



**CHRISTCHURCH INTERNATIONAL AIRPORT LTD  
SPECIFIED AIRPORT ANNUAL INFORMATION DISCLOSURE  
YEAR ENDED 30 JUNE 2020**

30 November 2020

## EXECUTIVE SUMMARY

### INTRODUCTION

#### 1. CIAL's Regulatory Context

Christchurch International Airport Limited ("CIAL") is subject to a detailed and effective regulatory regime:

- Under the Airport Authorities Act 1966 ("AAA"), CIAL is entitled to set prices for airport services and facilities, so long as it consults with its substantial customers in the price setting process.
- CIAL is also governed by the Input Methodologies regime, which influences how CIAL calculates its allowable revenue, sets prices, and makes public disclosures. Under the Input Methodologies regime:
  - Specific guidance is established by the Commerce Act (Specified Airport Services Input Methodologies) Determination, explaining how airports ought to calculate (for the purposes of pricing) certain inputs such as cost of capital and depreciation;
  - Airports are required by the Airport Services Information Disclosure Determination ("ID Determination") to disclose information on costs and profitability in accordance with the Input Methodologies **annually** (*this being one such disclosure*) and **following a price setting event** (*the last disclosure relating to the reset of aeronautical prices being published in August 2017*); and
  - The Commerce Commission ("the Commission") is required by section 53B(2)(b) of the Commerce Act to review CIAL's disclosures and publish a summary and analysis of the disclosed information for the purpose of understanding CIAL's performance.

The Input Methodologies ("IMs") are an important input to regulation under Part 4. The purpose of IMs is to provide certainty to both regulated suppliers and consumers about the rules, requirements and processes applying to Part 4 regulation. A stable and predictable regime provides suppliers and investors in regulated firms with the confidence to invest in long-lived infrastructure that provides essential services to all New Zealanders.

#### 2. Background

On 19 June 2017 CIAL set its prices for the period 1 July 2017 to 30 June 2022 ("PSE3"). CIAL's pricing decision was sent to airlines and the Commission and was the outcome of seven months of extensive consultation with CIAL's substantial customers.

On 14 August 2017 CIAL disclosed information related to "specified airport activities"<sup>1</sup> and CIAL's price setting event PSE3 in accordance with the ID Determination.

CIAL now discloses, alongside and within this document, the annual information disclosure requirements, and additional information for context and to aid understanding, for the year ending 30 June 2020 ("2020 Disclosure").

The 2020 Disclosure represents the third annual disclosure under PSE3, being the period from 1 July 2017 to 30 June 2022.

This executive summary provides some background to this disclosure – the regulatory regime and an overview of CIAL's current business and strategic objectives.

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<sup>1</sup> "Specified Airport Activities" covers more activities than those for which prices were set as part of CIAL's third price setting event. As such, this disclosure covers activities commonly described as "priced" (part of PSE3) and "non-priced". Charges for "non-priced" activities are individually negotiated with customers outside of the aeronautical pricing consultation".

It also provides an overview of the information the 2020 Disclosure templates provide on the performance of the company for the current year and for the cumulative three-year period to date completed within the five-year cycle of PSE3.

As noted above this is the third annual disclosure under PSE3, so should be read in conjunction with CIAL's PSE3 price setting event disclosures published on 14 August 2017, CIAL's first annual disclosure for the year ended 30 June 2018 published on 30 November 2018 and CIAL's second annual disclosure for the year ended 30 June 2019 published on 30 November 2019.

### **3. Availability of Information**

In accordance with the requirements of public disclosure, this disclosure and its related attachments:

- were preceded by the following notice in the *Gazette* on 30 November 2020: <https://gazette.govt.nz/notice/id/2020-gs5450>;
- are available on CIAL's website: [www.christchurchairport.co.nz](http://www.christchurchairport.co.nz);
- are available for inspection at CIAL's office between 8.30am to 5.00pm, Monday to Friday;

Christchurch International Airport Limited  
Car Park Building  
30 Durey Road  
Christchurch, New Zealand.

