actively consulted with customers and/or border agencies on a regular basis.

Examples of efficiency initiatives in CIAL's operations include:

- *Airfield Asphalt Treatment* – treatment of asphalt surfaces on the airfield to reduce maintenance program costs and extend the life of asphalt surfaces
- *Project Takatu* – completing runway improvements to future proof the main runway for developments in aircraft types, at a considerable future cost saving
- *Swing Gates* – upgraded procedures to allow automated code E International/Domestic swing gate operations

- *Energy Efficiency* – CIAL has implemented a highly efficient artesian water heating and cooling energy centre, and set up continuous monitoring of terminal building energy consumption.
- *Autogate Operation* – incorporation of Autogate 5 operations into existing Airport Fire Service routines to reduce costs associated with CAA changes to cost allocations for autogates.

### **Capital Expenditure**

When consulting on and setting our aeronautical charges in 2012, we consulted on the capital expenditure we had planned for the period to June 2017. Changes were made to our planned capital expenditure during the consultation process, and the finalised capital expenditure plan is presented in our revised price setting event disclosure report.

Annual disclosure reports are an opportunity to report on how our planned capital investments are progressing. We discuss our activities this year in Schedule 6.

In aggregate CIAL has spent \$11.9m more than forecast for its 2016 financial year and \$16.8m more than forecast for the pricing period to date. The key highlights of CIAL's capital expenditure are set out below.

- CIAL has completed a detailed assessment of its airfield to understand options for enhancing airfield productivity over the next 10-15 years. As a result CIAL upgraded the shoulders on its main runway at an un-forecast cost of \$15.3m to future proof it for the next 20 years.
- A further outcome from this project is a focus on producing significant airfield maintenance savings and the elimination for the need for future capital investment over this next 20 years. This is being reflected by the fact that in the period to date CIAL has spent \$6m less than forecast in the area of airfield pavement maintenance works.
- CIAL has deferred the removal of Regional Stands and Hangar 4 in response to the longer than expected use of Hangar 4 by Air New Zealand.
- The other area in the period to date where CIAL has invested more capital than it forecast was in the completion of the terminal.

We believe this shows that CIAL is investing efficiently and only incurs expenditure where required, while at the same time responding to the changing needs of its airline customers. There will always be a variation between actual and forecast expenditure and the information disclosure regime will ensure that such variations are transparent.

### **Earnings Performance**

The adjusted regulatory profit of \$21.996m (which incorporates the implied depreciation value disclosed in the revised price setting disclosure) has increased by \$3.994m as compared to 2015. This results in a return of 4.50% on the Regulatory Investment Value of \$488.330m for 2016. (compared with the Commerce Commission post-tax benchmark range of 5.69% to 7.66%).

When comparing the 2016 return to that achieved in the prior year, the main point to note is that the improved return was predominantly driven by growth in the regulatory income this year. This reflects the growth in both domestic and international passenger numbers. Despite the improved revenue performance in 2016, the increase in asset values and operating costs (following the commissioning of the new terminal), continues to have an impact on CIAL's returns for the financial year ending 30 June 2016.

The Regulatory Investment Value at \$488.330m remained reasonably consistent with that of 2015, with the value of assets commissioned and indexed revaluations being offset by regulatory depreciation.

The following table outlines the trend of performance for CIAL's financial years from 2011 to 2016:

Item	\$'000					
	2011	2012	2013	2014	2015	2016
Regulatory Profit	18,884	7,517	7,213	14,591	19,239	22,960
Adjusted Regulatory Profit	17,873	6,386	6,247	13,498	18,002	21,996
Regulatory Investment value	315,328	404,058	428,960	489,229	490,122	488,330
ROI - comparable to post tax WACC	5.67%	1.58%	1.46%	2.76%	3.67%	4.50%
Post Tax WACC <sup>*1</sup>	8.06%	7.56%	6.49%	6.77%	7.37%	6.68%

\*1 this is the Commission's post tax mid-point benchmark WACC

This identifies that the return of regulatory profit on regulatory investment value has reduced from 5.67% in 2011 to 4.50% in 2016. These rates of return are significantly below the Commerce Commission post-tax WACC benchmark used to monitor performance, and reflect the extended risk CIAL has been exposed to following the Canterbury earthquakes in 2010/11.

## 4.2 Quality and Statistics

### *The Quality of Our Services*

Passenger satisfaction levels at CIAL continue to be high, with CIAL continuing to be rated among the best airports in Australasia for service quality, consistently ranking number one in Airport Service Quality ("ASQ") scores for a large number of categories (refer below).

The feedback from CIAL's customers is that the quality of CIAL's services meets their demands and CIAL's investment in new terminal facilities has addressed previous areas identified for improvement.

We remain proud of this feedback. Excellence in customer service delivery is an imperative for CIAL and one of the key performance measures on our journey to becoming a "Champion Airport".

To this end, the ethos of "one team best airport" has continued to be implemented and expanded across the Christchurch Airport campus. This ethos is designed to provide a focus on the customer experience and how all parties at the Airport can contribute to the desired customer service outcomes.

Many instances of great passenger experience have been communicated to CIAL. These experiences are regularly published to all staff across the campus - including CIAL, our airline customers and border agencies, through a number of avenues, including Airport Voice and the 2016 Annual Report (both of which are designed to share an integrated message for the whole Airport and its many contributors). Positive comments continue to be made by many parties, including the airlines, on the benefits this approach is providing to customer service being provided at Christchurch Airport.

Specific examples of customer experience initiatives that have been implemented in 2016 include:

- Upgrading the passenger WiFi experience;
- Continued surveying of passenger dwell times to drive process improvements for passenger flows (through journey tracking technology);
- Upgrades completed to furnishings in the Domestic Departure Lounge to improve passenger comfort;
- Recruitment of Mandarin-speaking staff to enhance terminal service levels for Mandarin speaking passengers;
- Replacement of customer baggage trolleys.

As noted above a key source of information on service quality is the ASQ customer satisfaction surveys. The survey data detailed in Schedule 14 demonstrates a continuing high level of passenger satisfaction for both the domestic and international terminals.

The following charts demonstrate the trends in passenger satisfaction over the past 6 years.



When reviewing the response scores for international passengers, it should be noted that there is limited survey data for international business travellers. Wherever there are fewer than 10 respondents the ASQ does not average them and leaves them blank as the results are statistically weak.

In this 2016 Disclosure we continue with our annual reporting of reliability, capacity utilisation and passenger satisfaction statistics (including statistics on time departure delay - as provided by our airline customers - where available). Considering the trend in statistics over the last year, our reporting identifies that:

- Whilst the airport continues to show high levels of reliability for key infrastructure, there has been an increase in on-time departure delays in 2016 (particularly in the Regional Lounge area). Any on-time performance issues are discussed with the individual airlines as and when they occur, and corrective action is commenced in order to reduce the occurrence of these events;
- Growth in ATR and other turboprop movements is putting pressure on the capacity in the Regional Lounge and related apron area on busy days. CIAL's primary objective is therefore to increase the productivity and efficient use of CIAL's existing terminal asset; and
- Passenger satisfaction continues to rate highly given significant terminal investment.

### ***Innovation***

The Commerce Commission and our airline customers have confirmed that CIAL has innovated appropriately in the past and continues to innovate appropriately, and that CIAL is also receptive to airline-led innovation. This year CIAL has continued its emphasis on improving the airport experience and efficiencies in operations.

Particular initiatives that have occurred during this disclosure year to improve the customer experience and operational efficiency have been highlighted earlier in this section. They are further disclosed in Schedule 15.

Again, we believe that information will fuel the drive for innovation. This information disclosure report provides us with an opportunity to report on our innovation initiatives, and generate feedback from stakeholders on both our specific activities and our level of innovation from year to year.

### ***Health, Safety, Security & Environment***

After over 100 years, safety is an embedded feature in aviation and the culture of those working in aviation. People are the most valuable area of our business and protecting them, and those around us, is always the first step in anything we do.

CIAL remains committed to developing, implementing, maintaining and constantly improving safety strategies and outcomes. Our safety focus includes the public, customers, suppliers, tenants, contractors and sub-contractors.

As the gateway to the South Island, great importance is placed by CIAL on being a guardian for "our Place in the World". CIAL is passionate about protecting the environment, minimising the use of natural resources and improving the quality of life for those in our community.

Key initiatives which have been undertaken in the areas of health, safety, security and environment in 2016 include:

- *Ground Power* – CIAL has embarked on a project to facilitate ground based power at certain gates. This will lead to considerable reductions in airlines' fuel costs and CO<sub>2</sub> emissions;

- *Terminal Building Tuning* – CIAL has undertaken significant tuning of new terminal to reduce terminal building energy consumption;
- *Waste Management* – CIAL has made significant investment in waste management processes resulting in an increase in overall waste diversion rates to close to 40% - up 5% on the previous year;
- *Autonomous Vehicle* – CIAL is undertaking a trial of a fully autonomous, driverless vehicle. This is a potential first step towards the use of driverless vehicles to increase connectivity around the Airport campus.
- *Fencing* – CIAL has installed passenger guidance fencing on walking stands to facilitate the passenger boarding process;
- *Apron Ice Procedures* – CIAL has reviewed and upgraded apron ice procedures to mitigate any risk to passengers when boarding aircraft from the ground;
- *Apron Safety* – CIAL has installed mirrors on apron to allow safe vehicle movement and upgraded safety signs in the apron area.

### **Overall Comment**

It is clear that our airport has delivered, and will continue to deliver, an enhanced passenger and airline experience, and a significant social and economic benefit to our country by delivering for both Christchurch and the South Island as a whole.

We also know that we have to compete hard for our air networks. International tourism underpins a good portion of our domestic air networks and the majority of our international air networks. Consequently we will continue to take a lead role in stimulating tourism traffic to Christchurch and the wider South Island.

This involves working with Christchurch city on developing strategies to realise opportunities to drive social, commercial and economic outcomes for communities through a combination of delivering on the anchor projects and implementing a co-ordinated visitor strategy that covers destination management and attractions across all sectors of the visitor economy.

In addition we continue to lead the “South” program which is active with all regions in the South Island, growing its profile in key tourism markets.

CIAL is working with its airline customers and other tourism partners to develop new capacity and services across the Australian market and to new long-haul destinations in Asia, particularly China. Our longer-term growth plan is to build from the position reported in this 2016 Disclosure of 6.3 million passengers to 8.5 million passengers annually by 2025. There are no easy fixes. Growth requires significant and at times lengthy investment with our tourism partners, but the goal is and must be achieved to the benefit of all stakeholders.

