



**CHRISTCHURCH INTERNATIONAL AIRPORT LTD**  
**ANNUAL INFORMATION DISCLOSURE**  
**YEAR ENDED 30 JUNE 2017**

30 November 2017



## EXECUTIVE SUMMARY

### 1. Introduction

This is the seventh annual disclosure by Christchurch International Airport Limited ("CIAL") under Part 4 of the Commerce Act. This disclosure report is for the year ending 30 June 2017 ("2017 Disclosure"). This executive summary gives an overview of the information the 2017 Disclosure provides on the performance of the company for this period.

The pricing period for which the 2017 Disclosures are relevant, came into effect on 1 December 2012 and ran through to 30 June 2017 ("PSE2"). The charges under PSE2 were based on a long-term levelised price path. CIAL determined this to be the most efficient pricing approach for PSE2, in a context where CIAL needed to recover the very large investment that was made in its new Integrated Terminal.

CIAL first reported for PSE2 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 PSE2 and for each year within 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 for PSE2, 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 PSE2. The two re-issued disclosures and the subsequent 2014, 2015 and 2016 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 2017 Disclosure.

This 2017 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, 2015 and 2016 disclosures to get a picture of the performance of CIAL's regulated activities over PSE2.

### 2. CIAL's Long Term Objectives

#### ***Background***

In 2005 CIAL committed to building a new integrated terminal to meet the demands of consumers, 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. The integrated terminal replaced CIAL's old terminal which was built in 1960, when annual passengers were 200,000 (now 6.57 million for the year ended 30 June 2017).

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.

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 economic growth in the South Island. The regional dispersal footprint of international visitors across New Zealand has narrowed since 2006, as air capacity has concentrated on Auckland. MBIE statistics indicate that a visitor arrival into Christchurch Airport distributes through the South Island more than an arrival at any other port and this has a significant positive impact on the regional economies of the South Island.

Further, 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. In addition, 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, and competitive cost structures, without compromising safety and security.

### **Objectives**

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** itself 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 our stakeholders have a good understanding of all facets of our operations, the market we operate in and our long-term objectives.

## **4. 2017 Regulatory Performance Summary**

CIAL's annual disclosures allow interested parties to understand our financial and non-financial performance in its full context at a point in time and, more informatively, it allows interested parties to build up a picture of our performance over time.

This is our seventh annual disclosure. In the following sections, we outline the key points that the 2017 Disclosure presents, both on a stand-alone basis and when read in conjunction with our previous annual disclosures and our revised 2012 price setting event disclosure.

## **4.1 Financial Information**

### ***Revenue Outcomes***

The aeronautical charges under PSE2 took effect on 1 December 2012, part way through the 2013 disclosure year. This 2017 Disclosure is the fourth and final full year within the PSE2 pricing period.

The PSE2 aeronautical charges were described in detail in our price setting event disclosure report (dated 19 December 2012). The PSE2 prices were based on a transition up to a long-run levelised price level by June 2017.

In setting the PSE2 aeronautical charges in 2012 it was necessary for CIAL to make several 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, CIAL has experienced a reduction in demand during PSE2, based largely on the timing of the Christchurch earthquake recovery. In addition, airlines have modified their fleets significantly from what had been expected during PSE2 pricing consultation with airlines increasing the number of turboprop aircraft used and decreasing the number of jet aircraft.

Whilst CIAL passenger growth is now positive, due in part to recovery initiatives at the Airport, the combination of all these factors has resulted in CIAL not recovering its forecast revenue for the 55 months of PSE2 (i.e. the period from the price reset in 1 December 2012 to 30 June 2017).

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 2017</b>							
	2013	2014	2015	2016	2017	Total	
<b>Pricing Forecast</b>							
<i>Airfield</i>	15.2	30.2	35.1	39.6	40.8	160.9	
<i>Terminal</i>	17.3	32.9	37.8	41.3	42.5	171.8	
<b>Pricing Total</b>	32.5	63.1	72.9	80.9	83.3	332.7	
<b>Actual Results</b>							
<i>Airfield</i>	13.0	25.7	31.2	36.7	39.9	146.5	
<i>Terminal</i>	16.2	29.8	34.4	38.9	40.7	160.0	
<b>Actual Total</b>	29.2	55.5	65.6	75.6	80.6	306.5	
<b>Revenue Gap</b>							
<i>Airfield</i>	(2.2)	(4.5)	(3.9)	(2.9)	(0.9)	(14.4)	
<i>Terminal</i>	(1.1)	(3.1)	(3.4)	(2.4)	(1.8)	(11.8)	
<b>Gap Total</b>	(3.3)	(7.6)	(7.3)	(5.3)	(2.7)	(26.2)	

\* excludes check-in counter revenue

\*\* the actual revenue is calculated as the posted price multiplied by actual volumes to ensure relevant comparison with the forecasts. Excludes impact of any promotions and incentives provided during PSE2.

A more detailed analysis of the demand variances is included in Schedule 16. For the 55 months of PSE2 the negative variance to that forecast when setting prices equates to approximately \$26m (or 7.9%) less than forecast.

During the last two years of PSE2, airlines have continued to add capacity into Christchurch including a 7% seat increase in the year to 30 June 2017. This has resulted in growth in actual revenues received and a narrowing of the deficit to the original forecast revenue amounts.

### **Operating Expenditure**

Annual disclosure reports under the 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 interested parties with a measure of our efficiency, and prompts more informed discussions about what is causing departures from our forecasts made in 2012.

In this 2017 Disclosure we discuss our operating expenditure variances in Schedule 6. As explained in Schedule 6 the operating costs for both the current 2017 Disclosure and for the whole of PSE2 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;
- 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.

### ***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 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.

Several initiatives have continued and been progressed over the 2017 disclosure year designed to improve service performance and maintain a safe and secure operating environment. These are detailed in Schedule 15 of this disclosure report.

Examples of efficiency initiatives in CIAL's operations include:

- *Airfield Asphalt Treatment* – during 2014 CIAL's Airfield Pavement Maintenance Works ("APMW") project team implemented two ground-breaking technology enhancements, implementing a new pavement conditioning system and (for the first time in New Zealand) treating asphalt surfaces with Gilsonite – a life enhancing pavement preservation treatment. Following these technology enhancements, and the APMW team's selection and design of construction materials, CIAL forecasts a reduction of \$45 million in the APMW budget over the next 20 years.
- *Swing Gates* – upgraded procedures to allow airlines to flexibly switch between domestic and international services through the use of 'swing' gates and lounges.
- *Energy Efficiency* – CIAL was the first business in New Zealand to install a unique ground source heat system that borrows artesian water from the aquifers below the terminal to heat and cool the building. Using artesian water like this is cost-effective, energy efficient and easy on the environment. All the water the system uses is returned to the aquifer untouched.
- *Self-service Bag Drop* – CIAL is planning a new self-service bag drop facility and common use check-in kiosks to be implemented in the check-in hall during the next pricing period.
- *Lighting* – CIAL has begun replacing older lighting technologies to LED lighting throughout the terminal.

### **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 was presented in our PSE2 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 \$33.7m more than forecast for its 2017 disclosure year and \$50.6m more than forecast over PSE2 as a whole. 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 over PSE2, CIAL has spent \$11.3m less than forecast in the area of airfield pavement maintenance works.
- In the 2017 Disclosure year CIAL completed the construction of a new freight facility (including apron and taxiway) for Courier Past and Freightways. This automated parcel processing site provides seamless parcel movements from airside to landside and will handle circa 85% of all parcel freight into and out of the South Island. This was not included in the original PSE2 capital expenditure forecasts.
- CIAL has embarked on a project to widen the taxiway on the airfield, which has allowed for the efficient operation of multiple aircraft types. Again, this was not included in the original PSE2 capital expenditure forecasts.
- 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 that CIAL is investing efficiently and only incurs expenditure where required, while at the same time responding to the changing needs of its substantial 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 \$31.949m (which incorporates the implied depreciation value disclosed in the revised price setting disclosure) has increased by \$9.953m as compared to 2016. This results in a return of 6.37% on the Regulatory Investment Value of \$501.923m for 2017. (compared with the Commerce Commission post-tax benchmark range of 4.96% to 6.92%).

When comparing the 2017 return to that achieved in the prior year, the main point to note is that the improved return was predominantly driven by two factors:

- a) an increase in regulatory income this year (\$5.6m) reflecting the continued growth in airline capacity and passenger numbers since the major impact of the Christchurch earthquakes; and



b) an increase in the indexed revaluation of assets (\$6.4m), indexed at CPI of 1.743% as compared to 0.417% last year. This increase is out of CIAL's control.

The Regulatory Investment Value at \$501.923m has increased from last year predominantly due to the commissioning of a new Freight apron facility and an increase in CPI indexing as noted above.

