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

Company Name	Christchurch International Airport Limited
Disclosure Date	30 November 2013
Disclosure Year (year ended)	30 June 2013
Pricing period starting year (year ended) [1]	30 June 2013

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

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

EXECUTIVE SUMMARY

1. Introduction

This is the third annual disclosure by Christchurch International Airport Limited ("CIAL") under Part 4 of the Commerce Act. The disclosure report is for the period ending 30 June 2013 ("2013 Disclosure"). This executive summary gives an overview of the information the 2013 Disclosure provides on the performance of the company for this period.

We are conscious that we are making this annual disclosure at a time when the Commerce Commission ("Commission") has started but not finished the process of advising the Minister of Commerce under section 56G of the Commerce Act as to whether information disclosure regulation is effectively promoting the purpose of Part 4 of the Commerce Act in relation to CIAL.

The Commission released a Draft Report on 15 October 2013 that was critical of the transparency of the model CIAL used to reset its prices in December 2012, and the transparency of CIAL's subsequent pricing event disclosure report. In CIAL's response to the Draft Report (by submission dated 12 November 2013) CIAL committed to addressing the Commission's transparency concerns.

This included preparing our disclosure reports on a basis that is different from the basis we used when making the 2012 pricing event disclosure report. In particular, we will disclose on a post-tax basis using a non-standard depreciation profile that reflects our long-term price path. In order to do this we will prepare a supplementary version of our 2012 pricing event disclosure report that reflects these changes and we will use this new approach in our annual disclosures.

In relation to the 2013 annual disclosure, we have not been able to make these changes in time for the regulatory deadline of 30 November 2013. Our proposal for how we will address the Commissions' transparency concerns was described in our 12 November 2013 submission and we sought the feedback of our customers and the Commission before settling on our approach.

For that reason this report reflects the post-tax approach prescribed in the Commission's input methodologies, but does not incorporate a non-standard depreciation profile. We will produce a supplementary version of this 2013 Disclosure as soon as practicable after receiving feedback from our customers and the Commission.

So, in summary, there is a further version of this 2013 Disclosure to come. However this report makes transparent a number of important features of our operations and so is useful to our stakeholders and interested parties.

2. Information provided in this disclosure

This disclosure report contains much information that was not previously provided under the Airport Authorities Act Disclosures Regulations on an annual basis to our stakeholders at this level of detail. In overview, the disclosure report contains the following financial information and quality and statistical information:

Financial information

In this disclosure report we report 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 forecasts
- A break-down of our revenue across regulated and unregulated activities
- Detailed asset and cost allocations
- A reconciliation to our published financial statements

- A detailed analysis of our regulatory profit and return on investment

This is significantly more detail than was made available to stakeholders prior to the new information disclosure regime.

Quality and statistical information

The provision of quality and statistical information has been 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, and
- Statistical analysis of aircraft and passenger movements and Pricing efficiency outcomes

Virtually none of this information was previously disclosed.

This increased level of transparency for both our financial and non-financial performance is designed to increase the pressure on CIAL to maintain good performance across all facets of its operations. CIAL is comfortable with that regulatory objective. We are committed to operating an airport that provides high quality, innovative, safe and efficient services for an appropriate price, and we welcome the additional scrutiny knowing it will help us perform to the highest standard.

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

3. What does this 2013 Disclosure show?

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

This is our third annual disclosure. What can readers take from the picture it presents, both on a stand-alone basis and when read with the previous two annual disclosures and our 2012 price setting event disclosure?

3.1 Financial information

Impact of our price reset

We changed our aeronautical charges during this annual disclosure period, following a comprehensive consultation with our major customers. Our price changes took effect on 1 December 2012. The changes were described in detail in our price setting event disclosure report (dated 19 December 2012). Our prices are set to transition up to the long-run levelised price level by June 2017. The overall impact is a significant price increase (reflecting both the fact that our previous prices were low and the major investment in the new Integrated Terminal).

This disclosure report shows the impact of this price increase in the following ways:

- We are reporting higher revenues than would otherwise have occurred. Our price increase is one factor that has to be borne in mind when comparing revenues from our previous disclosures with the revenues reported in this disclosure report

- We moved to a more economically efficient price structure, and this affects the break-down of our charges reported in Schedule 17 (as compared to what they would have been if we had stayed with our old price structure). Again this needs to be borne in mind when comparing annual disclosure reports.

However the impact of the price increase was countered by the variance of actual demand to that forecast, as discussed below.

Impact of market conditions

In developing our 2012 price reset it was necessary for CIAL to make a number of judgements including, importantly, the forecast demand for the pricing period. The forecast demand is an important factor in converting the estimated required revenue into unit prices. In developing our demand forecast it was necessary for CIAL to consider:

- *The impacts of the Canterbury earthquakes and the uncertainties created for international leisure travel* - The 12,000 plus aftershocks created significant uncertainty about Christchurch as a leisure destination and whether passengers wished to fly to the South Island for tourism activity.

- *The likely extent and timing of the Christchurch redevelopment programme and how long it would take before critical infrastructure, particularly hotel accommodation, was available* - We needed to assess the likely capacity for travellers to come to the South Island and to use Christchurch as their initial base for their journeys to the range of tourist destinations throughout the South Island. In addition, the redevelopment programme will result in increased domestic travel owing to the nature of the redevelopment, so an estimate of this element was also required.

- *The flow on impact of the earthquake and passenger volumes on airline economic performance and route profitability* - The reduced demand post earthquakes have seen a reduction in airline capacity and services to the South Island. Airline returns were also impacted by the extended global financial crisis which adversely reduced the level of long haul travel.

In addition in compiling the demand forecast we were required to make an assessment of the likely fleet configuration of the major domestic carrier, Air New Zealand; particularly in light of their intention to reconfigure their domestic jet fleet from Boeing 737s into Airbus 320s, and to introduce the new ATR 600 turboprop aircraft to support the domestic market. An assessment was made of the likely profile of aircraft movements and the mix between jet and turboprop aircraft in arriving at the forecast demand outlook. Our assessment of aircraft movements and aircraft mix then drives the forecast of the capacity of seats that would likely fly into and out of Christchurch, and also the volume of MCTOW in aircraft weight that would be utilising the airfield services.

Against this background CIAL consulted with its customers and made commercial judgements on the profile of the future demand forecast in terms of the levels of aircraft and passenger movements.

We also had to make a commercial assessment of what level of price increase was appropriate, taking into account a range of considerations including the reaction of our customers in the current economic environment, the scrutiny that any price increase would receive in light of the information made available under this disclosure regime, and the legitimate demands of our shareholders.

When making the demand forecast used to set our prices in December 2012 our judgement was that demand would improve in the 2013 financial year. However owing to the delayed redevelopment programme for Christchurch, particularly accommodation development, the demand recovery is now not forecast to occur until the 2014 year and potentially will be at a rate of improvement less than anticipated in the price demand forecast.

The present outlook demonstrates a position that is quite different to that initially forecast in the pricing consultation in that:

- recovery of passenger movements is taking at least 12-18 months longer than forecast; and

- the mix of aircraft between turboprop and jet has been quite different to that forecast. Air New Zealand has used a higher proportion of domestic turboprop aircraft compared with jet aircraft to that forecast, and

- airlines have been achieving improved load factors.

The combination of all these factors has resulted in CIAL not recovering the forecast revenue as determined by the forecast price path, with such unfavourable variances likely to continue into the future.

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

Revenue December 2012 to 30 June 2013						
			Revenue at Standard prices			
			Forecast Movements $m	Actual Movements $m	Variation $ m	%
Domestic Revenue	Domestic Jet	Airfield	6.94	5.97	-0.97	-14.0%
		Terminal	6.27	5.34	-0.93	-14.8%
	Total Domestic Jet Revenue		**13.21**	**11.31**	**-1.90**	-14.4%
	Domestic Turbo Prop	Airfield	3.32	3.12	-0.20	-6.0%
		Terminal	1.16	1.09	-0.07	-6.0%
	Total Domestic Turbo Prop Revenue		**4.48**	**4.21**	**-0.27**	-6.0%
Total Domestic Revenue			17.69	15.52	**-2.17**	**-12.3%**
International Revenue	International Jet	Airfield	4.85	4.32	-0.53	-10.9%
		Terminal	1.99	1.67	-0.32	-16.1%
Total International Jet Revenue			**6.84**	**5.99**	**-0.85**	**-12.4%**
Total Revenue $m			**24.53**	**21.51**	**-3.02**	**-12.3%**

A more detailed analysis of the demand variances that caused the above result is included in Schedule 16. This analysis identifies that the actual volumes variances (passengers, movements and aircraft weight at MCTOW) from the demand forecast used to set prices (ranging between -10% and -17%) are significantly greater than previous trends.

An analysis of actual volumes compared to forecasts for the 2009 -2012 period is detailed below and shows that our forecasts were reasonably accurate prior to the 2012 earthquake.

Forecast Passenger Demand PSE 1					
Inbound Passengers		2009	2010	2011	2012
Domestic	Forecast	2,124,376	2,166,054	2,209,277	
	Actual	2,121,321	2,159,391	2,115,152	2,053,231
International	Forecast	787,478	794,126	828,273	
	Actual	800,614	821,669	744,439	707,311
Total	Forecast	2,911,854	2,960,180	3,037,550	
	Actual	2,921,935	2,981,060	2,859,591	2,760,542
Outbound Passengers		2009	2010	2011	2012
Domestic	Forecast	2,124,376	2,166,054	2,209,277	
	Actual	2,067,723	2,215,009	2,163,724	2,079,511
International	Forecast	787,478	794,126	828,273	
	Actual	774,169	800,972	743,923	712,548
Total	Forecast	2,911,854	2,960,180	3,037,550	
	Actual	2,841,892	3,015,981	2,907,647	2,792,059
Total Passengers		**2009**	**2010**	**2011**	**2012**
Domestic	Forecast	4,248,752	4,332,108	4,418,554	0
	Actual	4,189,044	4,374,400	4,278,876	4,132,742
International	Forecast	1,574,956	1,588,252	1,656,546	0
	Actual	1,574,783	1,622,641	1,488,362	1,419,859
Total	Forecast	5,823,708	5,920,360	6,075,100	0
	Actual	**5,763,827**	**5,997,041**	**5,767,238**	**5,552,601**
Variance		*-59,881*	*76,681*	*-307,862*	

Aircraft Movements PSE 1					
Number of aircraft Landings		**2009**	**2010**	**2011**	**2012**
Aircraft 30 tonnes MCTOW or more	Forecast	28,395	26,762	27,330	
	Actual	20,776	19,431	17,817	15,907
Aircraft 3 tonnes or more but less than 30 tonnes MCTOW	Forecast	9,263	10,677	10,512	
	Actual	17,742	17,915	17,591	17,352
Total	Forecast	37,658	37,439	37,842	
	Actual	38,518	37,346	35,408	33,259
Variance		*860*	*-93*	*-2,434*	
Landings MCTOW		2009	2010	2011	2012
Aircraft 30 tonnes MCTOW or more	Forecast	1,708,007	1,669,843	1,736,690	
	Actual	1,697,475	1,590,450	1,429,870	1,327,025
Aircraft 3 tonnes or more but less than 30 tonnes MCTOW	Forecast	204,786	213,798	210,147	
	Actual	339,657	344,527	339,515	334,106
Total	Forecast	1,912,793	1,883,641	1,946,837	
	Actual	2,037,132	1,934,978	1,769,384	1,661,131
		124,339	51,337	-177,453	

The question at the foremost of CIAL's mind is how long will this trend continue?