- will be provided to the Commerce Commission by 7 December 2020; and
- will be provided to any person by post or for collection from CIAL's offices within 10 working days of a request.

### **4. Previous Regulatory Engagement**

When setting its PSE3 prices, CIAL took account of feedback received as a result of the Commission's summary and analysis of CIAL's PSE2 disclosure under section 53B of the Act.

In particular, CIAL:

- aligned its pricing asset base where possible with its regulated (disclosure) asset base, to increase transparency and align CIAL's price setting exercise with the process the Commission undertakes in assessing CIAL's returns; and
- used a tilted annuity method of depreciation. This method was chosen with expert input from Incenta Economic Consulting (Incenta) and is intended to increase transparency compared to the 20 year levelised approach used in PSE2.

On 1 November 2018, the Commission published its final summary and analysis report under section 53B(2) of the Commerce Act 1986 in respect to CIAL's PSE3 pricing decision and noted that:

- it was broadly satisfied that CIAL is not targeting excessive profits over the PSE3 period and that CIAL's targeted return on its priced services is reasonable;
- CIAL had improved its transparency and consultation process compared to PSE2, in particular to include a more transparent tilted annuity depreciation method;
- it had no significant concerns over CIAL's forecasts; and
- CIAL's new charging structure does not raise significant efficiency concerns.

The Commission also noted that it would prefer more explanation in the future from CIAL on various topics, including route incentive payments and capital expenditure projects (along with other topics specific to pricing). CIAL has commented specifically on these areas in this document and throughout disclosure where appropriate.

## **OVERVIEW OF CIAL AS A BUSINESS**

### **5. Purpose and Vision**

CIAL recognises the importance of its role as the primary gateway for the South Island and its core purpose of “Championing the South Island and regional New Zealand”.

The regional and leadership activities of CIAL make a significant contribution to the social and economic wellbeing of the communities and economies of Christchurch, Canterbury and in social and economic development of the South Island and regional New Zealand – making a better contribution to the nation’s outcomes.

In particular, CIAL provides a 50:1 multiplier for the communities it serves. For every dollar CIAL generates, the wider South Island and regional economy receives \$50 of economic value.

### **6. Aviation Environment**

There is no doubt that Covid-19 has been an event of an unprecedented nature which has had a material impact on aviation both in New Zealand and globally.

For some decades now CIAL has been a predominantly short-haul airport, servicing domestic, Tasman and Pacific Islands air services. We can expect this to remain the same post Covid-19 and these air routes to return sooner than longer, thinner air routes might.

The impact of Covid-19 has had an unprecedented impact on domestic and international aviation and tourism, with the effects forecast to play out over several years. New Zealand aviation, because of the government’s eradication approach, has been especially hard hit with aviation activity effectively being reduced to nothing during the initial lockdown periods.

As we work through the recovery stage currently, the health management pathway will remain the primary issue when it comes to the trajectory and timing of the recovery of the aviation and tourism sector. This will continue to make forecasting of passenger demand and make-up challenging through the remainder of PSE3 and into PSE4.

In respect to the 2020 Disclosure year, as noted below in section 8 of this document which discusses passenger demand as compared to forecast, Covid-19 and the resulting limitations it imposed on air travel has had a significant impact on passenger numbers in the last quarter of FY20 as compared to the PSE3 year 3 projections.

### **7. CIAL’s Long Term Pricing Objectives**

In 2005 CIAL committed to building a new integrated terminal to meet the demands of consumers, growth in tourism, and to reflect the Airport’s role as gateway to the South Island.

CIAL’s long term pricing objectives fall into three categories:

- Increasing the productivity and efficient use of the existing terminal asset;
- Ensuring CIAL is innovative itself, and facilitates and is open to others’ innovation (refer to Section 11 below); and
- Being transparent through a simplified price structure, asset base and method of depreciation.