The following table outlines the trend of performance for CIAL's financial years from 2011 to 2017:

Item	\$'000						
	2011	2012	2013	2014	2015	2016	2017
Regulatory Profit	18,884	7,517	7,213	14,591	19,239	22,960	32,836
Adjusted Regulatory Profit	17,873	6,386	6,247	13,498	18,002	21,996	31,949
Regulatory Investment value	315,328	404,058	428,960	489,229	490,122	488,330	501,923
ROI - comparable to post tax WAC	5.67%	1.58%	1.46%	2.76%	3.67%	4.50%	6.37%
Post Tax WACC *1	8.06%	7.56%	6.49%	6.77%	7.37%	6.68%	5.94%

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

This identifies that the 2017 return on investment of 6.37% is above the Commission's post tax mid-point benchmark WACC of 5.94%, noting that this benchmark WACC is significantly lower than in prior years due to the current low interest rate environment.

However, it should also be noted that 2017 is the only year throughout PSE2 that this has been the case. During all the other years within PSE2, CIAL's rates of return are significantly below the Commerce Commission post-tax WACC benchmark, and reflect the extended risk CIAL was exposed to following the Canterbury earthquakes in 2010/11.

## 4.2 Quality and Statistics

### ***Passenger Satisfaction***

Passenger satisfaction is of a high level at the Airport and CIAL commissions quarterly benchmark surveys from an independent agency. These reports provide information to better understand:

- How passengers rate an airport's services;
- How an airport compares to others in its region and globally by traffic type, size, region etc.;
- Which aspects are of particular importance for a specific airport; and
- How passenger's perceptions and priorities are evolving over time.

CIAL consistently ranks as the best of nine major Australasian airports across several service categories. For example, CIAL was ranked first in 26 of the 33 categories for the first quarter of 2017 disclosure year (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 and value 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”.

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 several avenues, including Airport Voice and the 2017 Annual Report (both of which are designed to share an integrated message for the whole Airport and its many contributors).

Specific examples of customer experience initiatives that have been implemented in 2017 include:

- The opening of a multi-faith prayer room, meaning that travellers of all faiths passing through the Airport now have the opportunity for quiet reflection in a dedicated space;
- The installation of a number of additional device charging stations across the terminal where people can connect to unlimited free wi-fi;
- Upgraded international arrivals conveyor baggage belts to support the distribution of luggage off larger aircraft;
- A review of the mix of booths and smart gates for Passport Control at international arrivals, resulting in the introduction of four additional smart gates;
- The establishment of a ‘Find Your Way’ initiative to increase the customer experience in moving through the airport’s terminals to departing aircraft.

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 chart demonstrates the trends in passenger satisfaction over the past 7 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.

### ***Reliability & Capacity Utilisation***

In this 2017 Disclosure we continue with our annual reporting of reliability, capacity utilisation and passenger satisfaction statistics in Schedules 11-14 (including statistics about on time departure delay - as provided by our airline customers - where available). Considering the trend in statistics over the last two years, 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 and 2017 (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 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.

### ***Innovation***

CIAL's innovation focus has two limbs:

- A strong focus on facilitating innovation by airline customers through working with its customers on operational innovations;
- A focus on our own innovation, with a concentration on advances in digital technology (specifically automation, artificial intelligence and virtual/augmented reality). These advances present almost limitless opportunities to redefine our relationship with passengers and users of the Airport.

Examples of CIAL's recent innovations include:

- Encouraging and harnessing innovation that will allow airlines to flexibly switch between domestic and international services through the use of 'swing' gates and lounges;
- CIAL is undertaking a two year trial of a fully autonomous electric shuttle, the first of its type in New Zealand. This trial, which aims to understand the infrastructure and operating requirements of autonomous vehicles when used at the Airport, is hopefully the first step in developing information that supports and demonstrates the safety of autonomous vehicles for use at the airport, to increase connectivity and the efficient use of CIAL's airport campus;
- Being the first airport in the world to use Avanex, a grass developed with AgResearch and PGG Wrightson Seeds. CIAL now has 130 hectares of the grass which is one of our best defences against bird strike. The grass makes birds feel sick when ingested and hence prevents them from flocking on areas grassed with Avanex. It also reduces our need to use pesticides and lawn mowers;
- The development of Engine Testing Monitoring Software ("ETMS"), which is a web-based application developed with global acoustic experts and is the first tool of its kind in the world. The ETMS can predict how loud any related noise will be and indicate whether any engine testing can occur without breaching guidelines.

### **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.

Safety is our top priority and CIAL remains committed to developing, implementing, maintaining and constantly improving safety culture, risk management and safety management systems. Our safety focus includes the public, customers, suppliers, tenants, contractors and sub-contractors.

CIAL's approach to sustainability is centred in the Maori concept of kaitiakitanga (responsibility, care and guardianship). CIAL's focus is to seek out, develop and implement enduringly sustainable processes for its business and the Airport. CIAL's sustainability strategy sees CIAL focus its efforts on five key pillars of the airport – Water, Energy, Waste, Land & Noise.

Examples of some of CIAL's key achievements in this area include:

- *Ground Power* – CIAL has embarked on a project to facilitate ground based power at certain gates. These ground based units can be used to power transiting jet aircraft, allowing them to cease using their on-board Auxiliary Power Units, and electric aircraft tugs (which over time will replace diesel powered tugs). This has significantly reduced climate change emissions, aircraft fuel usage and will lower airlines' operating costs at the Airport.
- *Terminal Energy System* - As noted under '*Operating Efficiency*' paragraph of Section 4.1 above, CIAL was the first business in New Zealand to install a unique ground source heat system that borrows artesian water from the aquifers below the terminal to heat and cool the building. Using artesian water like this is cost-effective, energy efficient and easy on the environment.
- *Waste Management* – CIAL has set an objective to divert 55% of all Airport waste away from landfill by the end of 2020, to reduce the impact of waste on the environment and encourage efficient recycling.
- *Health & Safety Reporting* – part of encouraging reporting of anything which has the potential to hurt someone, is to make it easy to do at the time a potential incident is noticed. Consequently, CIAL's information and technology team has developed a Safety Event Reporting Form ("SERF"). The SERF combines aviation and airside operations, security and people safety reporting in one location, offered through an app on all company mobile phones. This new format enables, processes and gathers a much broader data set to support more of our operations safety.
- *Baggage Handling* – installed upgrades to the domestic Hold Baggage screening equipment.

### **Overall Comment**

It remains 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 must compete very hard for our air networks. International tourism underpins a good portion of our domestic air networks and most 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.

Our longer-term passenger growth plan is to build from the position reported in this 2017 Disclosure of 6.57 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.



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

<b>Company Name</b>	Christchurch International Airport Ltd
<b>Disclosure Date</b>	30 November 2017
<b>Disclosure Year (year ended)</b>	30 June 2017
<b>Pricing period starting year (year ended) <sup>1</sup></b>	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 3.0. Prepared 20 December 2016

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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 Ended

**Christchurch International Airport Ltd**  
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**SCHEDULE 1: REPORT ON RETURN ON INVESTMENT**

ref Version 3.0

(\$000 unless otherwise specified)

6 **1a: Return on Investment**

		CY-2 *	CY-1 *	Current Year CY
	for year ended	30 Jun 15	30 Jun 16	30 Jun 17
7	<b>Return on Investment (ROI)</b>			
9	Regulatory profit / (loss)	19,239	22,960	32,836
10	less Notional interest tax shield	1,237	964	888
11	Adjusted regulatory profit	18,002	21,996	31,949
12	Regulatory investment value	490,122	488,330	501,923
13				
14	ROI—comparable to a post tax WACC (%)	3.67%	4.50%	6.37%
15	Post tax WACC (%)	7.37%	6.68%	5.94%
16				
17	ROI—comparable to a vanilla WACC (%)	3.93%	4.70%	6.54%
18	Vanilla WACC (%)	7.64%	6.90%	6.12%

19 **Commentary on Return on Investment**

20 These disclosure statements have incorporated the value of implied depreciation as contained in the Supplementary Price  
21 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 PSE2  
24 price reset disclosure) has increased by \$9.953m as compared to 2016. This results in a return of 6.37% on the 2017  
25 Regulatory Investment Value of \$501.923m. The Commerce Commission's mid-point benchmark for the same period was  
26 5.94%, noting this is significantly lower than in prior years due to the current low interest rate environment. It should also  
27 be noted that CIAL's ROI has been significantly below the Commerce Commission's benchmark during all of the  
28 preceding years of this pricing period.

29 There are a number of reasons for the level of return in 2017 which are explained in the Executive Summary preceding  
30 these schedules as well as within the schedules themselves.

31 When comparing the 2017 return to that achieved in prior years the main point to note is that the improved return was  
32 predominantly driven by two factors:

- 33 a) an increase in regulatory income (\$5.6m) reflecting the continued positive growth in airline capacity and passenger  
34 numbers since the major impact of the Christchurch earthquakes; and  
35 b) an increase in the indexed revaluation of assets (\$6.4m), indexed at CPI of 1.743% as compared to 0.417% last year.  
36 This increase is out of CIAL's control.