At this point CIAL is of the view that it is likely to extend beyond 2014. The present under recovery of $3 million relates to a 7 month period only, with the total under-recovery likely to increase. Consideration will therefore need to be given to whether CIAL:

- Should accept this variation for the entire price reset period to 30 June 2017; or
- Reconsider prices in light of the reduced demand to identify unit prices that would be necessary to achieve the forecast revenue included in the pricing reset. This would require consultation with our airline customers.

At this point in time no firm conclusion has been reached on the path to be pursued.

Completion of the new Integrated Terminal

The year ending 30 June 2013 is the first disclosure incorporating the full terminal development post it's commissioning in March 2013. As a result the asset base additions and the relative operating cost allocations have been based on the completed configuration of the terminal.

In determining the value of the assets to be allocated to specified terminal activities in 2013 CIAL has first established the final cost of the terminal and allocated this value to the respective activities, including specified terminal activities and commercial activities. From the final sum allocated to specified terminal activities the interim values allocated to stages 1 and 2, commissioned in May 2011 and April 2012 respectively, were then deducted to arrive at the net value for additions in 2013. As the interim stages were allocated on a pure footprint basis this necessitated some cost reallocation as certain costs e.g. baggage handling system, FIDS and NIGs, were appropriate to be directly allocated to specified terminal activities – discussed further in Schedule 4.

Operating efficiency

The Commission's Draft Report records that the available information shows CIAL seeks to improve its operating efficiency and our forecasts indicate we are improving our operating efficiency over the pricing period to June 2017.

This is an important area for CIAL. We are very aware that our investment in the new Integrated Terminal, while an efficient investment decision and somewhat overdue, nevertheless has resulted in our customers facing increasing charges. We need to show that we are operating the new facility efficiently, and we are conscious that our operational performance will be transparent under the information disclosure regime.

A number of initiatives have been progressed over the 2013 year designed to improve service performance and ensure a safe and secure operating environment is maintained. These are detailed in schedule 15 of this disclosure report. In progressing these initiatives, CIAL has actively consulted with customers and/or border agencies where appropriate.

Efficiency initiatives have included;

- ***Improve airport operations*** – these have included improvements in CIAL and airline capabilities to manage adverse weather circumstances, particularly snow, to minimise downturn over the winter. Improvements in operating procedures to improve quarantine compliance and the development of on line induction training for all campus workers have also been examples of such improvements
- ***Improvements in safety*** –maintaining a safe and secure airport environment is a critical objective for CIAL. Initiatives progressed during the year include improvements in signage for apron emergencies and dynamic safety for messaging to apron stakeholders, improvements in bird management deterrent practises and a general focus on improving airport wide health and safety awareness and procedures.

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

In this 2013 Disclosure we discuss our operating expenditure variances in Schedule 6. Key features of our performance during the 2013 year include:

- CIAL is working with its airline customers to develop new routes and services across the Tasman, and also to long-haul destinations in Asia, particularly China and Japan. This activity however does come at a cost, including the additional costs that CIAL has incurred to stimulate such demand. This level of investment was not allowed for in our pricing reset, as we agreed with our customers to exclude

investment specific to individual airlines or to discreet destinations. The additional amount for the year ending 30 June 2013 for this additional development was $1.48 million and this shows as an operating expenditure variance.

- Our insurance and rates costs are greater than we forecast and difficult to manage down. We are reviewing the rating approach with the Christchurch City Council.

- Maintenance and cleaning costs in our new terminal are greater than forecast by a modest amount each. These were difficult to forecast in 2012 when we had very little experience in operating the new terminal.

- A difference in approach for how a lease termination cost should be recovered; disclosure includes this as an operating cost whereas Pricing treated it as an asset addition to be amortised over the residual lease term

The general picture that emerges from this disclosure is CIAL gaining operating experience with the new terminal and investing in future growth. This fairly reflects our current year. Going forward we will be targeting improved operating efficiencies, and we expect our further information disclosure reports to make transparent to our stakeholders whether we are being successful in that regard.

Capital expenditure

When consulting on and setting our aeronautical charges last year, we consulted on the capital expenditure we had planned for the period to June 2017. Changes were made to our planned capital expenditure during the consultation process, and the finalised capital expenditure plan is presented in our price setting event disclosure report (dated 19 December 2012).

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 we have spent $2.1m more than we forecast in 2012 forecast. However this is made up of some unders and overs. Looking at the major items, we spent less than we forecast in the areas of airfield pavement maintenance works (as the annual condition review of airfield pavements this year identified less maintenance expenditure being required than forecast) and the Pound Road Realignment and RESA (due to project delay – this expenditure will be completed in the 2014/15 year). Areas where we have invested more capital than we forecast include the completion of the terminal (a timing difference), technology projects that were not forecast, and an increase in land used for specified airport activities after reviewing areas of land used and an adjustment of some title boundaries.

This clearly demonstrates that CIAL is investing efficiently and only incurs expenditure where required, particularly pavement maintenance. There will always be a variation between actual and forecast expenditure with such variations being transparent.

Earnings performance

The impact of the slower than anticipated recovery post the Canterbury earthquakes together with the increase in asset values and operating costs, following the commissioning of the new integrated terminal, has had an impact on CIAL's returns for the financial year ending 30 June 2013. The regulatory performance post tax was $8.488 million, resulting in a 1.75% return on Regulatory investment value (compared with the Commerce Commission benchmark of 6.49%)

The following table outlines the trend of performance for the periods 2011 to 2013;

Item	2011	2012	2013
	$'000		
Regulatory Profit	$18,884	$7,517	$8,488
Adjusted Regulatory Profit	$17,873	$6,386	$7,522
Regulatory Investment value	$315,238	$404,058	$428,960
ROI – comparable to post tax WACC	5.67%	1.58%	1.75%
Post tax WACC	8.06%	7.56%	6.49%

This identifies that the return of regulatory profit on regulatory investment value has reduced from 5.67% in 2011 to 1.58% in 2012, followed by a marginal increase in 2013 to 1.75%. This small increase reflects the benefit of the increase in aeronautical charges from 1 December 2012. These rates of return are significantly below the Commerce Commission post-tax WACC benchmark used to monitor performance.

This table does show the utility of information disclosure accounts as they reveal trend information over time. Differences and trends revealed by the information disclosure accounts will demand an explanation by reference to the market the airport is operating in. CIAL views this as a healthy addition to the wider governance of airports.

As noted in the Introduction to this summary, we will be producing a supplementary version of this 2013 Disclosure that shows our financial performance using a non-standard depreciation approach. We expect this to show a higher ROI than what is reported in the table above (reflecting a lower depreciation charge) but still materially lower than the benchmark post tax WACC.

3.2 Quality and statistics

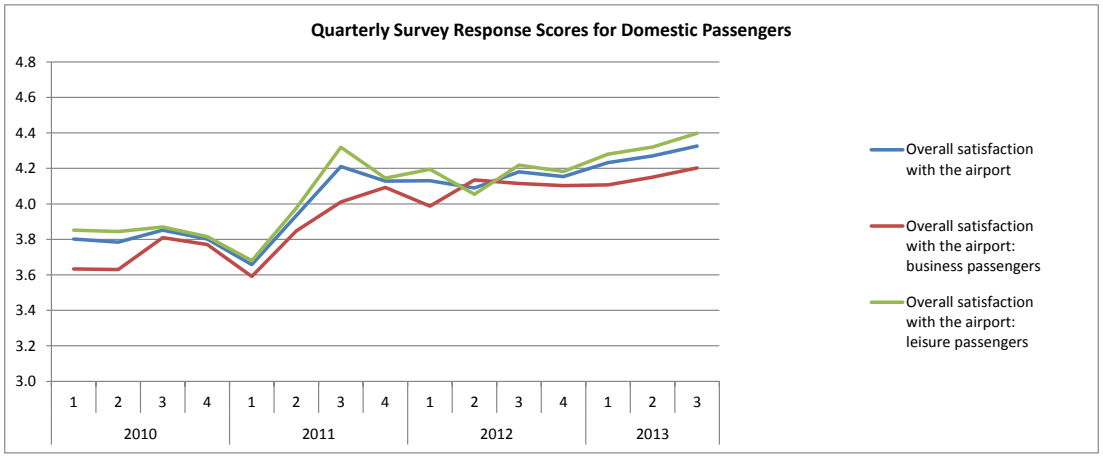
The quality of our services

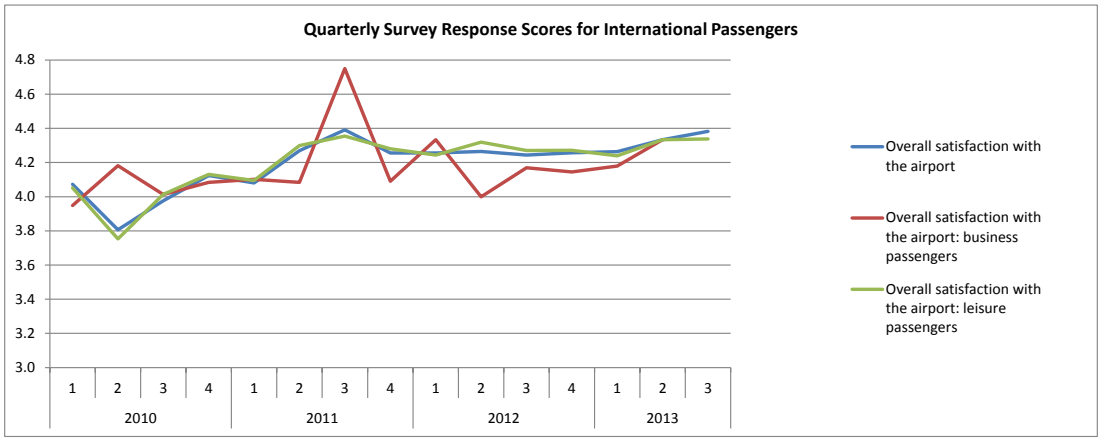
The Commission's Draft Report records that the quality of CIAL's services is high. Passenger satisfaction levels at CIAL are high, and the feedback from CIAL's customers identifies that the quality of CIAL's services meets their demands and CIAL appropriately facilitates service improvements by its customers.