Tidy cursor position and sheet scaling

Set sheet protection

Remove sheet protection

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

Company Name	Christchurch International Airport Ltd
Disclosure Date	30 November 2016
Disclosure Year (year ended)	30 June 2016
Pricing period starting year (year ended) <sup>1</sup>	30 June 2013

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

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

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4	<a href="#">REPORT ON REGULATORY ASSET BASE ROLL FORWARD</a>
5	<a href="#">REPORT ON RELATED PARTY TRANSACTIONS</a>
6	<a href="#">REPORT ON ACTUAL TO FORECAST EXPENDITURE</a>
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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 is not required in respect of year CY – 1.

#### *Schedule 6 comparison of actual and forecast expenditures*

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

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

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

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

Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2016

## SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref Version 2.0

(\$000 unless otherwise specified)

## 6 1a: Return on Investment

		CY-2 *	CY-1 *	Current Year CY
	for year ended	30 Jun 14	30 Jun 15	30 Jun 16
7	<b>Return on Investment (ROI)</b>			
9	Regulatory profit / (loss)	14,591	19,239	22,960
10	less Notional interest tax shield	1,093	1,237	964
11	Adjusted regulatory profit	13,498	18,002	21,996
12	Regulatory investment value	489,229	490,122	488,330
14	ROI—comparable to a post tax WACC (%)	2.76%	3.67%	4.50%
15	Post tax WACC (%)	6.77%	7.37%	6.68%
17	ROI—comparable to a vanilla WACC (%)	2.98%	3.93%	4.70%
18	Vanilla WACC (%)	7.01%	7.64%	6.90%

19 **Commentary on Return on Investment**

20 These disclosure statements have incorporated the value of implied depreciation as contained in the Supplementary  
21 Price Reset Disclosure provided in 2014, to reflect the “return of capital” implicit in the levelised price path.

22  
23 The adjusted regulatory profit (which incorporates the implied depreciation value disclosed in the supplementary  
24 PSE2 price reset disclosure) has increased by \$3.994 m or 22.18% as compared to 2015. This results in a return of  
25 4.50% on the Regulatory Investment Value of \$488.330m for 2016. This result is well below the Commerce  
26 Commission benchmark of 6.68% but above the 2015 return of 3.67%.

Item	2014 \$'000	2015 \$'000	2016 \$'000
28 Regulatory Profit	14,591	19,239	22,960
29 Adjusted Regulatory Profit	13,498	18,002	21,996
30 Regulatory Investment Value	489,229	490,122	488,330
31 ROI – comparable to a post-tax WACC	2.76%	3.67%	4.50%
32 Post-tax WACC	6.77%	7.37%	6.68%

33  
34 There are a number of reasons for this level of return and these are highlighted in the following schedules and  
35 explained further in the executive summary preceding these schedules.

When comparing the 2016 return to that achieved in the prior year, the main point to note is that the improved return  
was predominantly driven by growth in the regulatory income this year. This reflects the continued growth in both  
domestic and international passenger numbers.

43 The Regulatory Investment Value at \$488.330m remains reasonable consistent with that of 2015 with the value of  
44 assets commissioned and indexed revaluations being offset by regulatory depreciation.

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

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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

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

ref Version 2.0

(\$000 unless otherwise specified)

59 **1b: Notes to the Report**

60 **1b(i): Deductible Interest and Interest Tax Shield**

61	RAB value - previous year	478,918
62	Debt leverage assumption (%)	17%
63	Cost of debt assumption (%)	4.23%
64	Notional deductible interest	3,444
65	Tax rate (%)	28.0%
66	Notional interest tax shield	964

67 **1b(ii): Regulatory Investment Value**

68	Regulatory asset base value - previous year	478,918
----	---	---------

	Commissioned Projects	Assets Commissioned— RAB Value (\$000)	Proportion of Year Available (%)	Proportionate Regulatory Value
69				
70	Airfield Pavement Maintenance works	1,805	8%	144
71	Pound road realignment and RESA	4,434	100%	4,434
72	Runway Shoulder Widening	15,284	8%	1,273
73				—
74				—
75				—
76				—
77				—
78				—
79	plus Other assets commissioned	7,750	50%	3,875
80	plus Adjustment for merger, acquisition or sale activity			—
81	less Asset disposals	629	50%	315
82	RAB investment	28,644		
83	RAB proportionate investment			9,412
84				
85	Regulatory investment value			488,330

Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2016

## SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 2.0

## 2a: Regulatory Profit

Income		(\$'000)
Airfield Charges	38,964	
Terminal Charges	22,350	
Counter Charges	2,405	
Passenger Service Charges	16,998	
Lease, rental and concession income	8,217	
Other operating revenue	2,545	
Net operating revenue		91,479
Gains / (losses) on sale of assets	19	
Other income	145	
Total regulatory income		91,643
Expenses		
Operational expenditure:		
Corporate overheads	8,876	
Asset management and airport operations	28,801	
Asset maintenance	1,913	
Total operational expenditure		39,590
Operating surplus / (deficit)		52,053
Regulatory depreciation		22,190
plus Indexed revaluation	1,993	
plus Non-indexed revaluation	-	
Total revaluations		1,993
Regulatory Profit / (Loss) before tax & allowance for long term credit spread		31,856
less Allowance for long term credit spread		25
Regulatory Profit / (Loss) before tax		31,831
less Regulatory tax allowance		8,871
Regulatory Profit / (Loss)		22,960

## Commentary on Regulatory Profit

Item	2014 \$'000	2015 \$'000	2016 \$'000
Total Regulatory Income	57,233	80,715	91,643
Total Operational Expenditure	32,753	37,841	39,590
Regulatory Depreciation	17,587	19,464	22,190
Total Revaluations	7,819	2,030	1,993
Regulatory Tax Allowance	96	6176	8,871
Regulatory Profit	14,591	19,239	22,960

- These disclosure statements have incorporated the value of implied depreciation as contained in the Supplementary Price Reset disclosure to reflect the "return of capital" implied in the levelised price path.
- Regulatory Profit for 2016 was \$22.960m.
- Net operating revenue from specified airport activities was \$91.643m (2015: \$80.715m, +13.5%). This reflecting the continued growth in aircraft MCTOW and passenger numbers in 2016.
- Operating expenses for the period were \$39.590m (2015: \$37.841m, +4.6%). This predominately reflects the airport's continued increase in its investment in aeronautical development and tourism marketing activity to stimulate air capacity and passenger growth. In addition the airport has incurred increasing costs in respect to regulatory and planning matters and continued increases in rates.
- Regulatory Depreciation at \$22.190m increased by \$2.726m, reflecting an increase in the implied depreciation to reflect the "return of capital" implicit in the levelised price path.
- Revaluations for 2016 were \$1.993m (2015: \$2.030m). This revaluation relates to the annual revaluation of assets (indexed at CPI of 0.417%).

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)**

ref Version 2.0

(\$000 unless otherwise specified)

**72 2b: Notes to the Report**

**73 2b(i): Allowance for Long Term Credit Spread**

74 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
Wholesale Bond Issue	6/12/2012	6/12/2012	7.0	5.15%	75,000	113	30.00	(75)
Subordinated Wholesale Bond	18/10/2009	18/10/2009	7.0	-	25,000	38	-	(25)
Wholesale Bond Issue	4/10/2013	4/10/2013	8.0	6.25%	50,000	75	-	(66)
						225	30	(166)

81

83 Attribution Rate (%)

85 Allowance for long term credit spread

**86 2b(ii): Financial Incentives**

		(\$000)
Pricing incentives	<input type="text" value="3,285"/>	
Other incentives	<input type="text" value="1,597"/>	
Total financial incentives		<input type="text" value="4,882"/>

**91 2b(iii): Rates and Levy Costs**

	(\$000)
Rates and levy costs	<input type="text" value="1,411"/>

**94 2b(iv): Merger and Acquisition Expenses**

	(\$000)
Merger and acquisition expenses	<input type="text" value="-"/>

**97 Justification for Merger and Acquisition Expenses**

98 There were no merger and acquisition expenses.  
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Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2016**SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE**

ref	Version 2.0			
6		<b>3a: Regulatory Tax Allowance</b>		<b>(\$000)</b>
7		Regulatory profit / (loss) before tax		31,831
8				
9		plus Regulatory depreciation	22,190	
10		Other permanent differences—not deductible	39	*
11		Other temporary adjustments—current period	962	*
12				23,191
13				
14		less Total revaluations	1,993	
15		Tax depreciation	16,867	
16		Notional deductible interest	3,444	
17		Other permanent differences—non taxable	—	*
18		Other temporary adjustments—prior period	1,036	*
19				23,340
20				
21		Regulatory taxable income (loss)		31,682
22				
23		less Tax losses used	—	
24		Net taxable income		31,682
25				
26		Statutory tax rate (%)	28.0%	
27		Regulatory tax allowance		8,871
28		* Workings to be provided		
29		<b>3b: Notes to the Report</b>		
30		<b>3b(i): Disclosure of Permanent Differences and Temporary Adjustments</b>		
31		<i>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).</i>		
32				
33				
34		Details of the tax differences are as follows:		
35		• Permanent differences represent 50% of entertainment expenses which are not deductible for tax purposes.		
36		• Other Temporary differences – current period consist of personnel accruals that are not deductible in the year they are accrued and the cost of uniforms capitalised for tax purposes.		
37		• Other temporary adjustments – prior period are the reversal of the previous year's accruals.		
38				
39				
40				
41				
42				
43		<b>3b(ii): Tax Depreciation Roll-Forward</b>		
44				<b>(\$000)</b>
45		Opening RAB (Tax Value)	196,471	
46		plus Regulatory tax asset value of additions	26,414	
47		less Regulatory tax asset value of disposals	21	
48		plus Regulatory tax asset value of assets transferred from/(to) unregulated asset base	—	
49		less Tax depreciation	16,867	
50		plus Other adjustments to the RAB tax value	3,829	
51		Closing RAB (tax value)		209,826
52		<b>3b(iii): Reconciliation of Tax Losses (Airport Business)</b>		
53				<b>(\$000)</b>
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				

Regulated Airport **Christchurch International Airport Ltd**  
For Year Ended **30 June 2016**

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

ref Version 2.0

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
RAB value—previous disclosure year		547,899		478,918
less				
Regulatory depreciation		26,368		22,190
plus				
Indexed revaluations	2,280		1,993	
Non-indexed revaluations	—		—	
<b>Total revaluations</b>	<b>2,280</b>		<b>1,993</b>	
plus				
Assets commissioned (other than below)	26,271		24,924	
Assets acquired from a regulated supplier	—		—	
Assets acquired from a related party	4,435		4,346	
<b>Assets commissioned</b>	<b>30,706</b>		<b>29,270</b>	
less				
Asset disposals (other)	732		629	
Asset disposals to a regulated supplier	—		—	
Asset disposals to a related party	—		—	
<b>Asset disposals</b>	<b>732</b>		<b>629</b>	
plus <b>Lost and found assets adjustment</b>		—		—
<b>Adjustment resulting from cost allocation</b>				2,106
<b>RAB value †</b>		<b>553,785</b>		<b>489,468</b>

**Commentary**

These disclosure statements have incorporated the value of implied depreciation as contained in the Supplementary Price Reset disclosure to reflect the “return of capital” implied in the levelised price path.