Component	2015 (\$'000)	2016 (\$'000)	2017 (\$'000)
38 Regulatory Profit	19,239	22,960	32,836
39 Adjusted Regulatory Profit	18,002	21,996	31,949
40 Regulatory Investment Value	490,122	488,330	501,923
41 ROI – comparable to a post-tax WACC	3.67%	4.50%	6.37%
42 Post-tax WACC	7.37%	6.68%	5.94%

43 The Regulatory Investment Value of \$501.923m has increased from last year predominantly due to the commissioning of  
44 a new Freight apron facility and an increase in CPI indexing as noted above.

45  
46  
47  
48 \* Return on Investment disclosure is not required for years ended prior to 2011.

49 Page 1

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2017**

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

ref Version 3.0

(\$000 unless otherwise specified)

56 **1b: Notes to the Report**

57 **1b(i): Deductible Interest and Interest Tax Shield**

58	RAB value - previous year	489,468
59	Debt leverage assumption (%)	17.00%
60	Cost of debt assumption (%)	3.81%
61	Notional deductible interest	3,170
62	Tax rate (%)	28.00%
63	Notional interest tax shield	888

64 **1b(ii): Regulatory Investment Value**

65	Regulatory asset base value - previous year	489,468
----	---	---------

66	Commissioned Projects	Assets Commissioned— RAB Value (\$000)	Proportion of Year Available (%)	Proportionate Regulatory Value
67	New Freight Apron Facility	38,069	16%	6,091
68	International Stand Optimisation	5,596	58%	3,246
69	Baggage Handling System	1,345	75%	1,009
70	Airfield Pavement Maintenance Works	1,275	8%	102
71				–
72				–
73				–
74				–
75				–
76	plus Other assets commissioned	5,775	50%	2,888
77	plus Adjustment for merger, acquisition or sale activity			–
78	less Asset disposals	1,760	50%	880
79	RAB investment	50,300		
80	RAB proportionate investment			12,455
81				
82	Regulatory investment value			501,923

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2017**

**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT**

ref Version 3.0

**2a: Regulatory Profit**

		(\$'000)
<b>Income</b>		
Airfield Charges	42,208	
Terminal Charges	22,925	
Counter Charges	2,362	
Passenger Service Charges	18,166	
Lease, rental and concession income	9,020	
Other operating revenue	2,452	
Net operating revenue		97,134
Gains / (losses) on sale of assets	3	
Other income	145	
Total regulatory income		97,282
<b>Expenses</b>		
Operational expenditure:		
Corporate overheads	6,738	
Asset management and airport operations	29,824	
Asset maintenance	1,864	
Total operational expenditure		38,426
<b>Operating surplus / (deficit)</b>		<b>58,856</b>
Regulatory depreciation		23,661
plus Indexed revaluation	8,416	
plus Periodic land revaluations	-	
Total revaluations		8,416
<b>Regulatory Profit / (Loss) before tax</b>		<b>43,611</b>
less Regulatory tax allowance		10,775
<b>Regulatory Profit / (Loss)</b>		<b>32,836</b>

**Commentary on Regulatory Profit**

Below is a summary of the Regulatory Profit over the last 3 years:

Component	2015 (\$'000)	2016 (\$'000)	2017 (\$'000)
Total Regulatory Income	80,715	91,643	97,282
Total Operational Expenditure	37,841	39,590	38,426
Regulatory Depreciation	19,464	22,190	23,661
Total Revaluations	2,030	1,993	8,416
Regulatory Tax Allowance	6,176	8,871	10,775
Regulatory Profit	19,239	22,960	32,836

These disclosure statements incorporate 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 2017 was \$32.836m.

Total Regulatory Income from Specified Airport Activities was \$97.282m – an increase of 6.2% over the previous year (2016: \$91.643m). This is reflective of the continued positive growth in airline capacity and passenger numbers since the major impacts of the Christchurch earthquakes, in part due to recovery initiatives at the Airport.

Total Operating Expenditure was \$38.426m – a decrease of 2.9% over the previous year (2016: \$39.590m). During the current year, cost savings were achieved in the areas of Baggage Trolleys, Building Maintenance, reduced regulatory and planning activity, and in-house manning of security gates. These savings were somewhat offset by the Airport's continued increase in its investment in aeronautical development and tourism marketing activity to stimulate our capacity and passenger growth. In addition rates, a cost beyond CIAL's control, also increased.

Regulatory Depreciation for 2017 was \$23.661m – an increase of \$1.471m over the previous year (2016: \$22.190m) reflecting an increase in the implied depreciation to reflect the "Return of Capital" implicit in the levelised price path.

Revaluations for 2017 were up significantly to \$8.416m – an increase of \$6.423m over the previous year (2016: \$1.993m). This revaluation relates to the annual indexed revaluation of assets indexed at a CPI rate of 1.743% (2016: CPI rate 0.417%).

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

ref Version 3.0

(\$000 unless otherwise specified)

6 **2b: Notes to the Report**

7 **2b(i): Financial Incentives**

8				
9	Pricing incentives	3,647		
10	Other incentives	1,395		
11	Total financial incentives		5,042	

12 **2b(ii): Rates and Levy Costs**

13				
14	Rates and levy costs		2,029	

15 **2b(iii): Merger and Acquisition Expenses**

16				
17	Merger and acquisition expenses		--	

18 **Justification for Merger and Acquisition Expenses**

19 There were no merger and acquisition expenses.  
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Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2017**SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE**

ref Version 3.0

3a: Regulatory Tax Allowance		(\$000)	
6			
7	Regulatory profit / (loss) before tax		43,611
8			
9	<i>plus</i> Regulatory depreciation	23,661	
10	Other permanent differences—not deductible	54	*
11	Other temporary adjustments—current period	949	*
12			24,664
13			
14	<i>less</i> Total revaluations	8,416	
15	Tax depreciation	17,243	
16	Notional deductible interest	3,170	
17	Other permanent differences—non taxable	—	*
18	Other temporary adjustments—prior period	962	*
19			29,792
20			
21	Regulatory taxable income (loss)		38,484
22			
23	<i>less</i> Tax losses used	—	
24	Net taxable income		38,484
25			
26	Statutory tax rate (%)	28.0%	
27	Regulatory tax allowance		10,775
28	* Workings to be provided		

**3b: Notes to the Report****3b(i): Disclosure of Permanent Differences and Temporary Adjustments**

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

Details of the tax differences are as follows:

- Permanent differences – represent 50% of entertainment expenses which are not deductible for tax purposes;
- Other temporary adjustments – 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;
- Other temporary adjustments – prior period are the reversal of the previous year's accruals;

**3b(ii): Tax Depreciation Roll-Forward**

3b(ii): Tax Depreciation Roll-Forward		(\$000)	
41	Opening RAB (Tax Value)	209,826	
42	<i>plus</i> Regulatory tax asset value of additions	45,001	
43	<i>less</i> Regulatory tax asset value of disposals	32	
44	<i>plus</i> Regulatory tax asset value of assets transferred from/(to) unregulated asset base	7,059	
45	<i>less</i> Tax depreciation	17,243	
46	<i>plus</i> Other adjustments to the RAB tax value	(505)	
47	Closing RAB (tax value)		244,106

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

3b(iii): Reconciliation of Tax Losses (Airport Business)		(\$000)	
49	Tax losses (regulated business)—prior period	—	
51	<i>plus</i> Current year tax losses	—	
52	<i>less</i> Tax losses used	—	
53			
54	Tax losses (regulated business)		—

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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
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**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD**

ref Version 3.0

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
RAB value—previous disclosure year		553,785		489,468
less				
Regulatory depreciation		29,746		23,661
plus				
Indexed revaluations	9,526		8,416	
Periodic land revaluations	—		—	
<b>Total revaluations</b>		<b>9,526</b>		<b>8,416</b>
plus				
Assets commissioned (other than below)	46,501		45,001	
Assets acquired from a regulated supplier	—		—	
Assets acquired from a related party	7,059		7,059	
<b>Assets commissioned</b>		<b>53,560</b>		<b>52,060</b>
less				
Asset disposals (other)	1,760		1,760	
Asset disposals to a regulated supplier	—		—	
Asset disposals to a related party	—		—	
<b>Asset disposals</b>		<b>1,760</b>		<b>1,760</b>
plus <b>Lost and found assets adjustment</b>		—		—
<b>Adjustment resulting from cost allocation</b>				(3,090)
<b>RAB value †</b>		<b>585,365</b>		<b>521,434</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 1.743% which resulted in an increase to the RAB of \$8.416m.

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 the development of a new Freight apron facility, optimisation of one International aircraft stand to enable multiple aircraft type to use the stand space, and a widening of the taxiways on the main runway. The amount included under the heading of "assets acquired from a related party" relates to land for the new Freight apron facility transferred from Non-Disclosure land held by CIAL. (Note that this is not a related party transaction but is included under this heading as no other available option).