We are pleased with this feedback. Excellence in customer service delivery is an imperative for CIAL. To this end the ethos of "one team best airport" has continued to be implemented and expanded across the Christchurch airport campus. This is designed to provide a focus on the customer experience and how all parties on the airport can contribute to this uniform outcome.

Many instances of great passenger experience has been communicated to CIAL and these are regularly published to all staff across the campus - including CIAL, our airline customers and border agencies. Positive comments have been made by many parties, including the airlines, on the benefits this approach is providing to customer service being provided at Christchurch airport.

Another point of recognition of service quality is the ASQ customer satisfaction surveys. CIAL has, post the commissioning of the new integrated terminal been at the forefront of service performance for airports throughout Australasia. The following chart demonstrates this continuing trend.





We know from experience that in the drive to maintain and improve quality standards, information matters. It is a truism that we manage what we measure. For that reason, CIAL embraces the new reporting of quality measures in the information disclosure regime.

2013 is the third year of disclosure of the operational measures on reliability, capacity utilisation, passenger satisfaction, movement and pricing statistics. These provide a robust outlook on how CIAL is performing overtime, and for the first time include on time departure delay statistics as provided by the airlines. Considering the trend in measures over the last 3 years this identifies that;

- Reliability continues to improve,
- Utilisation remains appropriate,
- Passenger satisfaction continues to rate highly, and
- Pricing efficiency is improving post the 1 December price reset

Innovation

The Commission and our airline customers have confirmed during the section 56G process that CIAL has innovated appropriately in the past and continues to innovate appropriately, and that CIAL is also receptive to airline-led innovation.

Similar to our attitude to quality, discussed above, we are pleased with this feedback but have no intention of sitting on our laurels. To this end CIAL has continued in its endeavour to improve the airport experience and efficiencies in operations.

Particular initiatives that have occurred during this disclosure year to improve performance have included such advances and technology enablement as detection of and communication to stakeholders of severe weather events that will influence Christchurch operations, the installation of multi lingual signage to meet the need of growing tourism activity from Asia, and improvement in dynamic signage and notice boards to improve

passenger communications on understanding the requirements for liquids, aerosols and gels and improvement in communications to ground handlers respectively. These are disclosed in Schedule 15.

Again, we believe that information will fuel the drive for innovation. Information disclosure reports like this one give us an opportunity to report on our innovation initiatives, and generate feedback from stakeholders on both our specific activities and our level of innovation from year to year.

Overall comment

It is very clear that the new terminal infrastructure has and will deliver benefits not only to Christchurch but also to the South Island as a whole. It will also contribute to an improvement in tourism activity and trade but this could only be achieved through the development required to meet changing airline customer and aviation sector needs.

In developing and growing services to Christchurch and the South Island CIAL is predominantly a leisure based airport, particularly for Trans-Tasman travellers to and from Australia. Accordingly any event or occurrence that adversely impacts leisure travel has a wider flow on effect as it impacts the attractiveness of the South Island as a whole as a tourism destination.

CIAL accordingly has taken a lead role, through an initiative entitled SOUTH, to stimulate tourism traffic to Christchurch and the South Island as a whole. Our objective is to be a catalyst to generate an economic resurgence to the South Island Tourism sector. In progressing this drive CIAL is also working with its airline customers to develop new routes and services across the Tasman but also to long-haul destinations in Asia, particularly China and Japan. This is not an immediate outcome but one that requires significant and at times lengthy engagement with our customers, but the goal is and must be achieved to the benefit of all stakeholders.

Table of Contents

Disclosure Template Guidelines for Information Entry

Internal consistency check | OK

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

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

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

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

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

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

Regulated Airport	Christchurch International Airport Limited
For Year Ended	30 June 2013

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref *Version 2.0*

1a: Return on Investment

($000 unless otherwise specified)

			CY-2 *	CY-1 *	Current Year CY
	Return on Investment (ROI)	*for year ended*	**30 Jun 11**	**30 Jun 12**	**30 Jun 13**
	Regulatory profit / (loss)		18,884	7,517	8,488
less	Notional interest tax shield		1,010	1,131	966
	Adjusted regulatory profit		17,873	6,385	7,522
	Regulatory investment value		315,238	404,058	428,960
	ROI—comparable to a post tax WACC (%)		5.67%	1.58%	1.75%
	Post tax WACC (%)		8.06%	7.56%	6.49%
	ROI—comparable to a vanilla WACC (%)		5.99%	1.86%	1.98%
	Vanilla WACC (%)		8.40%	7.86%	6.75%

Commentary on Return on Investment

Adjusted regulatory profit is up by $1.14m or 17.8% in comparison to 2012. This results in a return of 1.75% on the Regulatory Investment Value of $428.96m for 2013. This result is well below the Commerce Commission benchmark of 6.49% but marginally higher than CIAL's 2012 return of 1.58%.

Item	2011	2012	2013
		$'000	
Regulatory Profit	$18,884	$7,517	$8,488
Adjusted Regulatory Profit	$17,873	$6,385	$7,522
Regulatory Investment value	$315,238	$404,058	$428,960
ROI – comparable to post tax WACC	5.67%	1.58%	1.75%
Post tax WACC	8.06%	7.56%	6.49%

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

Regulatory Investment Value at $428.960m has increased over 2012 by $24.902m (6.16%). This is primarily due to the completion of the intergrated terminal and related airsideworks (March 2013). Accordingly, commissioned assets have only been included at 25% of full value, reflecting the part period use, with the full value being added to the regulatory Investment value in 2014.

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

	Regulated Airport	**Christchurch International Airport Limited**
	For Year Ended	**30 June 2013**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)

ref *Version 2.0*

($000 unless otherwise specified)

1b: Notes to the Report

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

57	RAB value - previous year	408,993
58	Debt leverage assumption (%)	17%
59	Cost of debt assumption (%)	4.96%
60	Notional deductible interest	3,449
61	Tax rate (%)	28.0%
62	Notional interest tax shield	966

1b(ii): Regulatory Investment Value

64	Regulatory asset base value - previous year	408,993

		Commissioned Projects	Assets Commissioned—RAB Value ($000)	Proportion of Year Available (%)	Proportionate Regulatory Value
66		Terminal project	41,436	25%	10,359
67		Runway Maintenance	4,394	25%	1,099
68		Apron Taxiway remediation	18,060	25%	4,515
69					–
70					–
71					–
72					–
73					–
74					–
75	*plus*	Other assets commissioned	11,338	50%	5,669
76	*plus*	Adjustment for merger, acquisition or sale activity			–
77	*less*	Asset disposals	3,349	50%	1,675
78		RAB investment	71,879		
79		RAB proportionate investment			19,967
80					
81		Regulatory investment value			428,960

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Regulated Airport For Year Ended: **Christchurch International Airport Limited** — **30 June 2013**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref *Version 2.0*

2a: Regulatory Profit

			($000)
Income			
	Airfield Charges	20,925	
	Terminal Charges	7,100	
	Counter Charges	2,099	
	Passenger Service Charges	13,463	
	Lease, rental and concession income	7,089	
	Other operating revenue	1,454	
	Net operating revenue		52,130
	Gains / (losses) on sale of assets	(58)	
	Other income	204	
	Total regulatory income		52,275
Expenses			
	Operational expenditure:		
	Corporate overheads	9,593	
	Asset management and airport operations	18,289	
	Asset maintenance	2,579	
	Total operational expenditure		30,461
Operating surplus / (deficit)			21,814
	Regulatory depreciation		19,862
plus	Indexed revaluation	2,203	
plus	Non-indexed revaluation	4,407	
	Total revaluations		6,611
Regulatory Profit / (Loss) before tax & allowance for long term credit spread			8,562
less	Allowance for long term credit spread		18
Regulatory Profit / (Loss) before tax			8,544
less	Regulatory tax allowance		56
Regulatory Profit / (Loss)			8,488

Commentary on Regulatory Profit

Item	2011	2012	2013
	$'000		
Total Regulatory Income	$49,402	$52,726	$52,275
Total Operational Expenditure	$24,299	$28,315	$30,461
Regulatory Depreciation	$12,444	$18,967	$19,862
Total Revaluations	$9,409	$3,739	$6,611
Regulatory Tax Allowance	$3,185	$1,665	$56
Regulatory Profit	$18,884	$7,517	$8,488

- Regulatory Profit for 2013 was $8.488m
- Net operating revenue from specified airport activities was $52.130m (2012 $52.399m, -.05%). This included the benefit of the new aeronautical charges implemented in December 2012. However this revenue (particularly terminal, airfield and passenger service charges) and the related counter charges continue to be affected by reduced aircraft movements and passenger numbers.
- Operating expenses for the period were $30.461m (2012 $28.316m, 7.58%). These have increased due to the inclusion of a full year of operating stages 1 and 2 of ITP.
- Regulatory depreciation at $19.862m increased by $0.895m due to a full years depreciation of Stages I & II of ITP.
- Revaluations for 2013 were $6.611m (2012 $3.739m) This increase was comprised of the revaluation of land at MVAU ($4.407M) and the revaluation on other assets (indexed at CPI 0.68% - $2.204m)

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Regulated Airport For Year Ended: **Christchurch International Airport Limited** — **30 June 2013**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

Version 2.0

($000 unless otherwise specified)

2b: Notes to the Report

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

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

Qualifying debt	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value	Term Credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment
Wholesale Bond Issue	06/12/2012	06/12/2012	7.0	5.15%	75,000	113	30	(75)
Subordinated Wholesale Bond	18/10/2009	18/10/2009	7.0	–	25,000	38	–	(25)
						150	30	(100)

	80
Attribution Rate (%)	23%
Allowance for long term credit spread	18

2b(ii): Financial Incentives

		($000)
Pricing incentives	5,808	
Other incentives	143	
Total financial incentives		5,951

2b(iii): Rates and Levy Costs

	($000)
Rates and levy costs	885

2b(iv): Merger and Acquisition Expenses

	($000)
Merger and acquisition expenses	–

Justification for Merger and Acquisition Expenses

There were no merger and acquisition expenses.