CIAL’s primary long-term goal is increasing the productivity and efficient use of its existing assets, without the need for substantial additional capital expenditure. The integrated terminal was designed to provide increased productivity into the future through plans for it to become increasingly integrated/flexible. An example of this being the ability of certain gates and sections to ‘swing’ between domestic and international, jet and turboprop flights.

Accordingly, CIAL proposed setting its PSE3 prices on a per passenger basis. Per passenger prices allow CIAL to increase and incentivise flexible and efficient use of its airfield and terminal. They are also simple to understand, transparent and (as the Commission identified) likely to reduce airlines' exposure to demand risk. CIAL considers (and the majority of airlines agreed) per passenger prices align CIAL's and airlines' interests.

The price structure puts in place incentives (and removes barriers) to make more efficient use of the capacity in the full integrated terminal to minimise future capital expenditure requirements.

## **2020 REGULATORY REPORTING SUMMARY**

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

As noted above this is the third annual disclosure under PSE3. In the following sections, we outline the key points that the 2020 Disclosure presents in respect to the performance of CIAL's regulated activities for the current year and for the cumulative three-year period to date completed within the five-year cycle of PSE3.

It should be read in conjunction with CIAL's PSE3 price setting event disclosures published on 14 August 2017, CIAL's first annual disclosure for the year ended 30 June 2018 published on 30 November 2018, and CIAL's second annual disclosure for the year ended 30 June 2019 published on 30 November 2019.

### **8. Financial Information**

#### ***Revenue Outcomes***

Aeronautical services that were the subject of the PSE3 pricing decision were priced via consultation with airline customers and using the "building blocks" approach. This approach sets headline prices aimed at achieving a target revenue based on a build-up of CIAL's costs. CIAL is then open to commercial discussions with its customers about price and agrees to a variety of arrangements to facilitate demand growth.

The prices for other aeronautical services (such as leases for aircraft and freight activities) are negotiated bilaterally. Many of these contracts are long term in nature, with the prices therefore reflecting the interest rate environments and assumptions at the time the contracts were entered into, coupled with the longer-term value proposition that a tenant will assess when agreeing market terms.

The aeronautical charges under PSE3 took effect on 1 July 2017 and were described in detail in our PSE3 price setting event disclosure report (dated 14 August 2017 and available on our website).

#### **Passenger Demand**

##### **▪ *Forecasting Process***

In setting the PSE3 aeronautical charges in 2017 it was necessary for CIAL to make several forecasts (with expert advice and in consultation with airlines) including, importantly, the forecast demand for the pricing period through to June 2022.

The process followed by CIAL to derive its passenger demand forecasts as part of the PSE3 price setting consultation process, was explained in detail in the Executive Summary to CIAL's annual disclosure for the year ended 30 June 2018.

Key to forecasting demand is information available from airlines in the form of published schedules. The demand forecast for the 2018 Disclosure year was primarily based on available airline schedules at the time, sourced from IATA in March 2017.

Beyond the 2018 year, including the current 2020 Disclosure year, passenger forecasts were based on an assessment of growth and/or change compared to the prior year.

- 2020 Disclosure Year and Pricing Period to Date Variances

In respect to the 2020 Disclosure year, CIAL has seen significant variances in seat capacity and passenger flows as compared to forecast (refer to table below):

2020 Year	Actual			PSE Forecast			Variance		
	Seats	PAX	Load Factor	Seats	PAX	Load Factor	Seats	PAX	Load Factor
International	1,696,138	1,308,520	77.1%	2,302,876	1,765,140	76.6%	-606,738	-456,620	0.5%
Domestic	4,828,534	3,886,462	80.5%	6,659,570	5,312,539	79.8%	-1,831,036	-1,426,077	0.7%
TOTAL	6,524,672	5,194,982	79.6%	8,962,446	7,077,679	79.0%	-2,437,774	-1,882,697	0.6%

As expected, Covid-19 and the resulting limitations that it imposed on aircraft travel has had a significant impact on seats and hence passenger numbers as compared to the PSE3 year 3 forecast.