Assets were revalued using the CPI index of 0.417% which resulted in an increase to the RAB of \$1.993m.

Regulatory Depreciation has increased from the prior year, reflecting an increase in the implied depreciation to reflect the “return of capital” implicit in the levelised price path.

The assets commissioned included an update of the shoulders on the main runway (20/02) and the completion of a functional runway end safety area (RESA) at runway 11/29 (including necessary road re-alignment).

The amount of \$4.346m shown as “Assets acquired from a related party” is in relation to land and some buildings which have been brought into the RAB due to impending changing use (previously not assessed as being used for specified airport activities).

The adjustment resulting from cost allocation of (\$2.106m) is the result of changes in the allocation of Administration Assets. The basis of the Administration Assets allocation has changed and this has been detailed in Schedule 9b(1). All other assets have been allocated in a consistent manner as previous years.

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

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

**4b: Notes to the Report****4b(i): Regulatory Depreciation**

	Unallocated RAB	RAB
	(\$000)	(\$000)
Standard depreciation	7,403	4,902
Non-standard depreciation	18,965	17,288
<b>Regulatory depreciation</b>	<b>26,368</b>	<b>22,190</b>

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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

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

ref Version 2.0

(\$000 unless otherwise specified)

66 **4b(ii): Non-Standard Depreciation Disclosure**

67	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
68	Calculation of Depreciation to a method that calculates the depreciation implied by the long-run price path.	17,288	2013	489,468	480,313
69					
70					
71					
72					

73 **4b(iii): Non-Standard Depreciation Disclosure for Year of Change**

74	Summary of Change	Justification for change in depreciation methodology	Extent of customer disagreement and supplier response
75			

77 **4b(iv): Calculation of Revaluation Rate and Indexed Revaluation of Fixed Assets**

79	CPI at CPI reference date—previous year (index value)	1,200
80	CPI at CPI reference date—current year (index value)	1,205
81	Revaluation rate (%)	0.4167%

82		Unallocated RAB	RAB
83	RAB value—previous disclosure year	547,899	478,918
84	less Revalued land	—	—
85	less Assets with nil physical asset life	—	—
86	less Asset disposals	732	629
87	less Lost asset adjustment	—	—
88	Indexed revaluation	2,280	1,993

89 **4b(v): Works Under Construction**

90		Unallocated works under construction	Allocated works under construction
91	Works under construction—previous disclosure year	4,597	4,128
92	plus Capital expenditure	26,790	25,274
93	less Asset commissioned	30,706	29,270
94	less Offsetting revenue	—	—
95	plus Adjustment resulting from cost allocation	—	8,501
96	Works under construction	681	8,633

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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

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

ref Version 2.0

**104 4b(vi): Capital Expenditure by Primary Purpose**

105	Capacity growth	20,159	
106	plus Asset replacement and renewal	5,115	
107	Total capital expenditure		25,274

**108 4b(vii): Asset Classes**

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *	
109						
110	RAB value—previous disclosure year	95,857	102,177	269,858	11,026	478,918
111	less Regulatory depreciation	—	9,926	11,157	1,107	22,190
112	plus Indexed revaluations	397	425	1,129	42	1,993
113	plus Non-indexed revaluations	—	—	—	—	—
114	plus Assets commissioned	2,856	21,522	3,400	1,492	29,270
115	less Asset disposals	—	—	—	629	629
116	plus Lost and found assets adjustment	—	—	—	—	—
117	plus Adjustment resulting from cost allocation	(34)	—	2,053	87	2,106
118	RAB value	99,076	114,198	265,283	10,911	489,468

\* Corresponds to values in RAB roll forward calculation.

**119 4b(viii): Assets Held for Future Use**

	Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total	
120						
121	Assets held for future use—previous disclosure year	41,578	15,655	56	5,575	62,752
122	plus Assets held for future use—additions <sup>1</sup>	—	—	—	189	189
123	less Transfer to works under construction	—	—	—	—	—
124	less Assets held for future use—disposals	1,146	431	—	—	1,577
125	Assets held for future use <sup>2</sup>	40,432	15,224	56	5,764	61,364

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

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

127	Highest rate of finance applied (%)	—
-----	-------------------------------------	---

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

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

ref Version 2.0

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

(\$000)

Net operating revenue	5
Operational expenditure	6,956
Related party capital expenditure	-
Market value of asset disposals	-
Other related party transactions	52,503

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

Entity Name	Related Party Relationship
Christchurch City Holdings Limited	Majority Shareholder
Christchurch City Council	Owner of Majority Shareholder
Connetics	Subsidiary of Majority Shareholder
Red Bus Limited	Subsidiary of Majority Shareholder
Eco Central Ltd	Subsidiary of Majority Shareholder
Enable Services Ltd	Subsidiary of Majority Shareholder
City Care Limited	Subsidiary of Majority Shareholder
Vbase Limited	Subsidiary of Majority Shareholder
Tuam Limited	Subsidiary of Majority Shareholder
BECA Group Limited	Common Directors
House of Travel Holdings Limited	Common Directors

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

Entity Name	Description of Transaction	Average Unit Price (\$)	Value (\$000)
Christchurch City Holdings Limited ( CCHL)	Subordinated Loan balance payable		25,000
Christchurch City Holdings Limited ( CCHL)	Interest paid		1,423
Christchurch City Holdings Limited ( CCHL)	Group Loss offset		7,176
Christchurch City Council (CCC)	Rates		4,427
Christchurch City Council (CCC)	Operational Expenses		484
Christchurch City Council (CCC)	Subvention payment/Losses		8,800
City Care Limited	Operational Expenses		135
Connetics	Operational Expenses		476
Red Bus Limited	Revenue		4
Vbase Limited	Operational Expenses		66
Enable Services Ltd	Subvention payment/Losses		5,062
Civic Building Limited	Subvention payment/Losses		2,176
BECA Group Limited	Structural Engineering Services		829
House of Travel Holdings Limited	Travel, Accommodation, lease tenancy		539
Christchurch International Airport Limited	Management compensation of key personnel including Directors and Executive Management, incorporating salaries and other short term employee benefits		
	- Directors fees		329
	- Executive management		2,537

**Commentary on Related Party Transactions**

Christchurch City Holdings Limited (CCHL), a wholly owned subsidiary of the Christchurch City Council (CCC), owns 75% and the New Zealand Government owns 25% respectively of the issued share capital of the company.

Christchurch International Airport Limited enters into a large number of transactions with government departments, Crown entities, State-owned enterprises and other entities controlled or subject to significant influence by the Crown. These transactions are not separately disclosed where they:

- are conducted on an arm's length basis;
- result from the normal dealings of the parties; and
- meet the definition of related party transactions only because of the relationship between the parties being subject to common control or significant influence by the Crown.

The major elements are loans, interest on loans and subvention payments. These transactions relate to the full company, and are not able to be allocated to specific activities. The Company considers that the remaining transactions cannot reasonably be allocated to specified airport activities without considerable and disproportionate effort and expense.

Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2016

## SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref Version 2.0

## 6a: Actual to Forecast Expenditure

(\$000)

Expenditure by Category	Actual for	Forecast for	% Variance (a)/(b)-1	Actual for	Forecast for	% Variance (a)/(b)-1
	Current Disclosure Year (a)	Current Disclosure Year* (b)		Period to Date (a)	Period to Date* (b)	
Capacity growth	20,159	5,916	240.8%	30,455	5,916	414.8%
Asset replacement and renewal	5,115	7,415	(31.0%)	51,422	60,475	(15.0%)
Total capital expenditure	25,274	13,331	89.6%	81,877	66,391	23.3%
Corporate overheads	8,876	9,076	(2.2%)	37,151	34,763	6.9%
Asset management and airport operations	28,801	18,607	54.8%	93,758	71,267	31.6%
Asset maintenance	1,913	2,293	(16.6%)	9,736	8,781	10.9%
Total operational expenditure	39,590	29,976	32.1%	140,645	114,811	22.5%
<b>Key Capital Expenditure Projects</b>						
Airfield Pavement Maintenance works	1,805	5,000	(63.9%)	17,459	23,500	(25.7%)
Terminal Project	-	-	100.0%	5,795	-	100.0%
Phase 3a - regional Stands, Hangar 4 removed	-	-	Not defined	-	3,130	(100.0%)
Pound road realignment and RESA	4,434	-	Not defined	4,475	4,890	(8.5%)
Runway Shoulder Upgrade	15,284	-	Not defined	15,284	-	Not defined
Disaster recovery and high availability	-	5,916	(100.0%)	-	5,916	(100.0%)
International Stand Optimisation	-	-	Not defined	-	-	Not defined
Apron/taxiway Remediation	-	-	Not defined	18,060	18,675	(3.3%)
Land transfers into Specified Airport activities	-	-	Not defined	5,527	-	Not defined
Other capital expenditure	3,751	2,415	55.3%	16,661	10,280	62.1%
Total capital expenditure	25,274	13,331	89.6%	83,261	66,391	25.4%

## Explanation of Variances

## Operational Expenditure

Total operational expenditure was \$9.614m above the forecast of \$29.976m. The following analysis identified the key items of variance making up this total.

Cost Item	Variance	Reason for variance	Actual Cost Category
Promotions & Airline incentives	+\$5.0m	Costs directly attributable to specific airlines or route destinations were specifically excluded from pricing as a consequence of consultation.	Asset Management & Airport Operations
Rates	+\$1.1m	Cost overrun owing to dispute on rating methodology applied to certain sections of the new integrated terminal plus unexpectedly high rate increases.	Asset Management & Airport Operations
Cleaning costs	+\$0.7m	Higher costs than were anticipated	Asset Management & Airport Operations
Personnel Costs	+\$0.6m	Higher than forecast personnel needed to service the new terminal footprint. In addition CIAL has experienced increased emergency service personnel costs.	Asset Management & Airport Operations
Consultant and Legal Costs	+\$1.1m	Reflects the higher than forecast costs in respect to regulatory and planning matters and work done to assist visitor economy.	Corporate Overheads
Other Administration	+\$0.7m	Primarily due to general increase in costs.	Corporate Overheads

**Note:** when preparing the 2012 forecast, forecasts of these cost items were allocated to Corporate overheads, asset management & airport operations, and asset maintenance based on the actual proportions in 2012. The variance above will similarly impact on those cost categories in the same ratios.

## Total Capital Expenditure

Total capital expenditure was \$11.943m above forecast for the year. Key variances are noted below.