Regulated Airport	Christchurch International Airport Limited
For Year Ended	30 June 2013

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref *Version 2.0*

3a: Regulatory Tax Allowance

ref					($000)
7		Regulatory profit / (loss) before tax			8,544
8					
9	*plus*	Regulatory depreciation	19,862		
10		Other permanent differences—not deductible	33	*	
11		Other temporary adjustments—current period	(320)	*	
12					19,575
13					
14	*less*	Total revaluations	6,611		
15		Tax depreciation	17,459		
16		Notional deductible interest	3,449		
17		Other permanent differences—non taxable	–	*	
18		Other temporary adjustments—prior period	401	*	
19					27,919
20					
21		Regulatory taxable income (loss)			200
22					
23	*less*	Tax losses used	–		
24		Net taxable income			200
25					
26		Statutory tax rate (%)	28.0%		
27		Regulatory tax allowance			56
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 ($0.033m) This represents 50% of entertainment expenses which are not deductible for tax purposes
- Other Temporary adjustments – current period (-$0.32m)
  - These include personnel accruals that are not deductible in the year they are accrued ($0.796m). These accruals were allocated in the same ratio as payroll allocations (52%). In addition, the cost of uniforms capitalised for tax purposes are also included ($0.092m)
  - A deferred lease settlement (-$0.2m) related to specified activities is being spread over five years for tax purposes and is included as a current temporary difference.
  - ITP staging costs, (deductible for tax purposes over the period of the project), were for additional operating costs incurred to ensure business operations can meet required operating standards while the new integrated terminal was being constructed. These amount to (-$1.076m) for the current period (total staging costs times the new specified terminal allocation of 77.82%)
  - Difference between tax and accounting gain on asset disposal of $0.068m
- Other permanent differences – non-taxable - Nil
- Other Temporary adjustments – prior period ($0.401m) These differences are effectively the reversal of the previous year accruals.

3b(ii): Tax Depreciation Roll-Forward

ref			($000)		
51		Opening RAB (Tax Value)	164,273		
52	*plus*	Regulatory tax asset value of additions	59,331		
53	*less*	Regulatory tax asset value of disposals	5,602		
54	*plus*	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	–		
55	*less*	Tax depreciation	17,459		
56	*plus*	Other adjustments to the RAB tax value	13,709		
57		Closing RAB (tax value)			214,252

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

ref			($000)		
60		Tax losses (regulated business)—prior period	–		
61	*plus*	Current year tax losses	–		
62	*less*	Tax losses used	–		
63					
64		Tax losses (regulated business)			–

Regulated Airport: **Christchurch International Airport Limited**
For Year Ended: **30 June 2013**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref *Version 2.0*

		Unallocated RAB * ($000)	Unallocated RAB * ($000)	RAB ($000)	RAB ($000)
	RAB value—previous disclosure year		489,225		408,993
less					
	Regulatory depreciation		23,550		19,862
plus					
	Indexed revaluations	2,741		2,203	
	Non-indexed revaluations	4,411		4,407	
	Total revaluations		7,152		6,610
plus					
	Assets commissioned (other than below)	81,351		69,702	
	Assets acquired from a regulated supplier	–		–	
	Assets acquired from a related party	5,703		5,527	
	Assets commissioned		87,054		75,228
less					
	Asset disposals (other)	110		99	
	Asset disposals to a regulated supplier	–		–	
	Asset disposals to a related party	4,084		3,250	
	Asset disposals		4,194		3,349
plus	**Lost and found assets adjustment**		–		–
	Adjustment resulting from cost allocation				18,266
	RAB value †		555,686		485,887

Commentary

There was a revaluation of land under the market value alternative use valuation methodology in 2013. This gave rise to an increase of $4.407m to the RAB.

Other assets were revalued using the CPI index of 0.68% which resulted in an increase to the RAB of $2.203m.

A major project for CIAL over the last three years has been the construction of a new integrated terminal. Stage I of the new terminal was opened in May 2011 and Stage II in April 2012, with the full project being completed in 2013.

Straight line depreciation has increased significantly since 2012, principally as a result of the new terminal development being commissioned. CIAL intends to move to a deferred depreciation approach and a supplementary report will be released for 2013 to reflect this commitment.

The adjustment resulting from cost allocation of ($18.266m) is the result of changes in the allocation driver percentages for 2013 over 2012.This variation (2013 79.1%; 2012 71.3%) was the result of the final footprint totals for the completed terminal versus the progressive stages completed in 2012 and 2011.

The specific details of the effect in the change in allocation are detailed on Schedule 9 (asset allocations) These involved the;

- Direct allocation of certain assets in the Integrated Terminal $5.206m
- Reclassification of certain assets on completion of ITP, previously allocated as non-specified activities, (refer schedule 9 for details $11.341m
- Change in allocation percentages $1.719m

Total **$18.266m**

Further details are included in schedule 9 (Asset Allocations)

† *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	23,550	19,862
Non-standard depreciation	–	–
Regulatory depreciation	23,550	19,862

Regulated Airport: Christchurch International Airport Limited
For Year Ended: 30 June 2013

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

ref | Version 2.0

($000 unless otherwise specified)

4b(ii): Non-Standard Depreciation Disclosure

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

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

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

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

CPI at CPI reference date—previous year (index value)		1,168
CPI at CPI reference date—current year (index value)		1,176
Revaluation rate (%)		0.68%

		Unallocated RAB		RAB
	RAB value—previous disclosure year		489,225	408,993
less	Revalued land	84,705	83,881	
less	Assets with nil physical asset life	170	103	
less	Asset disposals	4,194	3,349	
less	Lost asset adjustment	–	–	
	Indexed revaluation		2,741	2,203

4b(v): Works Under Construction

		Unallocated works under construction		Allocated works under construction
	Works under construction—previous disclosure year		52,830	35,627
plus	Capital expenditure	36,542	35,686	
less	Asset commissioned	87,054	75,228	
less	Offsetting revenue	–	–	
plus	Adjustment resulting from cost allocation			5,118
	Works under construction		2,318	1,202

Regulated Airport: Christchurch International Airport Limited
For Year Ended: 30 June 2013

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

ref | Version 2.0

4b(vi): Capital Expenditure by Primary Purpose

ref				
110		Capacity growth	5,960	
111	*plus*	Asset replacement and renewal	29,726	
112		Total capital expenditure		35,686

4b(vii): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
115		RAB value—previous disclosure year	86,922	91,971	223,279	6,822	408,993
116	*less*	Regulatory depreciation	–	4,889	13,970	1,003	19,862
117	*plus*	Indexed revaluations	–	630	1,527	46	2,203
118	*plus*	Non-indexed revaluations	4,407				4,407
119	*plus*	Assets commissioned	5,635	25,969	41,212	2,413	75,228
120	*less*	Asset disposals	3,041	–	277	31	3,349
121	*plus*	Lost and found assets adjustment	–	–	–	–	–
122	*plus*	Adjustment resulting from cost allocation	10	–	18,386	(131)	18,266
123		RAB value	93,934	113,680	270,156	8,117	485,887

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

4b(viii): Assets Held for Future Use

ref			Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
126		Assets held for future use—previous disclosure year	42,707	12,236	28	2,517	57,432
127	*plus*	Assets held for future use—additions[1]	1,487	4,168	28	2,118	7,745
128	*less*	Transfer to works under construction	–	–	–	–	–
129	*less*	Assets held for future use—disposals	2,616	749	–	–	3,365
130		Assets held for future use[2]	41,578	15,655	56	4,635	61,812

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

131 *[2] Each category value shown in the 'Assets held for future use' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year' .*

ref			
132		Highest rate of finance applied (%)	6.89%

133

Regulated Airport	Christchurch International Airport Limited
For Year Ended	30 June 2013

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 2.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	140
Operational expenditure	5,128
Related party capital expenditure	–
Market value of asset disposals	–
Other related party transactions	63,630

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 Ltd	Subsidiary of Majority Shareholder
Red Bus Ltd	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
BECA Group Limited	Common directors
NZ Institute of Chartered Accountants	Common directors
PGG Wrightson Limited	Common directors
House of Travel Holdings Limited	Common directors

5(iii): Related Party Transactions

Entity Name	Description of Transaction	Average Unit Price ($)	Value ($000)
Christchurch City Holdings Limited (CCHL)	Subordinated loan balance payable	–	50,000
Christchurch City Holdings Limited (CCHL)	Interest paid	–	2,714
Christchurch City Holdings Limited (CCHL)	Group Loss offset	–	4,744
Christchurch City Council (CCC)	Rates	–	2,971
Christchurch City Council (CCC)	Operational expenses	–	423
Christchurch City Council (CCC)	Subvention payments / Losses	–	1,845
City Care Limited	Operational expenses	–	1,305
Connectics Ltd	Operational expenses	–	390
Red Bus Ltd	Revenue	–	104
Vbase Limited	Operational expenses	–	33
Enable Services Ltd	Revenue	–	24
BECA Group Limited	Structural Engineering services	–	251
PGG Wrightson Limited	Agricultural and landscaping supplies	–	139
House of Travel Holdings Limited	Travel, accommodation, lease tenancy	–	634
Other related party transactions	various	–	1
Christchurch International Airport Limited	Management compensation of key personnel including Directors and Executive Management, incorporating salaries and other short term employee benefits	–	–
	- Directors Fees	–	315
	- Executive Management	–	2,983

Commentary on Related Party Transactions

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

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

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

The major elements are loans, interest on loans and subvention payments ($59.303m). These transactions relate to the full company, and are not able to be allocated to specific activities. The Company considers that the remaining transactions ($9.573m) cannot reasonably be allocated to specified airport activities without considerable and disproportionate effort and expense.

Regulated Airport For Year Ended: **Christchurch International Airport Limited, 30 June 2013**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref *Version 2.0*

6a: Actual to Forecast Expenditure

($000)

Expenditure by Category	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Capacity growth	5,960	–	N/A	5,960	–	N/A
Asset replacement and renewal	29,726	33,557	(11.4%)	29,726	33,557	(11.4%)
Total capital expenditure	35,686	33,557	6.3%	35,686	33,557	6.3%
Corporate overheads	9,593	8,132	18.0%	9,593	8,132	18.0%
Asset management and airport operations	18,289	16,672	9.7%	18,289	16,672	9.7%
Asset maintenance	2,579	2,054	25.6%	2,579	2,054	25.5%
Total operational expenditure	30,461	26,858	13.4%	30,461	26,858	13.4%
Key Capital Expenditure Projects						
Airfield Pavement Maintenance works	4,394	6,400	(31.3%)	4,394	6,400	(31.3%)
Apron/taxiway remediation	18,060	18,675	(3.3%)	18,060	18,675	(3.3%)
Pound Road realignment and RESA	41	4,890	(99.2%)	41	4,890	(99.2%)
Terminal Project	3,598	–	N/A	3,598	–	N/A
Terminal lighting upgrade	–	500	(100.0%)	–	500	(100.0%)
Land transfers into specified airport activities	5,527	–	N/A	5,527	–	N/A
Other capital expenditure	4,065	3,092	31.5%	4,065	3,092	31.5%
Total capital expenditure	35,686	33,557	6.3%	35,686	33,557	6.3%

Explanation of Variances

Operational Expenditure (+$3.603m)

Total operational expenditure was $3.603m above the forecast of $26.858m.

The following analysis identifies the key items of variance making up this total.