The outcome for the 2020 Disclosure year has been that total passenger numbers were 1.88 million less than forecast (or 27%) overall. This drop, as compared to forecast, was the same across both domestic and international passenger numbers.

Load factors remained essentially in line with forecast for the year, reflecting consistent passenger demand in the first 7 to 8 months of the 2020 Disclosure year, when capacity was available.

The significant impact on passenger numbers was purely due to the impact of Covid-19 in the last quarter of the 2020 Disclosure year. For the first six months of the 2020 Disclosure year, passenger movements for CIAL were only 2.7% less than forecast, with international passengers exceeding forecast by +0.9% and domestic passengers lower than forecast by -3.8%.

The table below shows that overall for the three years of PSE3 to date, cumulative passenger numbers are 1.6 million (-8.0%) below PSE3 pricing forecasts.

For the first two years of the PSE3 period (2018-2019 Disclosure years), total passenger numbers were 1.8% ahead of PSE3 forecasts, reflecting the impact in the final quarter of the 2020 Disclosure year following border closures and lock-downs. We also know that passenger numbers from FY21 onwards will fall well below PSE3 forecasts for the remainder of the PSE3 period.

PSE3 3 Year Period to Date	Actual			PSE Forecast			Variance		
	Seats	PAX	Load Factor	Seats	PAX	Load Factor	Seats	PAX	Load Factor
International	6,195,937	4,829,965	78.0%	6,839,662	5,128,197	75.0%	-643,725	-298,232	3.0%
Domestic	17,220,371	14,162,421	82.2%	19,463,058	15,526,272	79.8%	-2,242,687	-1,363,851	2.4%
TOTAL	23,416,308	18,992,386	81.1%	26,302,720	20,654,469	78.5%	-2,886,412	-1,662,083	2.6%

### Priced Revenue

Further analysis of the demand variances in respect to movements and MCTOW is included in Schedule 16.

The significant impact on passenger numbers due to Covid-19 has resulted in revenue\* from priced services being some \$21.2m (or 24%) lower than the PSE3 pricing forecast for the 2020 Disclosure year.

*\* revenue includes check-in counter revenue and is calculated as the posted price multiplied by the actual volumes to ensure relevant comparison with the forecasts. Excludes the impact of incentives which are discussed below.*

### Non-Priced Revenue

Other regulated services, or “non-priced” services, comprise leasing arrangements negotiated with individual customers, rather than being priced under the AAA consultation regime.

These leases are entered into outside of the 5-yearly regulatory pricing period, often have a long term, and are subject to normal market negotiation with individual customers.

For the 2020 Disclosure year, CIAL’s revenue from non-priced services has exceeded the PSE3 pricing forecast by approximately \$2.0m. The majority of this variance reflects higher than forecast rental income from the freight distribution centre.

At the time the lease income from the freight distribution centre was forecast, the final level of construction cost (to which the lease income is linked) was not finalised due to some scope changes and subsequent construction cost inflation. In addition, the original forecast was made prior to full knowledge of the outcome from commercial rental incentives negotiated in respect to the individual tenancies in the centre.

### **Operating Expenditure \***

Annual disclosure reports under the information disclosure regime require us to report our actual operational expenditure against that forecast during the PSE3 price setting process, both for the current disclosure year and pricing period to date. This provides interested parties with a measure of our operating cost efficiency and prompts more informed discussions about what is causing departures from our forecasts made in 2016 and 2017.

In this 2020 Disclosure we discuss our operating expenditure variances in Schedules 6 and 7.

As explained in these schedules the operating costs for the 2020 Disclosure year were slightly lower (-\$1.2m) than forecast when setting prices, at a total of \$35.2m compared to a forecast of \$36.4m.