The Works Under Construction section of the Commerce Commission template 4b(v) does not include the 'assets acquired from a related party' amount as this amount is explicitly accounted for under that heading. There the 'asset commission' formula in 4b(v) has had to be manual changed to ensure 4a records the correct 'assets commissioned' total.

The assets disposed of are those assets that were de-commissioned as part of the International stand optimisation.

The adjustment resulting from cost allocation of (\$3.090m) is the result of changes in the allocation of certain assets. Assets have been allocated in a consistent manner as 2016, there has been no change in the methodology used, however the increase in Non-Disclosure assets has resulted in a decrease in shared assets being allocated to the RAB.

\* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide specified services without any allowance being made for the allocation of costs to non-specified services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes land held for future use or works under construction.  
† RAB to correspond with the total assets value disclosed in schedule 9 Asset Allocations.

**4b: Notes to the Report**

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

	Unallocated RAB (\$000)	RAB (\$000)
Standard depreciation	10,749	4,664
Non-standard depreciation	18,997	18,997
<b>Regulatory depreciation</b>	<b>29,746</b>	<b>23,661</b>

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2017**

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

ref Version 3.0

(\$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 reflect depreciation implied by a long run price path	18,997	2013	521,826	513,256
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			
76			

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

79	CPI at CPI reference date—previous year (index value)		1,205
80	CPI at CPI reference date—current year (index value)		1,226
81	Revaluation rate (%)		1.743%
82		<b>Unallocated RAB</b>	<b>RAB</b>
83	RAB value—previous disclosure year	553,785	489,468
84	less Revalued land	-	-
85	less Assets with nil physical asset life	5,392	4,777
86	less Asset disposals	1,760	1,760
87	less Lost asset adjustment	-	-
88	Indexed revaluation	9,526	8,416

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

90		<b>Unallocated works under construction</b>	<b>Allocated works under construction</b>
91	Works under construction—previous disclosure year	9,584	8,633
92	plus Capital expenditure	47,481	42,767
93	less Asset commissioned	46,501	45,001
94	less Offsetting revenue	-	-
95	plus Adjustment resulting from cost allocation		106
96	Works under construction	10,564	6,505

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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
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**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)**

ref Version 3.0

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

104	Capacity growth		38,966	
105	plus Asset replacement and renewal		3,801	
106	Total capital expenditure			42,767

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

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *	
109	RAB value—previous disclosure year	99,076	114,198	265,283	10,911	489,468
110	less Regulatory depreciation	0	10,104	11,401	2,156	23,661
111	plus Indexed revaluations	1,727	1,973	4,543	173	8,416
112	plus Periodic land revaluations	—	—	—	—	—
113	plus Assets commissioned	7,059	6,300	36,978	1,723	52,060
114	less Asset disposals	—	—	1,760	—	1,760
115	plus Lost and found assets adjustment	—	—	—	—	—
116	plus Adjustment resulting from cost allocation	24	—	(2,822)	(292)	(3,090)
117	RAB value	107,886	112,367	290,822	10,358	521,434

\* Corresponds to values in RAB roll forward calculation.

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

	Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total	
120	Assets held for future use—previous disclosure year	40,432	15,224	56	5,764	61,364
121	plus Assets held for future use—additions <sup>1</sup>	—	—	—	792	792
122	less Transfer to works under construction	—	—	—	—	—
123	less Assets held for future use—disposals	747	281	26	—	1,002
124	Assets held for future use <sup>2</sup>	39,685	14,943	30	6,556	61,154

<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 (%)				—
-----	-------------------------------------	--	--	--	---

128



Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2017**

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

ref Version 3.0

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

(\$000)

Net operating revenue	28
Operational expenditure	7,726
Related party capital expenditure	-
Market value of asset disposals	-
Other related party transactions	13,819

**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
Connectics	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
Orbit Travel & House of Travel Holdings Limited	Common Directors

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

Entity Name	Description of Transaction	Average Unit Price (\$)	Value (\$000)
Christchurch City Council (CCC)	Rates		4,766
Christchurch City Council (CCC)	Operational Expenses		1,093
Christchurch City Council (CCC)	Revenue		16
Christchurch City Council (CCC)	Subvention payment/Losses		8,272
Christchurch City Holdings Limited ( CCHL)	Interest paid		389
Connectics	Operational Expenditure		438
Enable Services Ltd	Revenue		1
City Care Limited	Revenue		2
City Care Limited	Operational Expenditure		32
Red Bus Limited	Revenue		9
Eco Central	Operational Expenditure		3
Vbase Limited	Operational Expenditure		28
Civic Building Limited	Subvention payment/Losses		1,772
BECA Group Limited	Structural Engineering Services		704
Orbit Travel & House of Travel Holdings Limited	Travel, Accomodation, lease tenancy		663
Christchurch International Airport Limited	Management compensation of key personnel including Directors and Executive Management, incorporating salaries and other short term employee benefits		
	- Directors fees		336
	- Executive management		3,050

**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.

CIAL 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 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 2017

## SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref Version 3.0

## 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	38,966	–	Not defined	70,857	5,916	1,097.7%
Asset replacement and renewal	3,801	9,083	(58.2%)	55,223	69,558	(20.6%)
Total capital expenditure	42,767	9,083	370.8%	126,080	75,474	67.1%
Corporate overheads	6,738	9,272	(27.3%)	43,889	44,035	(0.3%)
Asset management and airport operations	29,824	19,009	56.9%	123,582	90,276	36.9%
Asset maintenance	1,864	2,342	(20.4%)	11,600	11,123	4.3%
Total operational expenditure	38,426	30,623	25.5%	179,071	145,434	23.1%
<b>Key Capital Expenditure Projects</b>						
Airfield Pavement Maintenance Works	1,014	6,300	(83.9%)	18,473	29,800	(38.0%)
Apron/taxiway Remediation	–	–	Not defined	18,060	18,675	(3.3%)
Pound road realignment and RESA	–	–	Not defined	4,475	4,890	(8.5%)
Phase 3a - regional Stands, Hangar 4 removed	–	–	Not defined	–	3,130	(100.0%)
Disaster recovery and high availability	–	500	(100.0%)	–	500	(100.0%)
International Stand Optimisation	7,355	–	Not defined	7,355	5,916	24.3%
Runway Shoulder Upgrade	37	–	Not defined	15,321	–	Not defined
New Freight Apron Facility	24,334	–	Not defined	24,334	–	Not defined
Taxiway Widening	4,019	–	Not defined	4,019	–	Not defined
Land Transfers into Specified Airport Activities	–	–	Not defined	5,527	–	Not defined
Other capital expenditure	6,008	2,283	163.2%	28,516	12,563	127.0%
Total capital expenditure	42,767	9,083	370.8%	126,080	75,474	67.1%

## Explanation of Variances

## Operational Expenditure

Total operational expenditure in 2017 was \$38.426m which was \$7.803m above forecast of \$30.623m. The following table identifies the key items of the \$7.803m variance in 2017.

Cost Item	Variance	Reason for variance	Actual Cost Category
Promotions & Airline Incentives	+\$6.3m	Costs directly attributable to specific airlines or route destinations were specifically excluded from Pricing as a consequence of consultation	Asset Management & Airport Operations
Rates	+\$1.4m	Higher than anticipated rates increases	Asset Management & Airport Operations

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 \$33.684m above forecast. Key variances are noted below.

## Airfield Pavement Maintenance works (-\$5.286m)

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 period less capital expenditure was required than forecast. In other periods more capital expenditure than forecast may have been required.

## International Stand Optimisation (+\$7.355m)

This project was not forecast in 2017 but was forecast to be commissioned in the previous year, hence this variance is predominately a timing issue. The variance reflects the cost of optimising one International aircraft stand to enable multiple aircraft type to use the stand space.

## New Freight Apron Facility (+\$24.334m)

This project was not forecast but relates to the construction of a new freight facility including apron and taxiway. This automated parcel processing site provides seamless parcel movements from airside to landside and will handle circa 85% of all parcel freight into and out of the South Island.

## Taxiway Widening (+\$4.019m)

This project was not forecast but the widening of the taxiway on the airfield has allowed for the efficient operation of multiple aircraft types.