Cost item	Variance	Reason for variance	Actual Cost Category
Promotions & Airline incentives	+$1.481m	Costs directly attributable to specific airlines or route destinations were specifically excluded from pricing as a consequence of consultation	Asset Management & Airport Operations
Insurance	+$ 0.474m	Increased cost outturn post 2012 renewal attributed to total specified airport activities	Corporate Overheads
Rates	+$ 0.510m	Cost overrun owing to dispute on rating methodology applied to certain sections of the new integrated terminal, this methodology is presently under review with the Christchurch City Council	Asset Management & Airport Operations
Maintenance	+$ 0.312m	Actual costs exceeded forecast by $0.2m due to higher than expected costs relating to the Terminal. In addition there was a variation between forecast and final footprint allocation to specified terminal activities.	Asset Maintenance
Cleaning	+$ 0.343m	A small cost overrun coupled with variation between forecast and final footprint allocation to specified terminal activities.	Asset Management & Airport Operations
Other operating costs	+$ 0.357m	Primarily due to amortisation of lease cost (+$0.589m). This item was included as a capital cost and recovered through return of and on capital components.	Asset Management & Airport Operations
Total	**+$3.477m**		

Note - When preparing the 2012 forecast, forecasts of these costs 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 ($2.129m)

Airfield pavement maintenance works (-$2,006)
When estimating our forecast capital expenditure to be used in setting our 1 December 2012 prices, we based our estimate of airfield pavement maintenance works during the period December 2012 to June 2017 on our 20 year asset management plan. The asset management plan is used for commercial purposes at the airport and reflects our best estimate of future capital expenditure needs. In each year, we make an assessment of the specific maintenance required on our airfield pavement. In this disclosure year less capital expenditure was required than forecast. In other years more capital expenditure than forecast may be required.

Pound Road Realignment and RESA (-$4.849m)
This variance is the result of a delay in the timing of the project. This capital expenditure will be completed in the 2014/2015 period.

Terminal Project ($3.598m)
This variance is due to recording additional capital expenditure in completing the terminal development. We treated the terminal as completed in July 2012 for the purposes of calculating our costs when consulting on and setting our 1 December 2012 prices. This was a pragmatic line in the sand - prior to 1 December 2012 our customers were using a nearly completed terminal at no extra charge, after 1 December 2012 our prices assumed the terminal was complete when in fact it was fully commissioned in March 2013. The consequence of this approach is that capital expenditure required to complete the terminal in 2013 shows up in the disclosure accounts as capital expenditure in excess of forecast.

Terminal Lighting upgrade (-$0.5m)
This project has not been started yet.

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

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

Regulated Airport For Year Ended: **Christchurch International Airport Limited** — **30 June 2013**

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

ref *Version 2.0*

Explanation of Variances (continued)

Land transfers into specified airport activities ($5.527m)
This variance is a result of land held for development being transferred into specified airport activities. This was the result of a land reconfiguration in front of the terminal, with some areas previously classified as commercial now being classified as specific terminal activity.

Other capital expenditure ($0.973m)
This variance is the result of several technology projects that arose post the completion of the forecast.

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 30 Jun 13	Pricing Period Starting Year + 1 30 Jun 14	Pricing Period Starting Year + 2 30 Jun 15	Pricing Period Starting Year + 3 30 Jun 16	Pricing Period Starting Year + 4 30 Jun 17
Capacity growth	–	–	–	5,916	–
Asset replacement and renewal	33,557	12,137	7,366	7,415	9,083
Total forecast capital expenditure	33,557	12,137	7,366	13,331	9,083
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
Total forecast operational expenditure	26,858	28,703	29,274	29,976	30,623

Key Capital Expenditure Projects (for year ended)	Pricing Period Starting Year 30 Jun 13	Pricing Period Starting Year + 1 30 Jun 14	Pricing Period Starting Year + 2 30 Jun 15	Pricing Period Starting Year + 3 30 Jun 16	Pricing Period Starting Year + 4 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	–	–	–
Terminal lighting upgrade	500	–	–	–	–
Disaster recovery and high availability	–	–	–	–	500
International Stand optimisation	–	–	–	5,916	–
Other capital expenditure	3,092	2,307	1,966	2,415	2,283
Total forecast capital expenditure	33,557	12,137	7,366	13,331	9,083

Regulated Airport	Christchurch International Airport Limited
For Year Ended	30 June 2013

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref *Version 2.0*

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Airfield Charges	–	20,925	–	20,925
Terminal Charges	7,100	–	–	7,100
Counter Charges	2,099	–	–	2,099
Passenger Service Charges	13,463	–	–	13,463
Lease, rental and concession income	3,346	240	3,503	7,089
Other operating revenue	1,073	308	74	1,454
Net operating revenue	27,081	21,472	3,577	52,130
Gains / (losses) on asset sales	(49)	(10)	1	(58)
Other income	107	90	6	204
Total regulatory income	27,139	21,552	3,584	52,275
Total operational expenditure	18,802	10,870	790	30,461
Regulatory depreciation	13,445	5,993	424	19,862
Total revaluations	1,523	4,707	381	6,611
Allowance for long term credit spread	10	8	1	18
Regulatory tax allowance	(2,123)	1,235	945	56
Regulatory profit/ loss	(1,472)	8,153	1,806	8,488
Regulatory investment value	220,248	191,046	17,666	428,960

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

Commentary on Segmented Information

The regulatory profit for the year ending 30 June 2013, prior to the inclusion of the interest rate shield, is $8.488 million.

Regulatory investment value for the year ending 30 June 2013 was $428.960 million compared to $404.058 million at 30 June 2012 ($24.902m / +6.16%). This increase is the consequence of the commissioning of the ITP development.

The returns on investment for the respective specified airport activity categories is detailed below, with the 2012 comparative performance included in brackets.

Specified Terminal	Specified Airfield	Specified Aircraft & Freight
-0.67% (1.82%)	4.27% (2.23%)	10.22% (-1.5%)

Considering each of these segments in turn;

Specified Passenger Terminal Activities

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

- Increased Revenue owing to the implementation of the new aeronautical charges from 1 December 2012 but overall terminal and related income reduced from 2012 ($2.342m) owing to the reduced passenger and aircraft movements;
- Increased operating expenses and depreciation costs for specified terminal activity following the commissioning of the full ITP development reflecting the final footprint of the completed complex.

Commentary on Segmented Information (continued)

Specified Airfield Activities

The return on airfield activities has increased due to:

- Increased revenue following the implementation of the new aeronautical charges but this effect was offset by the reduction in revenue from the lower aircraft movements compared with 2012, and the demand forecast used as the basis of the pricing consultation.
- Increased revaluations, 2013, $4.707m . (2012, $1.739m)

Specified Aircraft and Freight

The return on aircraft and freight has increased due to:

- Revenue for the year ending 30 June 2013 was $3.584m, a reduction of $0.237m from 2012
- Operational Expenditure for the year ended 30 June 2013 was $0.790m reducing from $1.864m in 2012 due to earthquake costs incurred in 2012
- Depreciation costs reduced in 2013 to $0.424m from $2.041m in 2012, which included an accelerated write-off of a building that was below minimum building standards and was no longer able to be safely used.

Regulated Airport For Year Ended: **Christchurch International Airport Limited** — **30 June 2013**

SCHEDULE 8: CONSOLIDATION STATEMENT

ref *Version 2.0*

8a: CONSOLIDATION STATEMENT

($000)

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	Airport Company– GAAP
Net income	52,275	66	52,341	72,872	125,213
Total operational expenditure	30,461	–	30,461	23,107	53,568
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	21,814	66	21,880	49,765	71,645
Depreciation	19,862	3,577	23,439	7,373	30,812
Revaluations	6,611	28,187	34,798	6,090	40,888
Tax expense	56	(2,682)	(2,626)	7,626	5,000
Net operating surplus / (deficit) before interest	8,506	27,358	35,864	40,857	76,721
Property plant and equipment	485,887	81,119	567,006	326,435	893,441

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

($000)

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
Depreciation methodology - on additions and disposals under GAAP	Depreciation	3,577
Sale of assets - depreciation on disposal increases the gain on sale	Net income	66
CPI index revaluation and Land under MVAU method - excluded under GAAP	Revaluations	(6,611)
Revaluation per Opus - included under GAAP	Revaluations	34,798
Tax expense adjustment due to different calculation of surplus as well as perm/temp diffs	Tax expense	(2,682)
Land Held for development and Work in Progress - excluded from RAB	Property plant & equipment	24,576
Revaluation variance due to different methods for years 2009-2013	Property plant & equipment	58,149
Depreciation differences to date plus changes in allocation %	Property plant & equipment	(1,607)

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

Commentary on the Consolidation Statement

Regulatory /GAAP adjustments

Depreciation ($3.577m)

Under regulatory rules, there is no depreciation on assets commissioned or disposed of post the commissioning date in the year of addition or disposal. Under GAAP however, assets are depreciated for partial use in the year of completion thereby resulting in depreciation under GAAP rules being higher than depreciation costs under regulatory rules.

Revaluation ($28.187m)

Under GAAP, assets revalued to market value is allowed under NZ IAS16 and requires the determination of market values for each class of asset. Under regulatory rules, all assets are initially established at values in the 2009 base year and then revalued annually using the change in the CPI index. Land is the only exception to this rule and can be valued using the MVAU method or CPI. The opening RAB in 2009 was based on the MVAU valuation of land at 30 June 2009. This land has then been revalued annually by the CPI index increment to 30 June 2012 and was revalued by independent valuers as at 30 June 2013. The revaluation to MVAU (+$4.407m) represents the net increase in the MVAU as at 30 June 2013 less the opening MVAU valuation at 30 June 2009 less revaluations at CPI at 30 June 2010, 2011 and 2012.

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

Tax Expense (-$2.682m)

Variances in depreciation and revaluations under disclosure rules comprehensively alter the relative regulatory tax expense compared with the GAAP tax expense when comparing different bases of disclosure. In addition interest on ITP works under construction and ITP design costs are deductible for tax purposes under GAAP but are incorporated in work in progress under information disclosure rules and is incorporated in the asset value on commissioning. These costs have been excluded from this disclosure of tax expense.

Property Plant & Equipment ($81.119m)

Differences in asset values under GAAP when compared with Information Disclosure rules are the result of differing methodologies for asset valuations and depreciation since the initial RAB calculation in 2009. The adjustment value shown is a summation of variances from 2009 through to 2013.

Finally, neither Work in Progress nor land held for future development is included in the initial RAB calculation whilst it is included in asset values under GAAP. This amounted to a GAAP value of $23.2m (Land) and $1.37m (WIP) as at 30 June 2013.