*\* note that operating expenditure excludes incentives which are discussed in more detail below.*

The lower than forecast operating costs reflect:

- a cessation of discretionary expenditure in the last quarter of the 2020 Disclosure year following the impacts of Covid-19 (e.g. promotions, marketing and consultants); and
- reduced terminal and airfield operating costs in the last quarter of the 2020 Disclosure year as activity at the airport was greatly impacted (e.g. cleaning, electricity and maintenance)

This was offset to some extent by the increased costs of rates and insurance which were greater than forecast.

For the three-year period of PSE3 to date, operating costs (excluding incentives) of \$107.2m were essentially in line with the forecast of \$107.1m. Explanations for any variances at a specific cost category level across the first three years of PSE3 are consistent with explanations noted in this and prior year disclosures.

### Operating Efficiency

In our annual disclosures, we have consistently noted that CIAL is continually seeking to improve its operating efficiency both for ourselves and our airline customers.

Accordingly, operating efficiency remains a particular area of focus for CIAL and even more so in a post Covid-19 environment. It is a specific area of attention in the on-going master planning processes, which seek to maximise the productivity of our infrastructure and minimise the associated operating costs.

Several initiatives have continued through the 2020 Disclosure year where possible, including:

- *Strategy-Led Asset Management* – a continued transition towards more proactive asset maintenance works and the development of more detailed terminal and infrastructure asset management plans. Together with our contractor, City Care, we will proactively identify preventative and innovative maintenance to keep longer term maintenance costs down.
- *Energy Efficiency* – a continued focus on energy efficiency and a reduction in energy consumption, including:
  - Implementing a highly efficient artesian water heating and cooling energy centre in the Integrated Terminal. In November 2019, CIAL had installed similar infrastructure to fully transition to the use of ground source heating across the Integrated Terminal, retiring remaining diesel boilers. This has begun to maximise energy efficiency and significantly reduce CIAL’s energy consumption.
- *Gate Ground Power* – gate ground power allows aircraft to arrive and literally plug in to power, significantly reducing fuel use for airlines and CO<sup>2</sup> emissions. CIAL has now installed ground-based power at 8 out of 10 gates reducing carbon emissions, aircraft fuel usage and lowering airlines’ operating costs.

### **Incentives**

CIAL undertakes two forms of market stimulation:

- Direct expenditure on general marketing activities, covering aeronautical development and marketing, including promotion of destinations and routes, and general marketing of the Airport itself, and
- Bilateral arrangements with airlines that agree rebates (or similar) to encourage the establishment of new services or capacity.

Only the costs of the first kind of activity were included in CIAL’s PSE3 price setting model (as operating costs), as preferred by airlines in previous price setting rounds. For the purposes of pricing disclosure, CIAL is required to disclose both forms of incentives and its disclosures reflect that requirement.

Both kinds of market stimulation activities are considered when forecasting demand. The demand forecasts were made based on these market stimulation activities occurring, both marketing spend and agreed arrangements. As the Commission identified, “Christchurch Airport has absorbed the cost of incentives under existing contracts but allowed for the effect of currently forecast incentive spend on its forecasts of demand. This is to the benefit of airlines who gain from (without paying for) potentially lower unit costs as a result of higher demand.”<sup>2</sup>

CIAL’s view remains that the active promotion of growth in traffic through the Airport – including through the active encouragement of new services / routes – is also in the long-term interests of passengers – its ultimate customers.

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<sup>2</sup> Final Report at [B98]

Pricing incentives are challenging to accommodate in a forward-looking cost-based price determination. However, without recognition of these costs, the apparent return will overstate the true return and the incentive / ability of an airport to promote growth will diminish.

In respect to the 2020 Disclosure year the pricing incentives forecast in the PSE3 price setting disclosures reflected the rebates forecast under agreements in place at the end of PSE2, coupled with assumptions around offered and extended agreements that would be required to meet capacity and demand forecasts.