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

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

Regulated Airport  
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**Christchurch International Airport Ltd**  
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**SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE (cont)**

ref Version 3.0

**6b: Forecast Expenditure**

From most recent disclosure following a price setting event

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

**Expenditure by Category**

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

**Key Capital Expenditure Projects**

	for year ended	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 13	30 Jun 13	30 Jun 16	30 Jun 17
Airfield Pavement Maintenance Works	6,400	6,700	5,400	5,000	6,300
Apron/taxiway Remediation	18,675	-	-	-	-
Pound road realignment and RESA	4,890	-	-	-	-
Phase 3a - regional Stands, Hangar 4 removed	-	3,130	-	-	-
Disaster recovery and high availability	-	-	-	-	500
International Stand Optimisation	-	-	-	5,916	-
Other capital expenditure	3,592	2,307	1,966	2,415	2,283
<b>Total forecast capital expenditure</b>	<b>33,557</b>	<b>12,137</b>	<b>7,366</b>	<b>13,331</b>	<b>9,083</b>

Regulated Airport  
For Year Ended**Christchurch International Airport Ltd**  
**30 June 2017****SCHEDULE 7: REPORT ON SEGMENTED INFORMATION**

ref Version 3.0

				(\$000)
	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
6				
7				
8	Airfield Charges	–	42,208	–
9	Terminal Charges	22,925	–	–
10	Counter Charges	2,362	–	–
11	Passenger Service Charges	18,166	–	–
12	Lease, rental and concession income	4,627	301	4,093
13	Other operating revenue	1,341	326	785
14	Net operating revenue	49,422	42,835	4,877
15				
16	Gains / (losses) on sale of assets	3	–	–
17	Other income	70	72	3
18	Total regulatory income	49,494	42,907	4,880
19				
20	Total operational expenditure	22,556	14,581	1,288
21				
22	Regulatory depreciation	10,876	11,903	882
23				
24	Total revaluations	4,280	3,838	299
25				
26	Regulatory tax allowance	3,647	6,291	836
27				
28	Regulatory profit/ loss	16,694	13,971	2,171
29				
30	Regulatory investment value	255,651	222,916	23,356

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

**Commentary on Segmented Information**

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 Profit for the year, prior to the inclusion of the interest rate shield, is \$32.836m.  
Regulatory Investment Value for the year was \$501.923m as compared to \$488.330m in 2016 (+\$13.593m/+2.78%).  
Return on Investment for the respective Specified Airport Activity categories is detailed below, with 2016 comparative indicators included in brackets.

**Specified Terminal**

6.5% (4.9%)

**Specified Airfield**

6.3% (3.7%)

**Specified Aircraft & Freight**

9.3% (14.8%)

**Specified Passenger Terminal Activities**

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

- increased revenue of \$2.294m reflecting the continued positive growth in airline capacity and passenger numbers;
- indexed revaluations using CPI are \$3.210m higher given a higher index rate of 1.743% (2016: CPI was 0.417%);
- Regulatory Investment Value has reduced marginally by \$1.553m (-0.6%);

**Specified Airfield Activities**

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

- increased revenue of \$3.175m reflecting the continued positive growth in airline capacity and passenger numbers;
- decrease in Operational Expenditure of \$1.238m as explained in schedule 2a;
- indexed revaluations using CPI are \$2.976m higher given a higher index rate (as per above);

**Specified Aircraft and Freight**

The return on Aircraft and Freight has reduced predominately due to an increase in the Regulatory Investment Value due to the commissioning of the new Freight apron facility, completed at the end of the 2017 disclosure year.

Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2017**SCHEDULE 8: CONSOLIDATION STATEMENT**

ref Version 3.0

**6 8a: CONSOLIDATION STATEMENT**

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	(\$000) Airport Company– GAAP	
7						
8						
9	Net income	97,282	–	97,282	80,262	177,544
10						
11	Total operational expenditure	38,426	–	38,426	31,336	69,762
12						
13	Operating surplus / (deficit) before interest, depreciation, revaluations and tax	58,856	–	58,856	48,926	107,782
14						
15	Depreciation	23,661	2,840	26,501	10,024	36,525
16	Revaluations	8,416	3,058	11,474	24,452	35,926
17	Tax expense	10,775	(2,212)	8,563	12,549	21,112
18						
19	Net operating surplus / (deficit) before interest	32,836	2,430	35,266	50,805	86,071
20						
21	Property plant and equipment	521,434	123,741	645,175	352,066	997,241
22						

**23 8b: NOTES TO CONSOLIDATION STATEMENT****24 8b(i): REGULATORY / GAAP ADJUSTMENTS**

Description of Regulatory / GAAP Adjustment	Affected Line Item	(\$000) Regulatory / GAAP Adjustments *
27 Depreciation methodology - on additions and disposals under GAAP	Depreciation	2,840
28 CPI index revaluation - excluded under GAAP	Revaluations	3,058
29 Tax expense adjustment due to different calculation of surplus as well	Tax expense	(2,212)
30 Land held for development and Work in Progress - excluded from RAB	Property plant & equipment	29,712
31 Revaluation variance due to different methods for years 2009-2017	Property plant & equipment	120,240
32 Depreciation differences to date plus changes in allocation %	Property plant & equipment	(26,211)

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

**34 Commentary on the Consolidation Statement****35 Regulatory/GAAP Adjustments****36 Depreciation \$2.840m**

37 – under the implied depreciation regime the depreciation for the pricing assets for the 2017 year was less than the GAAP  
38 depreciation for those assets. GAAP also allows for depreciation to be calculated on additions and disposals in the year they  
39 occur.

**40 Revaluations \$3.058m**

41 – under GAAP, assets revalued to market value are allowed under NZ IAS16 and require the determination of market values for  
42 each class of asset. Under regulatory rules, all assets are initially established at values in the 2009 base year and then revalued  
43 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  
44 CPI. Land was revalued by independent valuers as at 30 June 2013.

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

**47 Tax expense (\$2.212m)**

48 – reasons for this adjustment are the variances in depreciation and revaluations under disclosure rules alter the regulatory tax  
49 expense compared with the GAAP tax expense.

**50 Property plant and equipment \$123.741m**

51 – asset values under GAAP compared with Information Disclosure values are the result of differing methodologies for asset  
52 valuations and depreciation. The adjustment value shown is a summation of variances from 2009 through to 2017.

53 Finally, neither Work in Progress nor Land Held for Future Development is included in the initial RAB calculation whilst it is  
54 included in asset values under GAAP.

Regulated Airport  
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**Christchurch International Airport Ltd**  
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**SCHEDULE 9: REPORT ON ASSET ALLOCATIONS**

ref Version 3.0

9a: Asset Allocations						(\$000)
	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
<b>Land</b>						
Directly attributable assets	–	92,291	13,894	106,185		106,185
Assets not directly attributable	1,013	662	26	1,701	1,145	2,846
<b>Total value land</b>				107,887		
<b>Sealed Surfaces</b>						
Directly attributable assets	–	112,367	–	112,367		112,367
Assets not directly attributable	–	–	–	–	–	–
<b>Total value sealed surfaces</b>				112,367		
<b>Infrastructure and Buildings</b>						
Directly attributable assets	51,300	3,345	36,718	91,363		91,363
Assets not directly attributable	192,357	5,361	1,737	199,455	59,700	259,155
<b>Total value infrastructure and buildings</b>				290,818		
<b>Vehicles, Plant and Equipment</b>						
Directly attributable assets	1,165	5,651	22	6,838		6,838
Assets not directly attributable	1,938	1,128	458	3,524	3,086	6,610
<b>Total value vehicles, plant and equipment</b>				10,362		
Total directly attributable assets	52,465	213,654	50,634	316,753		316,753
Total assets not directly attributable	195,308	7,151	2,221	204,680	63,931	268,611
<b>Total assets</b>	<b>247,773</b>	<b>220,805</b>	<b>52,855</b>	<b>521,434</b>	<b>63,931</b>	<b>585,365</b>

**Asset Allocators**

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
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
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
Aircraft and 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
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

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

ref Version 3.0

Asset Allocators (cont)				
Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
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
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
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
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

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

Regulated Airport  
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**Christchurch International Airport Ltd**  
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**SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)**

ref Version 3.0

**9b: Notes to the Report**

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

		Effect of Change (\$000)		
		Current Year		
		CY-1	(CY)	CY+1
		30 Jun 16	30 Jun 17	30 Jun 18
70	Asset category			
71	Original allocator or components	Original		
72	New allocator or components	New		
73	Rationale	Difference	-	-
74				
75	Asset category			
76	Original allocator or components	Original		
77	New allocator or components	New		
78	Rationale	Difference	-	-
79				
80	Asset category			
81	Original allocator or components	Original		
82	New allocator or components	New		
83	Rationale	Difference	-	-
84				
85	Asset category			
86	Original allocator or components	Original		
87	New allocator or components	New		
88	Rationale	Difference	-	-
89				
90	Asset category			
91	Original allocator or components	Original		
92	New allocator or components	New		
93	Rationale	Difference	-	-
94				
95	Asset category			
96	Original allocator or components	Original		
97	New allocator or components	New		
98	Rationale	Difference	-	-
99				
100	Asset category			
101	Original allocator or components	Original		
102	New allocator or components	New		
103	Rationale	Difference	-	-
104				

**Commentary on Asset Allocations**

**Changes in Asset Allocators**

CIAL has used the same asset allocators for the years ended 2011 to 2017 except for Administration assets that were allocated on a different basis for 2016 that has continued to be used for 2017. As such there has been no change in asset allocators for 2017 therefore schedule 9b(i) has not been completed.