Regulated Airport For Year Ended: **Christchurch International Airport Limited** — **30 June 2013**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref *Version 2.0*

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	–	87,439	4,936	92,376		92,376
Assets not directly attributable	1,193	342	24	1,558	994	2,552
Total value land				93,934		
Sealed Surfaces						
Directly attributable assets	–	113,680	–	113,680		113,680
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				113,680		
Infrastructure and Buildings						
Directly attributable assets	41,510	4,215	8,378	54,102		54,102
Assets not directly attributable	210,626	4,196	1,232	216,054	65,852	281,906
Total value infrastructure and buildings				270,156		
Vehicles, Plant and Equipment						
Directly attributable assets	979	4,400	33	5,412		5,412
Assets not directly attributable	1,725	842	138	2,705	2,954	5,659
Total value vehicles, plant and equipment				8,117		
Total directly attributable assets	42,489	209,734	13,347	265,570		265,570
Total assets not directly attributable	213,544	5,379	1,394	220,317	69,799	290,116
Total assets	256,033	215,113	14,741	485,887	69,799	555,686

Asset Allocators

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Administration assets	Management and administration payroll $	Proxy Cost Allocator	Administration assets are predominantly utilised by management and administration staff	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 lo	Land, Infrastructure & Buildings
International terminal - Total	Floor area	Proxy Cost Allocator	Assets that service all of the international terminal are to be allocated over the total international terminal area. Analysis of the international terminal floor space into aeronautical areas is deemed to be a fair allocator of terminal assets that rela	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 according 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 on the International ground floor are allocated according 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 on the International first floor are allocated according 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 on the International second floor are allocated according 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	Land, Infrastructure & Buildings

Regulated Airport: **Christchurch International Airport Limited**
For Year Ended: **30 June 2013**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 2.0*

47 **Asset Allocators (cont)**

48	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
49	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
50	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
51	Terminal - Integrated Mezzanine Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the mezzanine floor are allocated according to integrated terminal floor space split into aeronautical / non-aeronautical	Land, Infrastructure & Buildings
52	Terminal - Integrated First Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the first floor are allocated according to	Land, Infrastructure & Buildings
53	Terminal - Integrated Second Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the second floor are allocated according to	Land, Infrastructure & Buildings
54	Terminal - Non-contestable	Direct cost	Causal Relationship	Assets that are used solely for specified terminal acitivites are allocated 100% to this segment	Land, Infrastructure & Buildings, Vehicles, Plant & Equipment
55	Airfield - Non-contestable	Direct cost	Causal Relationship	Assets that are used solely for specified airfield activities are allocated 100% to this segment	Land, Sealed Surfaces, Infrastructure & Buildings, Vehicles, Plant & Equipment
56	Aircraft & Freight - Non-contestable	Direct cost	Causal Relationship	Assets that are used solely for Aircraft and Freight activities are allocated 100% to this segment	Land, Infrastructure & Buildings, Vehicles, Plant & Equipment
57			[Select one]		
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61			[Select one]		
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106 ** A description of the metric used for allocation, e.g. floor space.*

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Regulated Airport	**Christchurch International Airport Limited**
For Year Ended	**30 June 2013**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 2.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

			CY-1 30 Jun 12	Current Year (CY) 30 Jun 13	CY+1 30 Jun 14
			Effect of Change		**($000)**
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

Commentary on Asset Allocations

Changes in Asset Allocators

CIAL has used the same asset allocators for the years ended 2011, 2012 and 2013. Accordingly 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. e.g. Infrastructure assets. 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 causal allocators and the rationale for calculation described in the schedule above.

Changing Terminal Footprint

In 2012, the integrated terminal assets were allocated according to the terminal footprint in use from 31 March 2012 when Stage II of the integrated terminal was commissioned.

The integrated terminal was completed and commissioned at the end of March 2013. The total value of this asset was then allocated on the following basis;

- The total completed cost of the integrated terminal was determined with assets identified as being required solely for a specified activity, such as baggage handling systems, FIDs, NIGs and Aerobridges, being classified as specified activities and included in the RAB.
- The remaining assets were then allocated according to the completed terminal footprint
- Once the final total costs above were determined, the existing asset value allocated at 30 June 2012, required for the commissioning of interim Stages 1 and 2 were reversed with the residual "new assets" being allocated to the specified and non-specified activities. This gave the net additions for 2013.
- As the interim stages 1 and 2 had been allocated on a simple footprint basis this required some reallocation of costs between activities in 2013. These details are included in schedule 4.

In addition some assets in the international terminal have now been included in specified terminal activity, primarily airside airline lounges, consistent with the input methodology definitions. Previously these assets had incorrectly been classified as non-specified activities.

Regulated Airport: **Christchurch International Airport Limited**
For Year Ended: **30 June 2013**

SCHEDULE 10: REPORT ON COST ALLOCATIONS

Version 2.0

10a: Cost Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	1,137	2,278	146	3,561		3,561
Costs not directly attributable	5,297	684	52	6,032	3,699	9,731
Asset Management and Airport Operations						
Directly attributable operating costs	3,686	6,814	479	10,979		10,979
Costs not directly attributable	6,965	315	31	7,311	16,038	23,349
Asset Maintenance						
Directly attributable operating costs	92	275	46	413		413
Costs not directly attributable	1,624	505	37	2,166	1,965	4,131
Total directly attributable costs	4,916	9,367	670	14,953		14,953
Total costs not directly attributable	13,886	1,504	120	15,509	21,701	37,211
Total operating costs	18,802	10,870	790	30,462	21,701	52,163

Cost Allocators

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Management Payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset management & airport operations, corporate overheads
Admin Payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset management & airport operations, corporate overheads
Airport services payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset management & airport operations
Supervisors payroll	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities	Asset maintenance
Incentives	Revenue generated by aircraft, passenger service and concession charges for the year	Causal Relationship	The spend on Promotion and Airline incentives that will give rise to increased Pax numbers should be allocated by the revenue that is genrated by those Pax.	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 Pax numbers should be allocated by the revenue that is genrated by those Paxs.	Asset management & airport operations
Regulatory advice	RAB Asset values	Proxy Cost Allocator	RAB asset values by segment is deemed to be a suitable driver	Asset management & airport operations
Administration costs	Proportion of direct admin costs	Proxy Cost Allocator	Directly attributable administration costs are deemed to be a suitable driver of in-direct administration costs	Corporate overheads, asset management and airport operations
Maintenance costs	Proportion of direct maintenance costs	Proxy Cost Allocator	Directly attributable maintenance costs are deemed to be a suitable driver of in-direct maintenance costs	Corporate overheads, asset management and airport operations, asset maintenance
International terminal	Floor space	Proxy Cost Allocator	Contestable/non-contestable floor space within the international terminal is deemed to be a suitable driver of international temrinal cost allocations	Corporate overheads, asset management and airport operations, asset maintenance
Integrated Terminal	Floor space	Proxy Cost Allocator	Contestable/non-contestable floor space within the integrated terminal is deemed to be a suitable driver of integrated terminal cost allocations	Corporate overheads, asset management and airport operations, asset maintenance
Regional Lounge	Floor space	Proxy Cost Allocator	Contestable/non-contestable floor space within the regional lounge is deemed to be a suitable driver of regional lounge cost allocations	Corporate overheads, asset management and airport operations, asset maintenance
Total terminal	Floor space	Proxy Cost Allocator	Overall terminal floor space split into contestable/non-contestable areas is deemed to be a suitable driver of overall terminal cost allocations	Corporate overheads, asset management and airport operations, asset maintenance
Terminal - Non-contestable	Direct cost	Causal Relationship	P&L directly attributable to specified terminal activites is allocated 100% to this segment	Corporate overheads, asset management and airport operations, asset maintenance
Airfield - Non-contestable	Direct cost	Causal Relationship	P&L directly attributable to specified airfield activities is allocated 100% to this segment	Corporate overheads, asset management and airport operations, asset maintenance
Aircraft & Freight - Non-contestable	Direct cost	Causal Relationship	P&L directly attributable to Aircraft and Freight activities are allocated 100% to this segment	Corporate overheads, asset management and airport operations, asset maintenance
		[Select one]		
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Regulated Airport: **Christchurch International Airport Limited**
For Year Ended: **30 June 2013**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 2.0*

52 **Cost Allocators (cont)**

53	Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
54			[Select one]		
55			[Select one]		
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119 ** A description of the metric used for allocation, e.g. floor space.*

120

Regulated Airport **Christchurch International Airport Limited**
For Year Ended **30 June 2013**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 2.0*

10b: Notes to the Report

10b(i): Changes in Cost Allocators

($000)

			Effect of Change		
			CY-1 30 Jun 12	Current Year (CY) 30 Jun 13	CY+1 30 Jun 14
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

Commentary on Cost Allocations

Changes in Cost Allocators
CIAL has used the same cost allocators for the years ended 2011, 2012 and 2013. Accordingly schedule 10b(i) has not been completed.

Cost Allocation Process:
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 causal allocator. 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. The process of allocation follows a number of steps to achieve this and these are listed below:

Step One: Direct Costs
All income and expense items are reviewed to ensure any costs that can be directly attributed are allocated wherever possible.

Step Two: Review Costs for Causal Allocators
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 2013 are listed above.

Step Three: Run Cost Allocation Model
The cost allocation model then allocates the residual values in the administration, maintenance and terminal categories between the specified airport and commercial sides of the business. The allocators for 2013 and their rationale for application are detailed above.

2013 Terminal Cost Allocations
As a consequence of the completion of the integrated terminal at the end of March 2013, the final building footprint plans of the completed terminal have been used as the basis for the 2013 cost allocation process.

Regulated Airport: **Christchurch International Airport Limited**
For Year Ended: **30 June 2013**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

ref | *Version 2.0*

ref		Number	Total Duration Hours	Total Duration Minutes
6	**Runway**			
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	–	–	–
9	Airlines/Other	–	–	–
10	Undetermined reasons	–	–	–
11	Total	–	–	–
12	**Taxiway**			
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	–	–	–
15	Airlines/Other	–	–	–
16	Undetermined reasons	–	–	–
17	Total	–	–	–
18	**Remote stands and means of embarkation/disembarkation**			
19	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	–	–	–
21	Airlines/Other	–	–	–
22	Undetermined reasons	–	–	–
23	Total	–	–	–
24	**Contact stands and airbridges**			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	7	4	45
27	Airlines/Other	9	5	45
28	Undetermined reasons	4	2	–
29	Total	20	12	30
30	**Baggage sortation system on departures**			
31	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	4	4	21
33	Airlines/Other	1	–	17
34	Undetermined reasons	–	–	–
35	Total	5	4	38
36	**Baggage reclaim belts**			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	–	–	–
39	Airlines/Other	–	–	–
40	Undetermined reasons	–	–	–
41	Total	–	–	–
42	**On-time departure delay**			
43	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	15	6	07
45	Airlines/Other	7	4	09
46	Undetermined reasons	3	1	33
47	Total	25	11	49
48				

Regulated Airport: Christchurch International Airport Limited
For Year Ended: 30 June 2013

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref | Version 2.0

Fixed electrical ground power availability (if applicable)

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

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

Commentary concerning reliability measures

Determining Responsibility and Validity of Interruptions

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

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

Operational Improvements

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

On Time Departure Delay

CIAL requires the input from Airlines to report the on time departure delay information. This year all but one airline has provided this data to CIAL. For the airline not providing this information CIAL assessed the relevant information using FIDs This information has been compared with CIAL's records to ensure completeness. Any on time performance issues were discussed with the individual airlines as and when it occurs and corrective action is commenced in order to reduce the occurrence of these events. This information has been aggregated for this report.