## Airfield pavement maintenance works (-\$3.195m)

When estimating our forecast capital expenditure to be used in setting our 1 December 2012 prices, we based our estimate of airfield pavement maintenance works during the period December 2012 to June 2017 on our 20 year asset management plan. The asset management plan is used for commercial purposes at the airport and reflects our best estimate of future capital expenditure needs. In each year, we make an assessment of the specific maintenance required on our airfield pavement. In this disclosure year less capital expenditure was required than forecast. In other years more capital expenditure than forecast may be required.

## Pound Road Realignment and RESA (\$4.434m)

This variance in the current year is the result of a delay in the timing of the project. This project is now complete.

## Runway Shoulder Upgrade (\$15.284m)

This project was not forecast. CIAL has completed a detailed assessment of its airfield to understand options for enhancing airfield productivity over the next 10-15 years. As a result CIAL upgraded the shoulders on its main runway to future proof for the next 20 years.

## Disaster Recovery (-\$5.916m)

This variance is the result of a delay in timing of the project.

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

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

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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

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

ref Version 2.0

79 **6b: Forecast Expenditure**

80 *From most recent disclosure following a price setting event*

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

82 <b>Expenditure by Category</b>	for year ended				
	Pricing Period Starting Year	Pricing Period Starting Year + 1	Pricing Period Starting Year + 2	Pricing Period Starting Year + 3	Pricing Period Starting Year + 4
	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17
84 Capacity growth	-	-	-	5,916	-
85 Asset replacement and renewal	33,557	12,137	7,366	7,415	9,083
86 Total forecast capital expenditure	33,557	12,137	7,366	13,331	9,083
87					
88 Corporate overheads	8,132	8,691	8,864	9,076	9,272
89 Asset management and airport operations	16,672	17,817	18,171	18,607	19,009
90 Asset maintenance	2,054	2,195	2,239	2,293	2,342
91 Total forecast operational expenditure	26,858	28,703	29,274	29,976	30,623

92 <b>Key Capital Expenditure Projects</b>	for year ended				
	Pricing Period Starting Year	Pricing Period Starting Year + 1	Pricing Period Starting Year + 2	Pricing Period Starting Year + 3	Pricing Period Starting Year + 4
	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17
94 <span style="border: 1px solid black; padding: 2px;">Airfield Pavement Maintenance works</span>	6,400	6,700	5,400	5,000	6,300
95 <span style="border: 1px solid black; padding: 2px;">Apron/taxiway Remediation</span>	18,675	-	-	-	-
96 <span style="border: 1px solid black; padding: 2px;">Pound road realignment and RESA</span>	4,890	-	-	-	-
97 <span style="border: 1px solid black; padding: 2px;">Phase 3a - regional Stands, Hangar 4 removed</span>	-	3,130	-	-	-
98 <span style="border: 1px solid black; padding: 2px;">Disaster recovery and high availability</span>	-	-	-	-	500
99 <span style="border: 1px solid black; padding: 2px;">International Stand Optimisation</span>	-	-	-	5,916	-
100 <span style="border: 1px solid black; padding: 2px;"></span>	-	-	-	-	-
101 <span style="border: 1px solid black; padding: 2px;"></span>					
102 <span style="border: 1px solid black; padding: 2px;"></span>					
103 Other capital expenditure	3,592	2,307	1,966	2,415	2,283
104 Total forecast capital expenditure	33,557	12,137	7,366	13,331	9,083

Regulated Airport  
For Year Ended**Christchurch International Airport Ltd**  
**30 June 2016****SCHEDULE 7: REPORT ON SEGMENTED INFORMATION**

ref Version 2.0

	(\$000)				
	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*	
6					
7					
8	Airfield Charges	-	38,964	-	38,964
9	Terminal Charges	22,350	-	-	22,350
10	Counter Charges	2,405	-	-	2,405
11	Passenger Service Charges	16,998	-	-	16,998
12	Lease, rental and concession income	4,008	275	3,934	8,217
13	Other operating revenue	1,358	410	777	2,545
14	Net operating revenue	47,119	39,649	4,711	91,479
15					
16	Gains / (losses) on asset sales	-	19	-	19
17	Other income	81	64	-	145
18	Total regulatory income	47,200	39,732	4,711	91,643
19					
20	Total operational expenditure	22,804	15,819	967	39,590
21					
22	Regulatory depreciation	10,113	11,617	460	22,190
23					
24	Total revaluations	1,070	862	61	1,993
25					
26	Allowance for long term credit spread	13	11	1	25
27					
28	Regulatory tax allowance	2,700	5,229	942	8,871
29					
30	Regulatory profit/ loss	12,640	7,918	2,402	22,960
31					
32	Regulatory investment value	257,204	214,871	16,255	488,330

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

**Commentary on Segmented Information**

The regulatory profit for the year ending 30 June 2016, prior to the inclusion of the interest rate shield, is \$22.960m.

These Disclosure statements have incorporated the value of implied depreciation as contained in the Supplementary Price Reset disclosure to reflect the "return of capital" implicit in the levelised price path. Regulatory investment value for the year ending 30 June 2016 was \$488.330m compared to \$490.122m at 30 June 2015 (-\$1.972m/-0.3%).

The returns on investment for the respective specified airport activity categories is detailed below, with the 2015 comparative performance included in brackets.

**Specified Terminal**  
4.9% (4.3%)

**Specified Airfield**  
3.7% (2.5%)

**Specified Aircraft & Freight**  
14.8% (18.0%)

Considering each of these segments in turn;

**Specified Passenger Terminal Activities**

The increase in return is due to a combination of impacts on earnings including:

- increased revenue reflecting continued growth in aircraft movement and passenger numbers.
- increased depreciation for 2016 as calculated by the "Implied Depreciation" methodology.
- Revaluations at CPI are lower given a lower index in 2016.
- Regulatory investment value has reduced by \$8,064m (3%).

**Specified Airfield Activities**

The return on airfield activities has increased due to:

- increased revenue reflecting continued growth in aircraft movement and passenger numbers.
- Revaluations at CPI are lower given a lower index in 2016.
- Regulatory investment value has increased by \$4.900m (+2.3%).

**Specified Aircraft and Freight**

The return on aircraft and freight has reduced due to:

- Reduced revenue from lease and rental income.
- Regulatory investment value has increased by \$1.372m (9.2%).

Regulated Airport  
For Year Ended**Christchurch International Airport Ltd**  
**30 June 2016****SCHEDULE 8: CONSOLIDATION STATEMENT**

ref Version 2.0

**8a: CONSOLIDATION STATEMENT**

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business- GAAP	Unregulated Activities- GAAP	(\$000) Airport Company- GAAP
Net income	91,643	–	91,981	90,676	182,657
Total operational expenditure	39,590	–	39,590	29,060	68,650
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	52,053	–	52,391	61,616	114,007
Depreciation	22,190	6,211	28,401	8,045	36,446
Revaluations	1,993	(1,993)	–	–	–
Tax expense	8,871	(2,818)	6,053	8,401	14,454
Net operating surplus / (deficit) before interest	22,985	(5,386)	17,937	45,170	63,107
Property plant and equipment	489,468	124,499	613,967	317,512	931,479

**8b: NOTES TO CONSOLIDATION STATEMENT****8b(i): REGULATORY / GAAP ADJUSTMENTS**

Description of Regulatory / GAAP Adjustment	Affected Line Item	(\$000) Regulatory / GAAP Adjustments *
Depreciation methodology - on additions and disposals under GAAP	Depreciation	6,211
Sale of assets - depreciation on disposal increases the gain on sale	Net income	–
CPI index revaluation - excluded under GAAP	Revaluations	(1,993)
Revaluation of Assets - included under GAAP	Revaluations	17,160
Tax expense adjustment due to different calculation of surplus as well as per/temp diffs	Tax expense	2,818
Land held for development and Work in Progress - excluded from RAB	Property plant & equipment	31,980
Revaluation variance due to different methods for years 2009-2016	Property plant & equipment	115,527
Depreciation differences to date plus changes in allocation %	Property plant & equipment	(23,008)

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

**Commentary on the Consolidation Statement****Regulatory/GAAP Adjustments**

Depreciation \$6.211m – under the implied depreciation regime the depreciation for the pricing assets for the 2016 year was less than the GAAP depreciation for those assets. GAAP also allows for depreciation to be calculated on additions and disposals in the year they occur.

Revaluations (\$1.993m) – under GAAP, assets revalued to market value are allowed under NZ IAS16 and require the determination of market values for each class of asset. Under regulatory rules, all assets are initially established at values in the 2009 base year and then revalued annually using the change in the CPI index. Land is the only exception to this rule and can be valued using the MVAU method or CPI. Land was revalued by independent valuers as at 30 June 2013.

The difference in such values and prior CPI valuation indexation are treated as revenue in the year such CPI or MVAU revaluation occurs.

Tax expense (\$2.818m) - reasons for this adjustment are the variances in depreciation and revaluations under disclosure rules alter the regulatory tax expense compared with the GAAP tax expense.

Property plant and equipment (\$124.499m) - asset values under GAAP compared with Information Disclosure values are the result of differing methodologies for asset valuations and depreciation. The adjustment value shown is a summation of variances from 2009 through to 2016.

Finally, neither Work in Progress nor land held for future development is included in the initial RAB calculation whilst it is included in asset values under GAAP. This amounted to a GAAP value of \$23.2m (Land) and \$8.7m (WIP) at 30 June 2016.