**Overview**

Where possible, assets are attributed to the relevant Specified Airport Activities based on direct attribution of activity to each segment.

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

The various asset allocation drivers have been determined based on the use of the asset, with the allocators and the rationale for the calculation described in the schedule above. The integrated terminal assets continue to be allocated on the same basis as outlined in our 2013 schedule.



Regulated Airport  
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**Christchurch International Airport Ltd**  
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**SCHEDULE 10: REPORT ON COST ALLOCATIONS**

ref Version 3.0

**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	1,267	1,800	151	3,219		3,219
Costs not directly attributable	2,282	1,186	51	3,519	5,754	9,273
<b>Asset Management and Airport Operations</b>						
Directly attributable operating costs	11,150	10,238	908	22,296		22,296
Costs not directly attributable	6,489	992	46	7,527	21,794	29,321
<b>Asset Maintenance</b>						
Directly attributable operating costs	27	172	123	322		322
Costs not directly attributable	1,341	193	9	1,543	2,302	3,844
<b>Total</b>						
Total directly attributable costs	12,444	12,210	1,182	25,837		25,837
Total costs not directly attributable	10,112	2,371	106	12,589	29,850	42,438
Total operating costs	22,556	14,581	1,288	38,426	29,850	68,275

**Cost Allocators**

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Terminal - Non-contestable	Direct cost	Causal Relationship	P&L amounts 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 amounts directly attributable to specified airfield activities is allocated 100% to this segment	Corporate overheads, asset management and airport operations, asset maintenance
Aircraft and Freight - Non-contestable	Direct cost	Causal Relationship	P&L amounts directly attributable to Aircraft and Freight activities is allocated 100% to this segment	Corporate overheads, asset management and airport operations, asset maintenance
Incentives	Revenue generated by aircraft, passenger service and concession charges for the year	Causal Relationship	The spend on Promotion and Airline incentives that will give rise to increased passenger numbers should be allocated by the revenue that is generated by those passengers	Asset management & airport operations
Promotions	Revenue generated by aircraft, passenger service and concession charges for the year	Causal Relationship	The spend on Promotion and Airline incentives that will give rise to increased passenger numbers should be allocated by the revenue that is generated by those passengers	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
Management Payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset management & airport operations, corporate overheads



Regulated Airport  
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**Christchurch International Airport Ltd**  
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**SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)**

ref Version 3.0

99 **10b: Notes to the Report**

100 **10b(i): Changes in Cost Allocators**

		(\$000)		
		Effect of Change Current Year		
		CY-1 30 Jun 16	(CY) 30 Jun 17	CY+1 30 Jun 18
104	Operating cost category			
105	Original allocator or components	Original		
106	New allocator or components	New		
107	Rationale	Difference	-	-
109	Operating cost category			
110	Original allocator or components	Original		
111	New allocator or components	New		
112	Rationale	Difference	-	-
114	Operating cost category			
115	Original allocator or components	Original		
116	New allocator or components	New		
117	Rationale	Difference	-	-
119	Operating cost category			
120	Original allocator or components	Original		
121	New allocator or components	New		
122	Rationale	Difference	-	-
124	Operating cost category			
125	Original allocator or components	Original		
126	New allocator or components	New		
127	Rationale	Difference	-	-
129	Operating cost category			
130	Original allocator or components	Original		
131	New allocator or components	New		
132	Rationale	Difference	-	-
134	Operating cost category			
135	Original allocator or components	Original		
136	New allocator or components	New		
137	Rationale	Difference	-	-

138 **Commentary on Cost Allocations**

139 **Changes in Cost Allocators**

140 CIAL has used the same cost allocators for the years ended 2011 to 2017. Accordingly, schedule 10b(i) has not been completed.

141 **2017 Terminal Cost Allocations**

142 The terminal floor space for the 2017 cost allocation process is based on the relevant terminal spatial maps produced by CIAL based on the terminal's current configuration, as at 30 June 2017.

143 **Cost Allocation Process**

144 The cost allocation process ensures all income and expenses are allocated to the relevant Specified Airport Activity and commercial categories. Many income and expense items will be directly related to the categories whilst others must be allocated based on some form of allocation. Administration and Maintenance categories are the two "overhead" type categories, and CIAL endeavours to allocate as many of these costs directly to the relevant activity and thereby minimise the value of final allocation wherever possible.

145 The process of allocation follows several steps to achieve this and these are listed below:

146 **Step One: Direct Costs**

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

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

149 All remaining income and expense items are then reviewed with any costs that can be allocated based on a causal relationship being allocated manually. The causal allocators used in 2017 are listed above.

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

151 The cost allocation model then allocates the residual values in the Administration, Maintenance, and Terminal categories between the Specified Airport Activities and commercial sides of the business. The allocators for 2017 and their rationale for application are detailed above.

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2017**

**SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 3.0

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	Total	-	-	-
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	Total	-	-	-
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	Total	-	-	-
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	4	2	06
27	Airlines/Other	-	-	-
28	Undetermined reasons	1	-	51
29	Total	5	2	57
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	3	7	-
33	Airlines/Other	-	-	-
34	Undetermined reasons	-	-	-
35	Total	3	7	-
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	Total	-	-	-
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	44	18	03
45	Airlines/Other	30	11	33
46	Undetermined reasons	42	16	40
47	Total	116	46	16

Regulated Airport  
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**Christchurch International Airport Ltd**  
**30 June 2017**

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

ref Version 3.0

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

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

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

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

65 **Operational Improvements**

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

68 **Fixed Electricity Ground Power**

69 Fixed electrical ground power has been available on stands 30 and 31 since December 2016 and stands 18, 19 and 20 since February 2017.  
70 From December 2016 to the end of the disclosure period the service has been 100% available. It is CIAL's intention to expand this service to  
71 further stands over time.

72 **On Time Departure Delay**

73 CIAL requires the input from Airlines to report the on-time departure delay information. This year only one airline provided this data to CIAL.  
74  
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 respect  
80 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**  
 For Year Ended **30 June 2017**

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

ref Version 3.0

Runway		Runway #1	Runway #2	Runway #3
Description of runway(s)	Designations	02-20	11-29	NA
	Length of pavement (m)	3,288	1,743	NA
	Width (m)	45	45	NA
	Shoulder width (m)	30	N/A	NA
	Runway code	4E	4E	NA
	ILS category	Category 1	N/A	NA
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	42	38	NA
	IMC (movements per hour)	38	28	NA

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	-	-
	Domestic turboprop	-	11	-
Total parking stands		15	13	3

Busy periods for runway movements		Date
Runway busy day		2 February 2017
Runway busy hour start time (day/month/year hour)		7 Apr 2017 6 p.m.

Aircraft movements		Contact stand-airbridge	Contact stand-walking	Remote stand-bus	Total
Air passenger services	International	32	-	-	32
	Domestic jet	63	-	-	63
	Domestic turboprop	-	128	-	128
	Total	95	128	-	223
Other (including General Aviation)					-
Total aircraft movements during the runway busy day					223

Number of aircraft runway movements during the runway busy hour	23
---	----

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

**Parking Stand Assumptions in support of the above numbers:**

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

CIAL has 6 stands that can operate across different aircraft type; 1 covering walking access for both domestic aircraft, 1 with either walking or contact access for both domestic aircraft, and 4 with the ability to swing between Domestic jet and International aircraft. These 6 stands have been included within this schedules measures by their primary aircraft usage only.

In addition, CIAL has 17 remote stands that are used primarily for freight and servicing the operations of the Antarctic program. This number has increased by 3 with the commissioning of the New Freight Facility. These stands are located 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. The shoulder width of the main runway has increased from 15 metres to 30 metres.