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

Regulated Airport: **Christchurch International Airport Limited**
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SCHEDULE 12: REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES

ref *Version 2.0*

Runway

		Runway #1	Runway #2	Runway #3
Description of runway(s)	Designations	02-20	11-29	N/A
	Length of pavement (m)	3,288	1,741	N/A
	Width (m)	45	45	N/A
	Shoulder width (m)	8	N/A	N/A
	Runway code	4E	4E	N/A
	ILS category	Category I	N/A	N/A
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	42	38	N/A
	IMC (movements per hour)	38	28	N/A

Taxiway

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

Aircraft parking stands

Number of apron stands available during the runway busy day categorised by stand description and primary flight category

		Contact stand–airbridge	Contact stand–walking	Remote stand–bus
Air passenger services	International	8	2	3
	Domestic jet	4	1	–
	Domestic turboprop	–	10	–
Total parking stands		12	13	3

Busy periods for runway movements

	Date
Runway busy day	15 March 2013
Runway busy hour start time (day/month/year hour)	4 Nov 2012 6 p.m.

Aircraft movements

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

		Contact stand–airbridge	Contact stand–walking	Remote stand—bus	Total
Air passenger services	International	23	–	–	23
	Domestic jet	68	–	–	68
	Domestic turboprop	–	116	–	116
	Total	91	116	–	207
Other (including General Aviation)					–
Total aircraft movements during the runway busy day					207

Number of aircraft runway movements during the runway busy hour: 22

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

Parking Stand Assumptions:

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

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

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

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

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

Version 2.0

ref	Outbound (Departing) Passengers	International terminal	Domestic terminal	Common area †
	Landside circulation (outbound)			
	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	28 Apr 2013 3 p.m.	14 Dec 2012 8 a.m.	8 Jan 2013 4 p.m.
	Floor space (m^2)	262	607	2,356
	Passenger throughput during the passenger busy hour (passengers/hour)	672	828	1,187
	Utilisation (busy hour passengers per $100m^2$)	256	136	50
	Check-in			
	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	8 Jan 2013 4 p.m.
	Floor space (m^2)	N/A	N/A	2,527
	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,187
	Utilisation (busy hour passengers per $100m^2$)	N/A	N/A	47
	Baggage (outbound)			
	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	8 Jan 2013 4 p.m.
	Make-up area floor space (m^2)	N/A	N/A	5,033
	Notional capacity during the passenger busy hour (bags/hour)*	N/A	N/A	2,400
	Bags processed during the passenger busy hour (bags/hour)*	N/A	N/A	365
	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,187
	Utilisation (% of processing capacity)	N/A	N/A	15%

** Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.*

	Passport control (outbound)	
	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	28 Apr 2013 3 p.m.
	Floor space (m^2)	489
	Number of emigration booths and kiosks	10
	Notional capacity during the passenger busy hour (passengers/hour) *	823
	Passenger throughput during the passenger busy hour (passengers/hour)	672
	Utilisation (busy hour passengers per $100m^2$)	137
	Utilisation (% of processing capacity)	82%

** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*

	Security screening		
	Passenger busy hour for security screening—start time (day/month/year hour)	28 Apr 2013 3 p.m.	14 Dec 2012 8 a.m.
	Facilities for passengers excluding international transit & transfer		
	Floor space (m^2)	512	135
	Number of screening points	3	3
	Notional capacity during the passenger busy hour (passengers/hour) *	810	810
	Passenger throughput during the passenger busy hour (passengers/hour)	672	828
	Utilisation (busy hour passengers per $100m^2$)	131	613
	Utilisation (% of processing capacity)	83%	102%
	Facilities for international transit & transfer passengers		
	Floor space (m^2)	49	
	Number of screening points	1	
	Notional capacity during the passenger busy hour (passengers/hour)*	270	
	Estimated passenger throughput during the passenger busy hour (passengers/hour)	–	
	Utilisation (busy hour passengers per $100m^2$)	–	
	Utilisation (% of processing capacity)	–	

** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*

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

Version 2.0

ref		International terminal	Domestic terminal	Common area †
61				
62	**Airside circulation (outbound)**			
63	Passenger busy hour for airside circulation (outbound)—start time			
64	(day/month/year hour)	28 Apr 2013 3 p.m.	14 Dec 2012 8 a.m.	
65	Floor space (m²)	1,389	1,730	
66	Passenger throughput during the passenger busy hour (passengers/hour)	672	828	
67	Utilisation (busy hour passengers per 100m²)	48	48	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	28 Apr 2013 3 p.m.	14 Dec 2012 8 a.m.	
70	Floor space (m²)	4,656	1,946	
71	Number of seats	785	618	
72	Passenger throughput during the passenger busy hour (passengers/hour)	672	828	
73	Utilisation (busy hour passengers per 100m²)	14	43	
74	Utilisation (passengers per seat)	0.9	1.3	
75	**Inbound (Arriving) Passengers**			
76	**Airside circulation (inbound)**			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	9 Jan 2013 2 p.m.	18 Mar 2013 9 a.m.	N/A
79	Floor space (m²)	3,756	1,713	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	647	837	N/A
81	Utilisation (busy hour passengers per 100m²)	17	49	N/A
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	9 Jan 2013 2 p.m.		
85	Floor space (m²)	1,113		
86	Number of immigration booths and kiosks	24		
87	Notional capacity during the passenger busy hour (passengers/hour) *	850		
88	Passenger throughput during the passenger busy hour (passengers/hour)	647		
89	Utilisation (busy hour passengers per 100m²)	58		
90	Utilisation (% of processing capacity)	76%		
91	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
92	**Landside circulation (inbound)**			
93	Passenger busy hour for landside circulation (inbound)—start time			
94	(day/month/year hour)	9 Jan 2013 2 p.m.	18 Mar 2013 9 a.m.	22 Aug 2012 2 p.m.
95	Floor space (m²)	133	607	2,124
96	Passenger throughput during the passenger busy hour (passengers/hour)	647	837	1,153
97	Utilisation (busy hour passengers per 100m²)	486	138	54
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	9 Jan 2013 2 p.m.	18 Mar 2013 9 a.m.	
100	Floor space (m²)	4,166	3,153	
101	Number of reclaim units	4	4	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	5,400	5,400	
103	Bags processed during the passenger busy hour (bags/hour)*	453	502	
104	Passenger throughput during the passenger busy hour (passengers/hour)	647	837	
105	Utilisation (% of processing capacity)	8%	9%	
106	Utilisation (busy hour passengers per 100m²)	16	27	
107	** Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.*			
108	**Bio-security screening and inspection and customs secondary inspection**			
109	Passenger busy hour for bio-security screening and inspection and			
110	customs secondary inspection—start time (day/month/year hour)	9 Jan 2013 2 p.m.		
111	Floor space (m²)	974		
112	Notional MAF secondary screening capacity during the passenger busy hour	900		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	647		
115	Utilisation (% of processing capacity)	72%		
116	Utilisation (busy hour passengers per 100m²)	66		
117	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
118	**Arrivals concourse**			
119	Passenger busy hour for arrivals concourse—start time (day/month/year hour)	9 Jan 2013 2 p.m.	18 Mar 2013 9 a.m.	N/A
120	Floor space (m²)	1,664	180	N/A
121	Passenger throughput during the passenger busy hour (passengers/hour)	647	837	N/A
122	Utilisation (busy hour passengers per 100m²)	39	465	N/A
123				Page 30

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

ref *Version 2.0*

	International terminal	Domestic terminal	Common area †
Total terminal functional areas providing facilities and service directly for passengers			
Floor space (m^2)	19,163	10,070	12,040
Number of working baggage trolleys available for passenger use at end of disclosure year	450	170	280

Commentary concerning capacity utilisation indicators for Passenger Terminal Activities

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

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

These data sources are considered materially accurate.

Source of Data for Capacity Calculations:

Security Screening

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

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

Bio-Security

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

Trolleys

Trolley allocation is based on Company figures and internal policy.

Baggage Handling

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

The number of bags processed during the busy hour have been supplied by the operators of the Baggage system, who manage this for CIAL under an outsourced service provision contract.

As the busy hour includes the departure of international flights, the number of bags processed during that hour may not include the bags for those international flights. For operational reasons bags for international flights are processed in the 2 hours prior to departure. A more representative assessment of the number of bags handled for the passengers processed during the busy hour will be the number of bags handled during the two hours prior to the busy hour. The number of bags were 679 and 701 respectfully.

Baggage Reclaim

Baggage system notional capacity numbers have been calculated from figures supplied by the system supplier, Glidepath.

Notional capacity is however reduced by the recirculation rate (25% approx.) of bags relative to the length of reclaim belts.

At this time actual baggage reclaim figures are not recorded by the system and again the bags processed have been estimated based on approximate bags per passenger figures.

Passport Control

International Departures

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

International Arrivals

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

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

Seating

Numbers listed include General, Food Court and Tenancy seats.

Floor Space

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

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

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

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SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 2.0*

Survey organisation

Survey organisation used	ACI
If "Other", please specify	

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

Domestic terminal	*Quarter*	1	2	3	4	Annual
	for year ended	30 Sep 12	31 Dec 12	31 Mar 13	30 Jun 13	average
Ease of finding your way through an airport		3.9	4.0	4.1	4.2	4.1
Ease of making connections with other flights		4.0	4.0	4.2	4.0	4.0
Flight information display screens		4.1	4.1	4.2	4.2	4.2
Walking distance within and/or between terminals		3.9	3.9	4.1	4.1	4.0
Availability of baggage carts/trolleys		4.2	4.1	4.2	4.2	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.4	4.3	4.3	4.3	4.3
Availability of washrooms/toilets		4.2	4.2	4.2	4.2	4.2
Cleanliness of washrooms/toilets		4.2	4.1	4.1	4.2	4.1
Comfort of waiting/gate areas		3.8	3.9	4.0	4.1	4.0
Cleanliness of airport terminal		4.3	4.3	4.4	4.5	4.4
Ambience of the airport		4.0	4.1	4.1	4.2	4.1
Security inspection waiting time		4.3	4.2	4.4	4.4	4.3
Check-in waiting time		4.4	4.4	4.5	4.5	4.4
Feeling of being safe and secure		4.3	4.3	4.5	4.4	4.4
Average survey score		4.1	4.1	4.2	4.3	4.2