Regulated Airport **Christchurch International Airport Ltd**  
For Year Ended **30 June 2016**

**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
<b>Land</b>						
Directly attributable assets	–	90,703	6,712	97,415		97,415
Assets not directly attributable	1,002	650	14	1,666	970	2,636
<b>Total value land</b>				99,081		
<b>Sealed Surfaces</b>						
Directly attributable assets	–	114,196	–	114,196		114,196
Assets not directly attributable	–	–	–	–	–	–
<b>Total value sealed surfaces</b>				114,196		
<b>Infrastructure and Buildings</b>						
Directly attributable assets	48,728	3,519	9,119	61,366		61,366
Assets not directly attributable	197,750	5,169	989	203,908	59,631	263,539
<b>Total value infrastructure and buildings</b>				265,274		
<b>Vehicles, Plant and Equipment</b>						
Directly attributable assets	970	5,841	25	6,836		6,836
Assets not directly attributable	2,347	1,429	305	4,081	3,716	7,797
<b>Total value vehicles, plant and equipment</b>				10,917		
Total directly attributable assets	49,698	214,259	15,856	279,813		279,813
Total assets not directly attributable	201,099	7,248	1,308	209,655	64,317	273,972
<b>Total assets</b>	250,797	221,507	17,164	489,468	64,317	553,785

**Asset Allocators**

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Administration Assets	Company asset values	Proxy Cost Allocator	Administration assets are used to maintain the existing company assets	Infrastructure & Buildings, Vehicles, Plant & Equipment
Maintenance Assets	Company asset values	Proxy Cost Allocator	Maintenance assets are used to maintain the existing company assets	Land, Infrastructure & Buildings, Vehicles, Plant & Equipment
Terminal - Total	Floor area	Proxy Cost Allocator	Assets that service all of the terminal are to be allocated over the total terminal area. Analysis of the terminal floor space into aeronautical areas is deemed to be a fair allocator of terminal assets that relate to the total terminal	Land, Infrastructure & Buildings, Vehicles, Plant & Equipment
Regional Lounge - Total	Floor area	Proxy Cost Allocator	Assets that service all of the regional lounge are to be allocated over the total regional lounge area. Analysis of the regional lounge floor space into aeronautical areas is deemed to be a fair allocator of terminal assets that relate to the regional lounge	Land, Infrastructure & Buildings
International Terminal - Total	Floor area	Proxy Cost Allocator	Assets that service all of the international terminal are to be allocated over the total international terminal area. Analysis of the international terminal floor space into aeronautical areas is deemed to be a fair allocator of terminal assets that relate to the international terminal	Land, Infrastructure & Buildings, Plant & Equipment
Terminal - International Basement	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the international basement are allocated accordingly to international basement floor space split into aeronautical / non aeronautical	Land, Infrastructure & Buildings, Plant & Equipment
Terminal - International Ground Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the international ground floor are allocated accordingly to international ground floor space split into aeronautical / non aeronautical	Land, Infrastructure & Buildings, Plant & Equipment
Terminal - International First Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the international first floor are allocated accordingly to international first floor space split into aeronautical / non aeronautical	Land, Infrastructure & Buildings, Plant & Equipment
Terminal - International Second Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the international second floor are allocated accordingly to international second floor space split into aeronautical / non aeronautical	Land, Infrastructure & Buildings, Plant & Equipment
Terminal - Integrated total	Floor area	Proxy Cost Allocator	Assets that service all of the integrated terminal are to be allocated over the total integrated terminal area. Analysis of the integrated terminal floor space into aeronautical areas is deemed to be a fair allocator of terminal assets that relate to the integrated terminal	Land, Infrastructure & Buildings
Terminal - Integrated Basement	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal in the basement are allocated according to integrated terminal floor space split into aeronautical / non-aeronautical	Land, Infrastructure & Buildings
Terminal - Integrated Ground Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the ground floor are allocated according to integrated terminal floor space split into aeronautical / non-aeronautical	Land, Infrastructure & Buildings

Regulated Airport **Christchurch International Airport Ltd**  
 For Year Ended **30 June 2016**

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

ref Version 2.0

**Asset Allocators (cont)**

ref	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
51	Terminal - Integrated Mezzanine Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the mezzanine floor are allocated according to integrated terminal floor space split into aeronautical / non-aeronautical	Land, Infrastructure & Buildings
52	Terminal - Integrated First Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the first floor are allocated according to integrated terminal floor space split into aeronautical / non-aeronautical	Land, Infrastructure & Buildings
53	Terminal - Integrated Second Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the second floor are allocated according to integrated terminal floor space split into aeronautical / non-aeronautical	Land, Infrastructure & Buildings
54	Terminal - Non-contestable	Direct cost	Causal Relationship	Assets that are used solely for specified terminal activities are allocated 100% to this segment	Land, Infrastructure & Buildings, Vehicles, Plant & Equipment
55	Airfield - Non-contestable	Direct cost	Causal Relationship	Assets that are used solely for specified airfield activities are allocated 100% to this segment	Land, Sealed Surfaces, Infrastructure & Buildings, Vehicles, Plant & Equipment
56	Aircraft & Freight - Non-contestable	Direct cost	Causal Relationship	Assets that are used solely for Aircraft and Freight activities are allocated 100% to this segment	Land, Infrastructure & Buildings, Vehicles, Plant & Equipment
57			[Select one]		
58			[Select one]		
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61			[Select one]		
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\* A description of the metric used for allocation, e.g. floor space.

Regulated Airport **Christchurch International Airport Ltd**  
 For Year Ended **30 June 2016**

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

ref Version 2.0

105 **9b: Notes to the Report**

106 **9b(i): Changes in Asset Allocators**

		Effect of Change (\$000)		
		CY-1	Current Year (CY)	CY+1
		30 Jun 15	30 Jun 16	30 Jun 17
109	Asset category	Administration Assets		
110	Original allocator or components		2,595	
111	New allocator or components		3,178	
112	Rationale		The value of Company wide assets is a more appropriate allocator for Administration Assets.	
113		-	(583)	-
114	Asset category			
115	Original allocator or components			
116	New allocator or components			
117	Rationale			
118		-	-	-
119	Asset category			
120	Original allocator or components			
121	New allocator or components			
122	Rationale			
123		-	-	-
124	Asset category			
125	Original allocator or components			
126	New allocator or components			
127	Rationale			
128		-	-	-
129	Asset category			
130	Original allocator or components			
131	New allocator or components			
132	Rationale			
133		-	-	-
134	Asset category			
135	Original allocator or components			
136	New allocator or components			
137	Rationale			
138		-	-	-
139	Asset category			
140	Original allocator or components			
141	New allocator or components			
142	Rationale			
143		-	-	-

144 **Commentary on Asset Allocations**

145 **Changes in Asset Allocators**

146 CIAL has used the same asset allocators for the years ended 2011 to 2016 with the exception of Administration assets that were allocated on a different  
 147 basis in 2016. The effect of this change is shown in Schedule 9b(i).  
 148

149 **Overview:**

150 Where possible, assets are attributed to the relevant specified airport activities based on direct attribution of activity to each segment.

151 There are a number of assets however that do not directly relate to one individual segment and may overlap several segments. e.g. Infrastructure  
 152 assets. These asset values have been allocated to the regulatory asset segment according to the relevant asset allocation drivers.  
 153

154 The various asset allocation drivers have been determined based on the use of the asset, with the causal allocators and the rationale for calculation  
 155 described in the schedule above. The integrated terminal assets have been allocated on the same basis as outlined in the 2013 schedule.  
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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

**SCHEDULE 10: REPORT ON COST ALLOCATIONS**

ref Version 2.0

10a: Cost Allocations							((\$000))
	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total	
<b>Corporate Overheads</b>							
Directly attributable operating costs	2,681	2,480	37	5,198		5,198	
Costs not directly attributable	2,035	1,603	41	3,679	5,815	9,494	
<b>Asset Management and Airport Operations</b>							
Directly attributable operating costs	15,304	10,229	661	26,194		26,194	
Costs not directly attributable	1,401	1,131	76	2,608	19,852	22,460	
<b>Asset Maintenance</b>							
Directly attributable operating costs	1,032	103	115	1,250		1,250	
Costs not directly attributable	351	273	38	662	2,427	3,089	
Total directly attributable costs	19,017	12,812	813	32,642		32,642	
Total costs not directly attributable	3,787	3,007	155	6,949	28,094	35,043	
Total operating costs	22,804	15,819	968	39,591	28,094	67,685	

**Cost Allocators**

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Management Payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset management & airport operations, corporate overheads
Admin Payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset management & airport operations, corporate overheads
Airport services payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset management & airport operations
Supervisors payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset maintenance
Incentives	Revenue generated by aircraft, passenger service and concession charges for	Causal Relationship	The spend on Promotion and Airline incentives that will give rise to increased Pax numbers should be allocated by the revenue that is generated by	Asset management & airport operations
Promotions	Revenue generated by aircraft, passenger service and concession charges for	Causal Relationship	The spend on Promotion and Airline incentives that will give rise to increased Pax numbers should be allocated by the revenue that is generated by	Asset management & airport operations
Regulatory advice	RAB Asset values	Proxy Cost Allocator	RAB asset values by segment is deemed to be a suitable driver	Asset management & airport operations
Administration costs	Proportion of direct admin costs	Proxy Cost Allocator	Directly attributable administration costs are deemed to be a suitable driver of in-direct administration costs	Corporate overheads, asset management and airport operations
Maintenance costs	Proportion of direct maintenance costs	Proxy Cost Allocator	Directly attributable maintenance costs are deemed to be a suitable driver of in-direct maintenance costs	Corporate overheads, asset management and airport operations, asset maintenance
International terminal	Floor space	Proxy Cost Allocator	Contestable/non-contestable floor space within the international terminal is deemed to be a suitable driver of international terminal cost allocations	Corporate overheads, asset management and airport operations, asset maintenance
Integrated Terminal	Floor space	Proxy Cost Allocator	Contestable/non-contestable floor space within the integrated terminal is deemed to be a suitable driver of integrated terminal cost allocations	Corporate overheads, asset management and airport operations, asset maintenance
Regional Lounge	Floor space	Proxy Cost Allocator	Contestable/non-contestable floor space within the regional lounge is deemed to be a suitable driver of regional lounge cost allocations	Corporate overheads, asset management and airport operations, asset maintenance
Total terminal	Floor space	Proxy Cost Allocator	Overall terminal floor space split into contestable/non-contestable areas is deemed to be a suitable driver of overall terminal cost allocations	Corporate overheads, asset management and airport operations, asset maintenance
Terminal - Non-contestable	Direct cost	Causal Relationship	P&L directly attributable to specified terminal activities is allocated 100% to this segment	Corporate overheads, asset management and airport operations, asset maintenance
Airfield - Non-contestable	Direct cost	Causal Relationship	P&L directly attributable to specified airfield activities is allocated 100% to this segment	Corporate overheads, asset management and airport operations, asset maintenance
Aircraft & Freight - Non-contestable	Direct cost	Causal Relationship	P&L directly attributable to Aircraft and Freight activities are allocated 100% to this segment	Corporate overheads, asset management and airport operations, asset maintenance

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

**SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)**

ref Version 2.0

**Cost Allocators (cont)**

47	Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
48			[Select one]		
49			[Select one]		
50			[Select one]		
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\* A description of the metric used for allocation, e.g. floor space.