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  
For Year Ended

**Christchurch International Airport Ltd**  
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**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES**

ref Version 3.0

	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)	2 May 2017 6 a.m.	24 Mar 2017 2 p.m.	1 Jun 2017 6 a.m.
9 Floor space (m <sup>2</sup> )	262	607	2,332
10 Passenger throughput during the passenger busy hour (passengers/hour)	823	980	1,460
11 Utilisation (busy hour passengers per 100m <sup>2</sup> )	314	161	63
<b>13 Check-in</b>			
14 Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	1 Jun 2017 6 a.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	1,460
17 Utilisation (busy hour passengers per 100m <sup>2</sup> )	N/A	N/A	58
<b>18 Baggage (outbound)</b>			
19 Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	1 Jun 2017 6 a.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	1,054
23 Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,460
24 Utilisation (% of processing capacity)	N/A	N/A	44%
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)	2 May 2017 6 a.m.		
28 Floor space (m <sup>2</sup> )	512		
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)	823		
32 Utilisation (busy hour passengers per 100m <sup>2</sup> )	161		
33 Utilisation (% of processing capacity)	100%		
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)	2 May 2017 6 a.m.	24 Mar 2017 2 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)	823	980	
43 Utilisation (busy hour passengers per 100m <sup>2</sup> )	165	536	
44 Utilisation (% of processing capacity)	102%	121%	
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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**Christchurch International Airport Ltd**  
**30 June 2017**

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

ref Version 3.0

	International terminal	Domestic terminal	Common area †
<b>Airside circulation (outbound)</b>			
Passenger busy hour for airside circulation (outbound)—start time (day/month/year hour)	2 May 2017 6 a.m.	24 Mar 2017 2 p.m.	
Floor space (m <sup>2</sup> )	1,375	1,732	
Passenger throughput during the passenger busy hour (passengers/hour)	823	980	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	60	57	
<b>Departure lounges</b>			
Passenger busy hour for departure lounges—start time (day/month/year hour)	2 May 2017 6 a.m.	24 Mar 2017 2 p.m.	
Floor space (m <sup>2</sup> )	4,657	1,883	
Number of seats	985	879	
Passenger throughput during the passenger busy hour (passengers/hour)	823	980	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	18	52	
Utilisation (passengers per seat)	0.8	1.1	
<b>Inbound (Arriving) Passengers</b>			
<b>Airside circulation (inbound)</b>			
Passenger busy hour for airside circulation (inbound)—start time (day/month/year hour)	4 Apr 2017 2 p.m.	7 Jul 2016 9 a.m.	N/A
Floor space (m <sup>2</sup> )	3,731	1,715	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	779	997	N/A
Utilisation (busy hour passengers per 100m <sup>2</sup> )	21	58	NA
<b>Passport control (inbound)</b>			
Passenger busy hour for passport control (inbound)—start time (day/month/year hour)	4 Apr 2017 2 p.m.		
Floor space (m <sup>2</sup> )	1,210		
Number of immigration booths and kiosks	18		
Notional capacity during the passenger busy hour (passengers/hour) *	850		
Passenger throughput during the passenger busy hour (passengers/hour)	779		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	64		
Utilisation (% of processing capacity)	92%		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Landside circulation (inbound)</b>			
Passenger busy hour for landside circulation (inbound)—start time (day/month/year hour)	4 Apr 2017 2 p.m.	7 Jul 2016 9 a.m.	11 Jul 2016 8 a.m.
Floor space (m <sup>2</sup> )	133	607	2,100
Passenger throughput during the passenger busy hour (passengers/hour)	779	997	1,262
Utilisation (busy hour passengers per 100m <sup>2</sup> )	586	164	60
<b>Baggage reclaim</b>			
Passenger busy hour for baggage reclaim—start time (day/month/year hour)	4 Apr 2017 2 p.m.	7 Jul 2016 9 a.m.	
Floor space (m <sup>2</sup> )	4,150	3,153	
Number of reclaim units	3	4	
Notional reclaim unit capacity during the passenger busy hour (bags/hour) *	5,400	5,400	
Bags processed during the passenger busy hour (bags/hour) *	773	651	
Passenger throughput during the passenger busy hour (passengers/hour)	779	997	
Utilisation (% of processing capacity)	14%	12%	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	19	32	
* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
<b>Bio-security screening and inspection and customs secondary inspection</b>			
Passenger busy hour for bio-security screening and inspection and customs secondary inspection—start time (day/month/year hour)	4 Apr 2017 2 p.m.		
Floor space (m <sup>2</sup> )	974		
Notional MAF secondary screening capacity during the passenger busy hour (passengers/hour) *	900		
Passenger throughput during the passenger busy hour (passengers/hour)	779		
Utilisation (% of processing capacity)	87%		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	80		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Arrivals concourse</b>			
Passenger busy hour for arrivals concourse—start time (day/month/year hour)	4 Apr 2017 2 p.m.	7 Jul 2016 9 a.m.	N/A
Floor space (m <sup>2</sup> )	1,632	159	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	779	997	N/A
Utilisation (busy hour passengers per 100m <sup>2</sup> )	48	627	N/A



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

ref Version 3.0

	International terminal	Domestic terminal	Common area †
<b>Total terminal functional areas providing facilities and service directly for passengers</b>			
Floor space (m <sup>2</sup> )	19,184	10,038	6,958
Number of working baggage trolleys available for passenger use at end of disclosure year	630	239	390

**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 cross checked where possible and are 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.

**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 2,400 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 and 4 smart gates servicing International Departures.

*International Arrivals*  
There are 5 double booths and 8 smart gates servicing International Arrivals. The overall number of immigration booths has dropped from 24 to 18 in the disclosure period but 4 more smart gates (from 4 to 8) have been introduced to enable additional efficiencies in this area.

**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 based on the terminal's current configuration; as at 30 June 2017.

Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators.  
† For functional components which are normally shared by passengers on international and domestic aircraft.

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**Christchurch International Airport Ltd**  
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**SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS**

ref Version 3.0

**6 Survey organisation**

7 Survey organisation used

ACI

8 If "Other", please specify

**10 Passenger satisfaction survey score**

11 (average quarterly rating by service item)

**12 Domestic terminal**

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

**29 International terminal**

	Quarter				Annual
	for year ended				average
	1	2	3	4	
	30 Sep 16	31 Dec 16	31 Mar 17	30 Jun 17	
31 Ease of finding your way through an airport	4.3	4.2	4.3	4.1	4.2
32 Ease of making connections with other flights	4.2	4.3	5.0	4.4	4.5
33 Flight information display screens	4.2	4.2	4.2	4.2	4.2
34 Walking distance within and/or between terminals	4.3	4.3	4.4	4.2	4.3
35 Availability of baggage carts/trolleys	4.4	4.3	4.4	4.4	4.4
36 Courtesy, helpfulness of airport staff (excluding check-in and security)	4.5	4.4	4.5	4.3	4.4
37 Availability of washrooms/toilets	4.2	4.5	4.4	4.2	4.3
38 Cleanliness of washrooms/toilets	4.2	4.3	4.2	4.2	4.2
39 Comfort of waiting/gate areas	4.1	4.2	4.2	4.0	4.1
40 Cleanliness of airport terminal	4.4	4.5	4.5	4.4	4.4
41 Ambience of the airport	4.2	4.3	4.2	4.0	4.2
42 Passport and visa inspection waiting time	4.4	4.6	4.6	4.2	4.4
43 Security inspection waiting time	4.4	4.4	4.4	4.3	4.4
44 Check-in waiting time	4.3	4.5	4.2	4.3	4.3
45 Feeling of being safe and secure	4.6	4.6	4.6	4.5	4.5
<b>46 Average survey score</b>	<b>4.3</b>	<b>4.4</b>	<b>4.4</b>	<b>4.2</b>	<b>4.3</b>

47 *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.*

**48 Commentary concerning report on passenger satisfaction indicators**

49 CIAL monitors passenger experience ratings using the ASQ Survey; who currently conducts surveys at over 250 airports. The survey involves the  
50 establishment of a Fieldwork Document with ASQ for both Domestic and International travel which is implemented quarterly involving a sample size of  
51 350 passengers each quarter.

52 The results reflect the perceived passenger travel experience (the weighted average response) from using the Domestic or International Terminals. The  
53 survey includes consistent same survey questions, with a five-point rating scale of poor (1), fair (2), good (3), very good (4) or excellent (5), which  
54 passengers rate at the departure gate. CIAL's continued high scores are reflective of the benefits of the Integrated terminal project and the overall  
55 commitment/service of our championing team. CIAL uses the survey results to identify additional improvements and we consult with interested parties  
56 as to the benefits such changes could have in improving the end-to-end passenger journey, which has helped us develop our Park to Plane initiative to  
be rolled out in the next few years.

**57 Location of Survey Fieldwork Documentation**

58 Survey fieldwork documentation is available on CIAL's website ([www.christchurchairport.co.nz](http://www.christchurchairport.co.nz)).

59 *Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators and the internet location of fieldwork documentation .*

Regulated Airport  
For Year Ended

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**SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES**

ref Version 3.0

**Disclosure of the operational improvement process**

CIAL has a continuous improvement focus to improve operational service excellence. This is achieved through a number of operational stakeholder forums which are held on a regular basis to consider operations and operational improvement. The objective of these groups is to ensure a coordination of Christchurch Airport operations and thereby ensure a joint approach for efficiency improvements, pursue opportunities for innovation and to manage events of exceptions or non-performance. As a result of these forums, a number of initiatives have been implemented in 2017, these include:

**Safety**

- Installed upgrades to the Domestic HBS (Hold Baggage Screening) equipment.
- Reviewed CIAL incident reporting procedures - introduced a new Safety Event Reporting process/system offered through an app on all company mobile phones. Enables, processes and gathers a much broader data set.
- Reviewed and updated the Airside Driving & Safety Rules Manual which included the introduction of a 2B permit category.
- Implemented GSE parking on stands 28-30 through discussions with our ground handler partners to improve airside safety

**Sustainability**

- Installed fixed electrical ground power for International stands 30 and 31 as well as Domestic Jet stands 18, 19 and 20. The availability of fixed electrical ground power at these stands provides airlines with the ability to save on fuel costs and reduce CO<sub>2</sub> emissions.