International terminal	*Quarter*	1	2	3	4	Annual
	for year ended	30 Sep 12	31 Dec 12	31 Mar 13	30 Jun 13	average
Ease of finding your way through an airport		4.2	4.1	4.1	4.2	4.1
Ease of making connections with other flights						
Flight information display screens		4.2	4.1	4.1	4.1	4.1
Walking distance within and/or between terminals		4.2	4.1	4.1	4.1	4.1
Availability of baggage carts/trolleys		4.2	4.5	4.4	4.3	4.3
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.4	4.4	4.4	4.3	4.3
Availability of washrooms/toilets		4.1	4.2	4.1	4.2	4.2
Cleanliness of washrooms/toilets		4.2	4.1	4.2	4.2	4.2
Comfort of waiting/gate areas		4.0	4.1	4.0	3.9	4.0
Cleanliness of airport terminal		4.4	4.4	4.4	4.4	4.4
Ambience of the airport		4.1	4.2	4.2	4.2	4.1
Passport and visa inspection waiting time		4.4	4.6	4.6	4.5	4.5
Security inspection waiting time		4.5	4.5	4.4	4.5	4.5
Check-in waiting time		4.3	4.5	4.2	4.4	4.3
Feeling of being safe and secure		4.4	4.6	4.4	4.5	4.5
Average survey score		4.3	4.3	4.3	4.3	4.3

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

Commentary concerning report on passenger satisfaction indicators

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

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

A summary of the results are;

Item	2011	2012	2013
Domestic Annual Average	3.9	4.1	4.2
International Annual Average	4.1	4.2	4.3

Location of Survey Fieldwork Documentation

The survey fieldwork documentation is available on CIAL's website (www.christchurchairport.co.nz)

Accuracy of Passenger Data to prepare Utilisation Indicators

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

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

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SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 2.0*

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 2013, these include:

Safety

- Improved Apron Emergency Signage – *includes the identification of operational areas and the standardisation of signage*
- Portable Bird Deterrent Laser Gun - *a continuation of CIAL's bird management strategy to improve safety and to further reduce the possibility of a bird strike*
- Airside Dynamic Safety Signage – *Improved real-time reporting to stakeholders*
- Apron Road Induction Stop Lights – *to improve the safety and efficiency of ground operations on the regional apron*
- Pedestrian Barricades Regional Apron – *to improve staff and passenger safety on the regional apron*
- Visibility Health & Safety Report Web Service – *to improve reporting and management of health and safety issues*

Improved Customer/Stakeholder Communications

- Severe Weather Warning System – *to increase the awareness and communication to stakeholders regarding forthcoming weather conditions and to co-ordinate activity to minimise the affect of adverse weather events*
- Dynamic DG & LAGs signage on Check-in Counters and gate desks – *to improve passenger communication and efficiency in processing passengers through the terminal*
- Foreign Language Signage installed in critical decision points in terminal – *to assist Asian passengers in their journey through the terminal and improve the experience*
- Electronic Notice Boards for Ground Handlers – *to improve communication to ground handlers*
- EOC Incident Web Service – *to communicate emergency update incidents to on and off campus stakeholders*

Process Efficiencies

- Revised & Improved POFA procedures to improve Quarantine Compliance
- Introduction of On-line Induction Training for all campus workers and leveraged for additional specific campus work training – e.g. Baggage Handling System
- Snow clearing Equipment – *to improve the capability to respond to snow events and reduce operational disruptions to ensure Christchurch Airport remains open to operations*

Improved Customer Experience

- Provision of Designated Smokers shelters and Smoke Free policy in and around building
- Install Glass Windows into Regional Walkway to mitigate vertigo issues of Passengers and Staff

A summary of the various operational forums are as follows:

Airline Working Group
This working group was initially set up for the ITP construction project and is comprised of CIAL management, the airlines operating at Christchurch, and ground handlers. The group meets on a monthly basis to discuss high level issues and concerns affecting the airport and this group of stakeholders.

Facilitation Group
This group is comprised of CIAL management and many terminal based tenants, Airline and Government Agencies. This bi-monthly meeting is used as a forum for the discussion of current topics and potential improvements. The ACI Passenger Satisfaction survey is considered as a meeting agenda item and discussions recorded in the meeting minutes.

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

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

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SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES (continued)

ref Version 2.0

Disclosure of the operational improvement process (continued)

Airside Safety Group
This group meets bi-monthly to discuss any safety issues relating to operations, communicate rule changes, improve driving and parking standards, discuss any incursions and inform of any impending airside works. Should any passenger comment come through concerning airside safety, this group will consider and discuss such comments.

Terminal Health & Safety Committee
This committee includes airlines, ground handlers, government agencies and tenants and meets quarterly. The standing agenda includes; new hazards, review of hazard register, review of any incident, Contractor management and an update on global communicable diseases.

Ground Handlers Group
This group meets bi-monthly to discuss ground handling issues. The group deals with matters relating to the baggage handling system and Ground handling issues on the apron. The safe and efficient processing of baggage and apron operations are discussed by this group.

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

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SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref *Version 2.0*

16a: Aircraft statistics

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

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Boeing 747-400	2	794
Boeing 777-300ER	363	127,595
Boeing 777-300	5	1,497
Boeing 777-200	395	94,154
Boeing 767-300	38	7,101
Boeing 737-800	1,115	88,104
Airbus A320	2,142	154,224
Boeing 737-700	46	3,193
Total	4,106	476,662

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SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)

ref *Version 2.0*

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

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Airbus A320	4,742	341,424
Boeing 737-300	5,984	407,139
Total	10,726	748,563

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
CVLT	56	1,473
ATR 72-600	827	18,608
ATR 72-500	7,763	170,786
De Havilland Dash 8 (300)	6,970	135,950
Beech B190	2,038	15,825
BAe-3200 Jetstream super 31	34	249
Total	17,688	342,891

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SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

ref *Version 2.0*

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

	Total number of landings	Total MCTOW (tonnes)
Air passenger service aircraft less than 3 tonnes MCTOW	–	–
Freight aircraft	2,571	118,661
Military and diplomatic aircraft	270	30,291
Other aircraft (including General Aviation)	8,190	23,384

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

	Total number of landings	Total MCTOW (tonnes)
Total	43,551	1,740,453

16b: Terminal access

Number of domestic jet and international air passenger service aircraft movements* during disclosure year categorised by the main form of passenger access to and from terminal

	Contact stand–airbridge	Contact stand–walking	Remote stand—bus	Total
International air passenger service movements	8,181	18	–	8,199
Domestic jet air passenger service movements	21,304	9	–	21,313

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

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers†	2,085,183	658,088	2,743,271
Outbound passengers†	2,110,258	646,846	2,757,104
Total (gross figure)	4,195,441	1,304,934	5,500,375
less estimated number of transfer and transit passengers		–	–
Total (net figure)			5,500,375

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

16d: Airline statistics

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

Domestic	International
Air Chathams	Air NZ
Air Nelson	Air Pacific
Air NZ	Emirates
Eagle Airways	Jetstar
Jetstar	Qantas
Mt Cook Airlines	Singapore Airlines
	Virgin Australia

Regulated Airport: Christchurch International Airport Limited
For Year Ended: 30 June 2013

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref *Version 2.0*

16e: Human Resource Statistics

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
Number of full-time equivalent employees	68	63	1	132
Human resource costs ($000)				10,401

Commentary concerning the report on associated statistics

Source of Data:

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

The data for terminal access figures originates from Airlines, customs and FID's (Flight information data system) data.

The human resource statistics has been calculated from payroll figures as at the end of 2013.

Additional Notes:

- International Transit/Transfer numbers are not collected by CIAL.
- 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 2013 period in passenger movements, landings and MCTOW.

	2013		
	Pricing Forecast	Actual	Variance
International Arrivals	679,673	658,088	-3.18%
International Departures	675,888	646,846	-4.30%
Total International	**1,355,561**	**1,304,934**	**-3.7%**
Domestic Arrivals	2,040,844	2,085,183	2.17%
Domestic Departures	2,072,528	2,110,258	1.82%
Total Domestic	**4,113,372**	**4,195,441**	**2.00%**
Total Passenger Movements	**5,468,933**	**5,500,375**	**0.57%**

Total Landings:

	2013		
	Pricing Forecast	Actual	Variance
Domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	21,054	17,688	-16.0%
Domestic flights of 30 tonnes MCTOW or more	12,307	10,726	-12.8%
International flights	4,977	4,106	-17.5%
Other flights	11,573	11,031	-4.7%
Total Landings	**49,911**	**43,551**	**-12.7%**

Total MCTOW:

	2013		
	Pricing Forecast	Actual	Variance
Domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	410,571	342,891	-16.5%
Domestic flights of 30 tonnes MCTOW or more	834.784	748,563	-10.3%
International flights	568,133	476,662	-16.1%
Other flights	182,924	172,337	-5.8%
Total MCTOW	**1,996,412**	**1,740,453**	**-12.8%**

The above summary provides a very clear summary of the effect of the reduced demand in the 2013 year. This includes the affect of the substitution of aircraft type over 2013 to maximise aircraft and route yields. This has contributed to a reduction in forecast revenue of -$3.02m or -12.3%.

Regulated Airport	Christchurch International Airport Limited
For Year Ended	30 June 2013

SCHEDULE 17: REPORT ON PRICING STATISTICS

ref *Version 2.0*

17a: Components of Pricing Statistics

	($000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	3,225
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	10,781
Net operating charges from airfield activities relating to international flights	6,795
Net operating charges from specified passenger terminal activities relating to domestic passengers	5,727
Net operating charges from specified passenger terminal activities relating to international passengers	16,981

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,503,958
Number of domestic passengers on flights of 30 tonnes MCTOW or more	2,691,483
Number of international passengers	**1,304,934**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	342,891
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	748,563
Total MCTOW of international flights	476,662

17b: Pricing Statistics

	Average charge ($ per passenger)	Average charge ($ per tonne MCTOW)
Average charge from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	2.14	9.40
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	4.01	14.40
Average charge from airfield activities relating to international flights	5.21	14.26

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	1.37	13.01

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	4.70	18.22

Commentary on Pricing Statistics

The pricing outcomes above reflect:

- The increase in terminal and airfield charges after the pricing reset as at 1 December 2012.
- The continued reduction in international passenger and aircraft movement since 2010 as a consequence of the impacts of the Christchurch earthquakes and continuing aftershocks.
- The change in aircraft type from jet to turbo prop to service domestic routes as airlines sought to improve yields following the reduction in passenger numbers.

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

Schedule 20 – Certification for Disclosed Information – year ended 30 June 2013

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

David Mackenzie
Chairman
21 November 2013

Catherine Drayton
Director
21 November 2013

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, Scott Tobin, using the staff and resources of Audit New Zealand, to provide an opinion, on her behalf, on Schedules 1 to 17 for the regulatory year ended 30 June 2013 ('the Airport Disclosure Schedules'), prepared by the company in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (the 'Determination').

Directors' responsibility for the Airport Disclosure Schedules

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

Auditor's responsibility

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

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.

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

Independence

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

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

Opinion

In our opinion:

- Subject to clause 2.6(3) of the Determination, and as far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Airport Disclosure Schedules have been kept by the company; and

- 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.

Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
21 November 2013