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

**SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)**

ref Version 2.0

110 **10b: Notes to the Report**

111 **10b(i): Changes in Cost Allocators**

		(\$000)		
		Effect of Change		
		CY-1	Current Year	CY+1
		30 Jun 15	(CY) 30 Jun 16	30 Jun 17
114	Operating cost category			
115	Original allocator or components	Original		
116	New allocator or components	New		
117	Rationale	Difference	-	-
118				
119				
120	Operating cost category			
121	Original allocator or components	Original		
122	New allocator or components	New		
123	Rationale	Difference	-	-
124				
125	Operating cost category			
126	Original allocator or components	Original		
127	New allocator or components	New		
128	Rationale	Difference	-	-
129				
130	Operating cost category			
131	Original allocator or components	Original		
132	New allocator or components	New		
133	Rationale	Difference	-	-
134				
135	Operating cost category			
136	Original allocator or components	Original		
137	New allocator or components	New		
138	Rationale	Difference	-	-
139				
140	Operating cost category			
141	Original allocator or components	Original		
142	New allocator or components	New		
143	Rationale	Difference	-	-
144				
145	Operating cost category			
146	Original allocator or components	Original		
147	New allocator or components	New		
148	Rationale	Difference	-	-

149 **Commentary on Cost Allocations**

150 **Changes in Cost Allocators**

151 CIAL has used the same cost allocators for the years ended 2011 to 2016. Accordingly schedule 10b(i) has not been completed.

152 **Cost Allocation Process:**

153 The cost allocation process ensures all income and expenses are allocated to the relevant specified airport activity and commercial categories. Many

154 income and expense items will be directly related to the categories whilst others must be allocated based on some form of causal allocator. Administration

155 and maintenance categories are the two "overhead" type categories, and CIAL endeavours to allocate as many of these costs directly to the relevant

156 activity and thereby minimise the value of final allocation wherever possible. The process of allocation follows a number of steps to achieve this and these

157 are listed below:

158 **Step One: Direct Costs**

159 All income and expense items are reviewed to ensure any costs that can be directly attributed are allocated wherever possible.

160 **Step Two: Review Costs for Causal Allocators**

161 All remaining income and expense items are then reviewed with any costs that can be allocated based on a causal relationship being allocated manually.

162 The causal allocators used in 2015 are listed above.

163 **Step Three: Run Cost Allocation Model**

164 The cost allocation model then allocates the residual values in the administration, maintenance and terminal categories between the specified airport and

165 commercial sides of the business. The allocators for 2015 and their rationale for application are detailed above.

166 **2016 Terminal Cost Allocations**

167 As a consequence of minor changes to the layout of the terminal during the year, the building footprint plans as at 30 June 2016 have been used as the

168 basis for the 2016 cost allocation process.

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

**SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 2.0

6	<b>Runway</b>	Number	Total Duration	
			Hours	Minutes
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	-	-	-
9	Airlines/Other	-	-	-
10	Undetermined reasons	-	-	-
11	<b>Total</b>	-	-	-
12	<b>Taxiway</b>			
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	-	-	-
15	Airlines/Other	-	-	-
16	Undetermined reasons	-	-	-
17	<b>Total</b>	-	-	-
18	<b>Remote stands and means of embarkation/disembarkation</b>			
19	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	-	-	-
21	Airlines/Other	-	-	-
22	Undetermined reasons	-	-	-
23	<b>Total</b>	-	-	-
24	<b>Contact stands and airbridges</b>			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	7	4	04
27	Airlines/Other	1	-	15
28	Undetermined reasons	-	-	-
29	<b>Total</b>	8	4	19
30	<b>Baggage sortation system on departures</b>			
31	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	-	-	-
33	Airlines/Other	-	-	-
34	Undetermined reasons	-	-	-
35	<b>Total</b>	-	-	-
36	<b>Baggage reclaim belts</b>			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	-	-	-
39	Airlines/Other	-	-	-
40	Undetermined reasons	-	-	-
41	<b>Total</b>	-	-	-
42	<b>On-time departure delay</b>			
43	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	56	25	43
45	Airlines/Other	51	23	11
46	Undetermined reasons	31	13	24
47	<b>Total</b>	138	62	18

Regulated Airport  
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**SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)**

ref Version 2.0

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

56 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.

57

58 **Commentary concerning reliability measures**

59

**Determining Responsibility and Validity of Interruptions**

60

61 CIAL operations staff record all interruption data in a database. This is completed at the time the interruption occurs and includes full  
62 details of the interruption including an assessment of the party responsible.

63

64 This data is then reviewed by the CIAL Apron Safety Manager to ensure it meets the relevant criteria for schedule 11 in accordance  
65 with the definitions detailed in the Determination. This review also includes a review of the party responsible for the interruption and  
66 includes discussion with other internal and external parties where necessary.

66

**Operational Improvements**

67

68 Interruptions are discussed when appropriate with relevant parties/forums as disclosed in schedule 15. Potential improvements and  
69 strategies are also discussed amongst these groups.

70

**On Time Departure Delay**

71

72 CIAL requires the input from Airlines to report the on time departure delay information. This year only two airlines has provided this data  
73 to CIAL. This information has been compared with CIAL's records to ensure completeness. Any on time performance issues were  
74 discussed with the individual airlines as and when it occurs and corrective action is commenced in order to reduce the occurrence of  
75 these events. This information has been aggregated for this report.

75

76

77

78

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

Regulated Airport **Christchurch International Airport Ltd**  
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**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	02-20	11-29	N/A
	Length of pavement (m)	3,288	1,743	N/A
	Width (m)	45	45	N/A
	Shoulder width (m)	15	N/A	N/A
	Runway code	4E	4E	N/A
	ILS category	Category I	N/A	N/A
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	42	38	N/A
	IMC (movements per hour)	38	28	N/A

Taxiway		Taxiway #1	Taxiway #2	Taxiway #3
Description of main taxiway(s)	Name	Alpha	Echo	Foxtrot
	Length (m)	2,996	785	695
	Width (m)	23	23	23
	Status	Full length	Part length	Part length
	Number of links	6	1	1

Aircraft parking stands		Contact stand-airbridge	Contact stand-walking	Remote stand-bus
Air passenger services	International	9	2	3
	Domestic jet	6	1	-
	Domestic turboprop	-	12	-
Total parking stands		15	15	3

Busy periods for runway movements		Date
Runway busy day		11 December 2015
Runway busy hour start time (day/month/year hour)		24 Sep 2015 8 a.m.

Aircraft movements		Contact stand-airbridge	Contact stand-walking	Remote stand-bus	Total
Air passenger services	International	33	-	-	33
	Domestic jet	79	-	-	79
	Domestic turboprop	-	115	-	115
	Total	112	115	-	227
Other (including General Aviation)					
Total aircraft movements during the runway busy day					227
Number of aircraft runway movements during the runway busy hour		24			

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

**Parking Stand Assumptions:**

- Turboprop aircraft = Contact stand - walking
- Domestic jet = Contact stand - airbridge
- International flights = Contact stand - walking - airbridge

In addition CIAL has 14 remote stands that are used primarily for freight, and servicing the Antarctic operations. These are some distance from the passenger terminal.

**Runway**

CIAL has two runways; the main runway and the cross wind runway. The cross wind runway is used during specific North West wind weather conditions and outages to the main runway.

CIAL is not constrained by any night curfew and is constantly monitoring the noise contours to ensure the continuance of a 24 hour, 7 day a week operation capability.

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

ref Version 2.0

	International terminal	Domestic terminal	Common area †
<b>6 Outbound (Departing) Passengers</b>			
<b>7 Landside circulation (outbound)</b>			
8 Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	4 Oct 2015 6 a.m.	23 Nov 2015 4 p.m.	7 Jan 2016 3 p.m.
9 Floor space (m <sup>2</sup> )	262	607	2,332
10 Passenger throughput during the passenger busy hour (passengers/hour)	771	959	1,398
11 Utilisation (busy hour passengers per 100m <sup>2</sup> )	294	158	60
<b>13 Check-in</b>			
14 Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	7 Jan 2016 3 p.m.
15 Floor space (m <sup>2</sup> )	N/A	N/A	2,527
16 Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,398
17 Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	55
<b>18 Baggage (outbound)</b>			
19 Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	7 Jan 2016 3 p.m.
20 Make-up area floor space (m <sup>2</sup> )	N/A	N/A	5,033
21 Notional capacity during the passenger busy hour (bags/hour)*	N/A	N/A	2,400
22 Bags processed during the passenger busy hour (bags/hour)*	N/A	N/A	1,401
23 Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,398
24 Utilisation (% of processing capacity)	N/A	N/A	58%
25 <i>* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.</i>			
<b>26 Passport control (outbound)</b>			
27 Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	4 Oct 2015 6 a.m.		
28 Floor space (m <sup>2</sup> )	463		
29 Number of emigration booths and kiosks	10		
30 Notional capacity during the passenger busy hour (passengers/hour) *	823		
31 Passenger throughput during the passenger busy hour (passengers/hour)	771		
32 Utilisation (busy hour passengers per 100m <sup>2</sup> )	167		
33 Utilisation (% of processing capacity)	94%		
34 <i>* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.</i>			
<b>36 Security screening</b>			
37 Passenger busy hour for security screening—start time (day/month/year hour)	4 Oct 2015 6 a.m.	23 Nov 2015 4 p.m.	
38 Facilities for passengers excluding international transit & transfer			
39 Floor space (m <sup>2</sup> )	500	183	
40 Number of screening points	3	3	
41 Notional capacity during the passenger busy hour (passengers/hour) *	810	810	
42 Passenger throughput during the passenger busy hour (passengers/hour)	771	959	
43 Utilisation (busy hour passengers per 100m <sup>2</sup> )	154	524	
44 Utilisation (% of processing capacity)	95%	118%	
45 Facilities for international transit & transfer passengers			
46 Floor space (m <sup>2</sup> )	49		
47 Number of screening points	1		
48 Notional capacity during the passenger busy hour (passengers/hour)*	270		
49			
50 Estimated passenger throughput during the passenger busy hour (passengers/hour)	—		
51 Utilisation (busy hour passengers per 100m <sup>2</sup> )	—		
52 Utilisation (% of processing capacity)	—		
53 <i>* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.</i>			
54			