**Operational/Process Efficiency**

- MARS Stand (Multiple Aircraft Ramp System) installed for stands 30 and 31 with old stand removed.
- upgraded procedures to allow airlines to flexibly switch between domestic and international services through the use of 'swing' gates and lounges.
- Introduced new light system at Gate 5 and implemented new standard operating procedure for managing gate entry.
- Undertook taxiway widening work on Taxiway Alpha.
- Commissioned a new Freight apron facility to support the increased parcel processing requirements of freight companies.
- Conducted a Snow preparedness exercise that involved both CIAL and external personnel.

**Customer Experience**

- Upgraded International arrivals conveyor baggage belts to support the distribution of luggage off larger aircraft.
- Reviewed the mix of booths and smart gates for Passport Control at International Arrives resulting in the introduction of 4 additional smart gates.
- Established a Find You Way initiative to increase the customer experience in moving through the airport's terminals to departing aircraft.

A summary of the various operational forums are as follows:

*Airline Operating Committee*

Committee exists to promote understanding, co-operation and a close liaison between AOC members to maintain a high level of aircraft, passenger, and cargo handling at Christchurch Airport. Forum also used to ensure a close working relationship with BARNZ, and that the interests of airlines are kept to the fore.

*Airside Safety Group*

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

*Terminal Health and Safety Committee*

This group meets quarterly and focuses on new and existing hazards/incidents. The group includes government agencies, airlines, ground handlers, and tenants.

*Dakota Park Freight Apron Users Group*

This group meets monthly to discuss safety concerns and outstanding developments to support operations specific to the new Freight apron. Stakeholders include freight companies, fuel organisations, airlines, and ground handlers.

*Canterbury Airspace User Group*

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

*Facilitation Group*

This group meets bi-monthly to discuss all matters pertinent to the shared operational environment. The group draws members from government agencies, airlines, ground handlers, the District Health Board, and airport tenants.

*The process put in place by the Airport for it to meet regularly with airlines to improve the reliability and passenger satisfaction performance consistent with that reflected in the indicators.*





Regulated Airport  
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**Christchurch International Airport Ltd**  
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**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)**

ref Version 3.0

		Total number of landings		Total MCTOW (tonnes)	
97	(iii) The total number and MCTOW of landings of aircraft not included in (i) and (ii) above during disclosure year				
98					
99	Air passenger service aircraft less than 3 tonnes MCTOW		-		-
100	Freight aircraft		1,604		127,713
101	Military and diplomatic aircraft		419		33,099
102	Other aircraft (including General Aviation)		8,596		34,917

		Total number of landings		Total MCTOW (tonnes)	
103	(iv) The total number and MCTOW of landings during the disclosure year				
104					
105	Total		46,418		2,088,295

**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
108				
109	International air passenger service movements	10,567	-	10,567
110	Domestic jet air passenger service movements	21,263	-	21,263

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

**16c: Passenger statistics**

	Domestic	International	Total	
112				
113				
114	The total number of passengers during disclosure year			
115	Inbound passengers <sup>†</sup>	2,444,156	822,358	3,266,514
116	Outbound passengers <sup>†</sup>	2,466,939	833,145	3,300,084
117	Total (gross figure)	4,911,095	1,655,503	6,566,598
119	less estimated number of transfer and transit passengers			-
121	Total (net figure)			6,566,598

<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
125		
126	Air Nelson	Air New Zealand
127	Mount Cook Airlines	China Airlines
128	Air Chathams	China Southern Airlines
129	Air New Zealand	Emirates
130	Jetstar	Fiji Airways
131	Sounds Air	Jetstar
132		Qantas
133		Singapore
134		Virgin Australia
135		
136		
137		
138		

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2017**

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

ref Version 3.0

145 **16e: Human Resource Statistics**

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
146				
147	65.0	82.0	3.0	150.0
148				14,746

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

150 **Source of Data**

151 Data collated for the air passenger services is obtained from CIAL's Airline Billing Database, which is compiled from information  
152 electronically provided on a monthly basis from the Airways Corporation information system.  
153 The data for terminal access figures originates from Airlines, customs and FIDs (Flight information data system).  
154 The human resource statistics have been calculated from payroll figures as at the end of June 2017.

155 **Additional Notes**

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

The following tables show a comparison of pricing forecasts to actual results for the 2017 period in passenger movements, landings and MCTOW.

Passengers Movements	Pricing Forecast	Actual	Variance
International Arrivals	852,234	822,358	-3.5%
International Departures	848,336	833,145	-1.8%
<b>Total International</b>	<b>1,700,570</b>	<b>1,655,503</b>	<b>-2.7%</b>
Domestic Arrivals	2,241,522	2,444,156	9.0%
Domestic Departures	2,276,723	2,466,939	8.4%
<b>Total Domestic</b>	<b>4,518,245</b>	<b>4,911,095</b>	<b>8.7%</b>
<b>Total Passenger Movements</b>	<b>6,218,815</b>	<b>6,566,598</b>	<b>5.6%</b>

Landings	Pricing Forecast	Actual	Variance
Domestic Flight of 3 tonnes or more but less than 30 tonnes MCTOW	22,158	19,886	-10.3%
Domestic flights of 30 tonnes MCTOW or more	12,404	10,631	-14.3%
International Flights	5,614	5,282	-5.9%
Other Flights	11,573	10,619	-8.2%
<b>Total Landings</b>	<b>51,749</b>	<b>46,418</b>	<b>-10.3%</b>

MCTOW	Pricing Forecast	Actual	Variance
Domestic Flight of 3 tonnes or more but less than 30 tonnes MCTOW	425,113	422,660	-0.6%
Domestic flights of 30 tonnes MCTOW or more	885,676	778,113	-12.1%
International Flights	632,107	691,793	9.4%
Other Flights	182,924	195,729	7.0%
<b>Total MCTOW</b>	<b>2,125,820</b>	<b>2,088,295</b>	<b>-1.8%</b>

174 The above summary provides a very clear picture of the effect of more passengers being carried on a significantly reduced number  
175 of aircraft movements in the 2017 year, when compared to the pricing forecasts.. This has been supplemented further by the effect of  
176 the substitution of aircraft type over 2017 resulting in reduced MCTOW.  
177  
178  
179

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2017**

**SCHEDULE 17: REPORT ON PRICING STATISTICS**

ref Version 3.0

**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	7,977
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	17,069
Net operating charges from airfield activities relating to international flights	12,916
Net operating charges from specified passenger terminal activities relating to domestic passengers	19,912
Net operating charges from specified passenger terminal activities relating to international passengers	21,781
	<b>Number of passengers</b>
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,932,594
Number of domestic passengers on flights of 30 tonnes MCTOW or more	2,978,501
Number of international passengers	1,655,503
	<b>Total MCTOW (tonnes)</b>
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	435,470
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	877,844
Total MCTOW of international flights	766,509

**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	4.13	18.32
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	5.73	19.44
Average charge from airfield activities relating to international flights	7.80	16.85
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from specified passenger terminal activities	4.05	13.16
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	9.15	20.96

**Commentary on Pricing Statistics**

- Total charge per passenger for airfield and terminal services has increased slightly - in line with 1 July 2016 price path as a part of PSE2.

- Charges for specific passenger terminal activities per passenger have reduced slightly due to increased load factors - as terminal pricing in PS2 is based on seat capacity.

<b>Pricing Statistics</b>	<b>2017</b>	<b>2016</b>
<b>Average charge (\$ per passenger)</b>		
- Airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	\$ 4.13	\$ 4.01
- Airfield activities relating to domestic flights of 30 tonnes MCTOW or more	\$ 5.73	\$ 5.32
- Airfield activities relating to international flights	\$ 7.80	\$ 7.02
<b>Average charge(\$ per tonne MCTOW)</b>		
- Airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	\$ 18.32	\$ 17.71
- Airfield activities relating to domestic flights of 30 tonnes MCTOW or more	\$ 19.44	\$ 20.15
- Airfield activities relating to international flights	\$ 16.85	\$ 18.51
<b>Average charge (\$ per domestic passenger)</b>		
- Specified passenger terminal activities	\$ 4.05	\$ 4.16
- Airfield activities and specified passenger terminal activities	\$ 9.15	\$ 9.01
<b>Average charge (\$ per international passenger)</b>		
- Specified passenger terminal activities	\$ 13.16	\$ 13.48
- Airfield activities and specified passenger terminal activities	\$ 20.96	\$ 20.50



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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 2017**

We, Catherine Drayton and Kate Morrison, 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.



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**Catherine Drayton**  
Chairman  
30 November 2017



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**Kate Morrison**  
Director  
30 November 2017

## **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 his behalf, on Schedules 1 to 17 for the regulatory year ended 30 June 2017 ('the Airport Disclosure Schedules'), prepared by the company in accordance with the 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 his 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 2017