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

ref Version 2.0

	International terminal	Domestic terminal	Common area †
61			
62	<b>Airside circulation (outbound)</b>		
63	Passenger busy hour for airside circulation (outbound)—start time (day/month/year hour)		
64	4 Oct 2015 6 a.m.	23 Nov 2015 4 p.m.	
65	1,375	1,732	
66	771	959	
67	56	55	
68	<b>Departure lounges</b>		
69	Passenger busy hour for departure lounges—start time (day/month/year hour)		
70	4 Oct 2015 6 a.m.	23 Nov 2015 4 p.m.	
71	4,657	1,883	
72	967	608	
73	771	959	
74	17	51	
75	0.8	1.6	
76	<b>Inbound (Arriving) Passengers</b>		
77	<b>Airside circulation (inbound)</b>		
78	Passenger busy hour for airside circulation (inbound)—start time (day/month/year hour)		
79	29 Apr 2016 2 p.m.	22 Nov 2015 11 a.m.	N/A
80	3,731	1,715	N/A
81	653	962	N/A
82	18	56	N/A
83	<b>Passport control (inbound)</b>		
84	Passenger busy hour for passport control (inbound)—start time (day/month/year hour)		
85	29 Apr 2016 2 p.m.		
86	1,210		
87	24		
88	850		
89	653		
90	54		
91	77%		
92	<b>Landside circulation (inbound)</b>		
93	Passenger busy hour for landside circulation (inbound)—start time (day/month/year hour)		
94	29 Apr 2016 2 p.m.	22 Nov 2015 11 a.m.	3 Apr 2016 2 p.m.
95	133	607	2,100
96	653	912	1,186
97	491	150	56
98	<b>Baggage reclaim</b>		
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)		
100	29 Apr 2016 2 p.m.	22 Nov 2015 11 a.m.	
101	4,150	3,153	
102	3	4	
103	5,400	5,400	
104	692	962	
105	653	962	
106	13%	18%	
107	16	31	
108	<b>Bio-security screening and inspection and customs secondary inspection</b>		
109	Passenger busy hour for bio-security screening and inspection and customs secondary inspection—start time (day/month/year hour)		
110	29 Apr 2016 2 p.m.		
111	974		
112	900		
113			
114	653		
115	73%		
116	67		
117	<i>* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.</i>		
118	<b>Arrivals concourse</b>		
119	Passenger busy hour for arrivals concourse—start time (day/month/year hour)		
120	29 Apr 2016 2 p.m.	22 Nov 2015 11 a.m.	N/A
121	1,632	159	N/A
122	653	962	N/A
123	40	605	N/A

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

ref Version 2.0

	International terminal	Domestic terminal	Common area <sup>†</sup>
<b>Total terminal functional areas providing facilities and service directly for passengers</b>			
131 Floor space (m <sup>2</sup> )	19,184	10,038	11,991
132 Number of working baggage trolleys available for passenger use			
133 at end of disclosure year	630	238	392

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

CIAL operates an Integrated Domestic and International check-in facility and baggage handling system. This is reflected in the common area utilisation figures above.

Passenger data is obtained from a combination of customs, airlines and FID's (Flight Information Display) data. This is then used to calculate busy hour/day information and corresponding passenger throughput. These data sources are considered materially accurate.

**Source of Data for Capacity Calculations:**

**Security Screening**

The notional capacity has been based on Aviation Security National standards of 270 pax per hour per x-ray unit.

Security Screening International Transit/Transfer numbers are not collected by CIAL.

**Bio-Security**

The Notional capacity figures were sourced from the AIRBIZ capacity and utilisation study dated 14 May 2010 which was commissioned after discussions with the Commerce Commission and Airlines.

**Trolleys**

Trolley allocation is based on Company figures and internal policy.

**Baggage Handling**

CIAL operates an Integrated Domestic and International check-in facility and baggage handling system. The Integrated baggage handling system has a notional capacity of 40 bags per minute or 2400 per hour.

The number of bags processed during the busy hour have been supplied by the operators of the Baggage system, who manage this for CIAL under an outsourced service provision contract. As the busy hour includes the departure of international flights, the number of bags processed during that hour may not include the bags for those international flights. For operational reasons bags for international flights are processed in the 2 hours prior to departure. This year the actual bags belonging to passengers who travelled in the busy hour have been included in this report.

**Baggage Reclaim**

Baggage system notional capacity numbers have been calculated from figures supplied by the system supplier, Glidepath. Notional capacity is however reduced by the recirculation rate (25% approx.) of bags relative to the length of reclaim belts. At this time actual baggage reclaim figures are not recorded by the system and again the bags processed have been estimated based on approximate bags per passenger figures.

**Passport Control**

*International Departures*

There are 3 double booths, 4 kiosks and 2 gates servicing International Departures.

*International Arrivals*

There were 6 double booths and 12 kiosks. There are a further 4 Smart Gate gates implemented in conjunction with Customs to improve the efficiency of the passenger facilitation process.

The maximum capacity numbers have not changed since 2011 and were obtained from the Customs Workforce Planner via a simulation model.

**Seating**

Numbers listed include General, Food Court and Tenancy seats.

**Floor Space**

The terminal floor space is based on the relevant terminal spatial maps produced by CIAL. Following the completion of the terminal a re-measure of the terminal was carried out to provide a final summary of the commissioned terminal. This resulted in some of the Landside circulation being classified as Common area (available for both International and Domestic passengers)

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

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

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**SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS**

ref Version 2.0

6	<b>Survey organisation</b>	
7	Survey organisation used	ACI
8	If "Other", please specify	

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

12	<b>Domestic terminal</b>	Quarter	1	2	3	4	Annual
13		for year ended	30 Sep 15	31 Dec 15	31 Mar 16	30 Jun 16	average
14	Ease of finding your way through an airport		4.3	4.3	4.3	4.4	4.3
15	Ease of making connections with other flights		4.1	4.4	4.3	4.4	4.3
16	Flight information display screens		4.3	4.3	4.2	4.3	4.3
17	Walking distance within and/or between terminals		4.2	4.3	4.3	4.3	4.3
18	Availability of baggage carts/trolleys		4.3	4.2	4.4	4.2	4.3
19	Courtesy, helpfulness of airport staff (excluding check-in and security)		4.4	4.4	4.4	4.4	4.4
20	Availability of washrooms/toilets		4.5	4.5	4.3	4.5	4.5
21	Cleanliness of washrooms/toilets		4.2	4.2	4.2	4.2	4.2
22	Comfort of waiting/gate areas		4.2	4.0	4.0	4.2	4.1
23	Cleanliness of airport terminal		4.4	4.4	4.4	4.5	4.4
24	Ambience of the airport		4.2	4.2	4.2	4.2	4.2
25	Security inspection waiting time		4.5	4.4	4.3	4.5	4.4
26	Check-in waiting time		4.5	4.5	4.5	4.5	4.5
27	Feeling of being safe and secure		4.5	4.5	4.5	4.6	4.5
28	<b>Average survey score</b>		4.3	4.3	4.3	4.4	4.3

29	<b>International terminal</b>	Quarter	1	2	3	4	Annual
30		for year ended	30 Sep 15	31 Dec 15	31 Mar 16	30 Jun 16	average
31	Ease of finding your way through an airport		4.4	4.4	4.4	4.1	4.3
32	Ease of making connections with other flights		4.2	4.6	4.5	4.1	4.4
33	Flight information display screens		4.3	4.3	4.3	4.0	4.2
34	Walking distance within and/or between terminals		4.4	4.4	4.5	4.1	4.4
35	Availability of baggage carts/trolleys		4.5	4.3	4.4	4.2	4.4
36	Courtesy, helpfulness of airport staff (excluding check-in and security)		4.4	4.4	4.5	4.3	4.4
37	Availability of washrooms/toilets		4.4	4.4	4.2	4.3	4.3
38	Cleanliness of washrooms/toilets		4.3	4.2	4.3	4.2	4.2
39	Comfort of waiting/gate areas		4.2	4.2	4.2	4.0	4.2
40	Cleanliness of airport terminal		4.5	4.6	4.5	4.4	4.5
41	Ambience of the airport		4.4	4.3	4.2	4.2	4.3
42	Passport and visa inspection waiting time		4.6	4.7	4.5	4.2	4.5
43	Security inspection waiting time		4.7	4.6	4.5	4.2	4.5
44	Check-in waiting time		4.4	4.2	3.9	4.1	4.2
45	Feeling of being safe and secure		4.6	4.6	4.6	4.5	4.6
46	<b>Average survey score</b>		4.4	4.4	4.4	4.2	4.3

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

**Commentary concerning report on passenger satisfaction indicators**

CIAL monitors passenger experience rating using the ASQ Survey. This data is collected from a random selection of passengers on a quarterly basis. The results of the passenger satisfaction survey, are out of a total score of 5. The ASQ survey does not record scores for items with fewer than 10 valid responses. The survey data did not include any scores for "Ease of making connections with other flights" for other flights for the International Terminal.

These results reflect the passenger perception of their travel experience using either the domestic or International Terminals. These surveys include a review of the condition and ambience of the domestic terminal. The continued high scores reflect the improvement of the terminal facility due to the Integrated terminal project. The results of these surveys have been used to identify additional improvement initiatives after consultation with interested parties. Examples of these initiatives are included on schedule 15.

**Location of Survey Fieldwork Documentation**

The survey fieldwork documentation is available on CIAL's website (www.christchurchairport.co.nz). There has been no change in the design of the passenger survey.

**Accuracy of Passenger Data to prepare Utilisation Indicators**

CIAL receives detailed passenger information for international passengers from customs. Domestic passenger data is received monthly from the airlines.

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.

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## SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref Version 2.0

### 6 Disclosure of the operational improvement process

7 CIAL has a continuous improvement focus to improve operational service excellence. This is achieved through a  
8 number of operational stakeholder forums which are held on a regular basis to consider operations and operational  
9 improvement. The objective of these groups is to ensure a coordination of Christchurch Airport operations and thereby  
10 ensure a joint approach for efficiency improvements, pursue opportunities for innovation and to manage events of  
11 exceptions or non-performance.

12 As a result of these forums, a number of initiatives have been implemented in 2016, these include:

#### 12 Safety

13 Passenger guidance fencing on walking stands to facilitate passenger boarding process.

14 Installed powered door openers to allow safe egress to the rubbish rooms

15 Installed mirrors on apron to allow safe vehicle movement

16 Installed barriers to prevent passengers egress into counter operational space

17 Reviewed and updated Apron Ice Procedures to mitigate any risk to passengers when ground boarding aircraft.

18 Upgraded safety signs on the apron area.

#### 18 Environmental

19 CIAL has embarked on a project to facilitate ground based power at certain gates. This will lead to considerable  
20 reductions in airlines fuel costs and CO<sub>2</sub> emissions.

21 Commissioned equipment designed to reduce the amount of waste going to landfill.

22 Continued the energy management programme to reduce terminal building energy consumption.

23 Compactor room drainage – Installed better drainage in the compactor room to reduce the amount of waste build-up  
24 and allow cleaning of area.

25 CIAL is undertaking a trial of a fully autonomous, driverless vehicle. First step towards driverless vehicles to increase  
26 connectivity around campus.

#### 25 Operational/Process Efficiency

26 Upgraded procedures to allow automated code E International/Domestic swing gate operations.

27 Incorporation of Autogate 5 operations into existing Airport Fire Service routines to reduce costs associated with CAA  
28 charges to cost allocations for this function.

29 Basic sign language training provided to front line customer service staff

30 Reviewed vehicle speed on apron to assist efficiency of Airline Operators

31 Runway improvements to future proof the main runway for developments in aircraft types, at a considerable cost  
32 saving.

33 Treatment of asphalt surfaces on airfield to reduce maintenance programme cost and extend life of asphalt surfaces.

#### 32 Customer Experience

33 Recruitment of Mandarin-speaking staff to enhance terminal service levels for passengers

34 Replacement of customer baggage trolleys

35 Upgrade of furnishings in Domestic Departure Lounge to improve passenger comfort

36 Continued the surveying of passenger dwell times to drive process improvements for passenger flows (through journey  
37 tracking technology)

38 Upgrading passenger WiFi experience.

39 A summary of the various operational forums are as follows:

#### 40 Airline Operating Committee

41 This committee exists to promote understanding, co-operation and a close liaison between AOC members, comprising  
42 CIAL and Government Border Agencies in order to maintain a high level of aircraft, passenger, cargo and mail  
43 handling at Christchurch Airport to ensure service meets international best practices. It is also used to ensure a close  
44 working relationship with BARNZ, and that the interests of airlines are kept to the fore.

#### 44 Airside Safety Group

45 This group meets bi-monthly to discuss any safety issues relating to the operations, communicate rule changes,  
46 improve driving and parking standards, discuss any incursions and inform of any impending airside works.

#### 47 Terminal Health and Safety Committee

48 This committee includes airlines, ground handlers, government agencies and tenants and meets quarterly. The  
49 standing agenda includes new hazards, review of hazard register, review of any incident and contractor management.  
50 CIAL is committed to the continual improvement of Operational performance and has a number of initiatives being  
51 implemented during the 2016 year.

#### 51 Canterbury Airspace User Group

52 This group of Canterbury General aviation community representatives met quarterly to discuss safety and other issues  
53 affecting the Canterbury airspace. It also liaises with CAA concerning airspace matters.

54 *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.*

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**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS**

ref Version 2.0

**6 16a: Aircraft statistics**

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

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

9	Aircraft type	Total number of landings	Total MCTOW (tonnes)
10	Boeing 777-300ER	366	128,649
11	Boeing 777-200	396	116,757
12	Boeing 787-800	85	19,380
13	Boeing 767-300	44	8,223
14	Boeing 737-800	1,457	115,125
15	Airbus A320	2,188	168,476
16	Boeing 747-400	1	397
17	Airbus A333	132	30,360
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
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36			
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38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53	Total	4,669	587,367



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**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)
122	Air passenger service aircraft less than 3 tonnes MCTOW	–	–
123	Freight aircraft	2,310	156,366
124	Military and diplomatic aircraft	335	33,422
125	Other aircraft (including General Aviation)	8,468	49,118

(iv) The total number and MCTOW of landings during the disclosure year		Total number of landings	Total MCTOW (tonnes)
128	Total	45,867	2,019,536

**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
133				
134	International air passenger service movements	9,377	–	9,377
135	Domestic jet air passenger service movements	22,022	–	22,022

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

**16c: Passenger statistics**

	Domestic	International	Total	
137				
138				
139	The total number of passengers during disclosure year			
140	Inbound passengers <sup>†</sup>	2,365,436	773,005	3,138,441
141	Outbound passengers <sup>†</sup>	2,391,295	775,981	3,167,276
142	Total (gross figure)	4,756,731	1,548,986	6,305,717
143				
144	less estimated number of transfer and transit passengers	–	–	–
145				
146	Total (net figure)			6,305,717

<sup>†</sup> 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
150	
151	Air NZ
152	Fiji Airways
153	Emirates
154	Jetstar
155	Qantas
156	Singapore Airlines
157	Virgin Australia
158	China Airlines
159	China Southern
160	
161	
162	
163	
164	
165	
166	

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

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

ref Version 2.0

173 **16e: Human Resource Statistics**

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
174 Number of full-time equivalent employees	69	80	2	151.0
175 Human resource costs (\$000)				14,068

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

178 **Source of Data**

179 Data collated for the air passenger services is obtained from CIAL's Airline Billing Database, which is compiled from  
180 information electronically provided on a monthly basis from the Airways Corporation information system.

181 The data for terminal access figures originates from Airlines, customs and FIDs (Flight information data system).

182 The human resource statistics have been calculated from payroll figures as at the end of 2016

183 **Additional Notes**

- 184 ■ International Transit/Transfer numbers are not collected by CIAL
- 185 ■ Air passenger services on aircraft less than 3 tonnes MCTOW is not collected by CIAL due to the small number of  
186 passenger services in this category.

187 The following tables show a comparison of pricing forecasts to actual results for the 2016 period in passenger movements,  
188 landings and MCTOW.

	2016		
	Pricing Forecast	Actual	Variance
International Arrivals	827,404	773,005	-6.6%
International Departures	823,635	775,981	-5.8%
<b>Total International</b>	<b>1,651,039</b>	<b>1,548,986</b>	<b>-6.2%</b>
Domestic Arrivals	2,186,927	2,365,436	+8.2%
Domestic Departures	2,221,117	2,391,295	+7.7%
<b>Total Domestic</b>	<b>4,408,044</b>	<b>4,756,731</b>	<b>+7.91%</b>
<b>Total Passenger Movements</b>	<b>6,059,083</b>	<b>6,305,717</b>	<b>4.0%</b>

**Total Landings**

	2016		
	Pricing Forecast	Actual	Variance
Domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	22,348	18,992	-15%
Domestic flights of 30 tonnes MCTOW or more	12,113	11,093	-8.4%
International Flights	5,422	4,669	-13.9%
Other Flights	11,573	11,113	-4.1%
<b>Total Landings</b>	<b>51,456</b>	<b>45,867</b>	<b>-10.9%</b>

**Total MCTOW**

	2016		
	Pricing Forecast	Actual	Variance
Domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	439,389	385,081	-12.3%
Domestic flights of 30 tonnes MCTOW or more	870,413	808,182	-7.1%
International Flights	615,238	587,367	-4.5%
Other Flights	182,924	238,906	+30.6%
<b>Total MCTOW</b>	<b>2,107,964</b>	<b>2,019,536</b>	<b>-4.2%</b>

214  
215 The above summary provides a very clear picture of the effect of the reduced aircraft movements in the 2016 year as  
216 compared to the pricing forecasts. This has been supplemented further by the effect of the substitution of aircraft type over  
217 2016 resulting in reduced MCTOW.  
218

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2016**

**SCHEDULE 17: REPORT ON PRICING STATISTICS**

ref Version 2.0

**17a: Components of Pricing Statistics**

	(\$000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	6,820
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	16,282
Net operating charges from airfield activities relating to international flights	10,875
Net operating charges from specified passenger terminal activities relating to domestic passengers	19,771
Net operating charges from specified passenger terminal activities relating to international passengers	20,885
	<b>Number of passengers</b>
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,699,011
Number of domestic passengers on flights of 30 tonnes MCTOW or more	3,057,720
Number of international passengers	1,548,986
	<b>Total MCTOW (tonnes)</b>
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	385,081
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	808,182
Total MCTOW of international flights	587,367

**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	4.01	17.71
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	5.32	20.15
Average charge from airfield activities relating to international flights	7.02	18.51
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from specified passenger terminal activities	4.16	13.48
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	9.01	20.50

**Commentary on Pricing Statistics**

The pricing outcomes above reflect:

- A slight increase in the overall terminal and airfield charge per domestic passenger reflecting the continued aeronautical pricing reset following the investment in the new terminal.
- Overall terminal and airfield charge per international passenger has fallen slightly given significant growth in international passenger numbers in FY16.
- The change in aircraft type from jet to turbo prop to service domestic routes as airlines sought to improve yields following the reduction in passenger numbers.

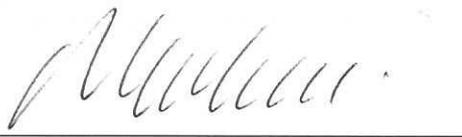
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**Commerce Act (Specified Airport Services Information Disclosure) Determination  
2010 dated 22 December 2010**

**Schedule 20 – Certification for Disclosed Information – year ended 30 June 2016**

We, David Mackenzie and Catherine Drayton, being directors of Christchurch International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Christchurch International Airport Limited prepared for the purpose of clauses 2.3(1) and 2.4(1) of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 in all material respects complies with that determination.



**David Mackenzie**  
Chairman  
30 November 2016



**Catherine Drayton**  
Director  
30 November 2016

## **Independent Auditor's Report**

### **To the directors of Christchurch International Airport Limited and to the Commerce Commission**

The Auditor-General is the auditor of Christchurch International Airport Limited (the company). The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to provide an opinion, on her behalf, on Schedules 1 to 17 for the regulatory year ended 30 June 2016 ('the Airport Disclosure Schedules'), prepared by the company in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (the 'Determination').

#### **Directors' responsibility for the Airport Disclosure Schedules**

The directors of the company are responsible for preparation of the Airport Disclosure Schedules in accordance with the Determination, and for such internal control as the directors determine is necessary to enable the preparation of Airport Disclosure Schedules that are free from material misstatement.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the Airport Disclosure Schedules have been prepared, in all material respects, in accordance with the Determination.

#### **Basis of opinion**

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE (NZ) 3000) and Standard on Assurance Engagements 3100: Compliance Engagements issued by the New Zealand Institute of Chartered Accountants.

These standards require that we comply with ethical requirements and plan and perform our engagement to provide reasonable assurance (which is also referred to as 'audit' assurance) about whether the Airport Disclosure Schedules have been prepared in all material respects in accordance with the Determination.

An engagement to provide reasonable assurance involves performing procedures to obtain evidence about the amounts and disclosures in the Airport Disclosure Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Airport Disclosure Schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation of the Airport Disclosure Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of assumptions used and whether they have been consistently applied; and
- the reasonableness of the significant judgements made by the directors of the company.

## **Use of this report**

This report has been prepared for the directors of the company and for the Commerce Commission for the purpose of providing those parties with independent audit assurance about whether the Airport Disclosure Schedules have been prepared, in all material respects, in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company or the Commerce Commission, or for any other purpose than that for which it was prepared.

## **Scope and inherent limitations**

Because of the inherent limitations of an audit engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected.

We did not examine every transaction, adjustment or event underlying the Airport Disclosure Schedules nor do we guarantee complete accuracy of the Airport Disclosure Schedules. Also we did not evaluate the security and controls over the electronic publication of the Airport Disclosure Schedules.

The opinion expressed in this report has been formed on the above basis.

## **Independence**

When carrying out the engagement we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants. We also complied with the independent auditor requirements specified in clause 1.4 of the Determination.

The Auditor-General, and her employees, may deal with the company on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of business, this engagement and the annual audit of the company's financial statements, we have no relationship with or interests in the company.

## Opinion

In our opinion:

- Subject to clause 2.6(3) of the Determination, and as far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Airport Disclosure Schedules have been kept by the company.
- Subject to clause 2.6(2) of the Determination, the disclosure information in Schedules 1 to 17 complies, in all material respects, with the Determination.

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



Andy Burns  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
30 November 2016