The actual incentives incurred for the 2020 Disclosure year were in line with the amount forecast when setting prices, at a total of \$2.1m compared to a forecast of \$2.2m. When reviewing the level of incentives for the 2020 Disclosure year:

- It should be noted that incentives are generally negotiated to increase capacity (i.e. aircraft/seats), either via a new route or to increase frequency on an existing route. During the 2020 Disclosure year CIAL honoured the incentive agreements already in place but received no further significant requests for further support which is usually related to additional summer capacity on existing or new long-haul routes. This obviously did not eventuate in the 2020 Disclosure year due to Covid-19 impacts.
- In addition, the input methodologies require us to record as pricing incentives, charges that are discounted from that shown in our PSE3 pricing schedule (as well as grossing up the related revenue received). In the 2020 Disclosure year discounts to the published charges were provided for the ongoing use of Gate 15.

### ***Capital Expenditure***

When consulting on and setting our aeronautical charges in 2016 and 2017, we consulted on the capital expenditure we had planned for the period to June 2022. Changes were made to our planned capital expenditure during the consultation process, and the finalised capital expenditure plan was presented in our PSE3 disclosure report.

Annual disclosure reports like this one are an opportunity to report on how our planned capital investments are progressing.

In respect to the 2020 Disclosure year, CIAL's actual capital expenditure at \$17.8m was less than the forecast amount of \$21.1m. However, assets commissioned in the 2020 Disclosure year (i.e. brought into the regulatory asset base) at \$21.8m were essentially in line with PSE3 forecasts.

One of the key challenges in respect to the accurate forecasting of capital expenditure relates to the timing of the actual cashflows related to the major capital projects identified. This can be influenced by a number of factors out of the Airport's control including the availability of contractors and other project management resource commitments across the Airport campus as a whole.

For the three-year period of PSE3 to date, total capital expenditure at \$51.9m is slightly less than that forecast (2.9%), whilst assets commissioned into the regulatory assets base are almost exactly in line with forecast.

The explanation of variances in capital expenditure spend between actual and forecast over the first three years of PSE3 to date are discussed in detail at Schedule 6a.

We believe that CIAL continues to invest efficiently and only incurs expenditure where required, while at the same time responding to the changing needs of its substantial customers. There will always be some degree of variation between actual and forecast expenditure and the information disclosure regime will ensure that such variations are transparent.

## ***Depreciation***

CIAL set its PSE3 prices using, and has used in this disclosure, a tilted annuity method of depreciation. This method was chosen with expert input from Incenta and is intended to increase transparency compared to the approach used in PSE2.

CIAL's substantial customers and the Commission supported CIAL's use of tilted annuity depreciation in price setting.

## **9. Returns**

CIAL's now completed PSE3 disclosures required an assessment of forecast profitability using a forward-looking internal rate of return approach ('IRR') for that 5-year period based on an opening investment value (including a carry forward adjustment mechanism), a forecast closing investment value and forecast cash-flows over the duration of PSE3.

Conversely, CIAL's backward-looking profitability requirement, as required by the previous regulatory Schedule 1, did not require the disclosure of a backward-looking IRR but instead a straight annual return on investment calculation.

In June 2019, the Commission addressed this difference in approach by changing the backward-looking disclosure requirements (i.e. Schedule 1) to align with the approach to assessing forward looking profitability in our PSE3 disclosures.

The amendments to these disclosure requirements became effective last year (2019 Disclosure Year) with the inclusion of a new Schedule 1 template focused on backward looking profitability using an IRR approach.

This Schedule 1 remains in place for the 2020 Disclosure Year, which will be the second year that the backward-looking IRR approach has been adopted.

### **Actual Internal Rate of Return**

As discussed above, the key focus for profitability assessment under PSE3 is based on an internal rate of return approach ('IRR') using an opening investment value (including a carry forward adjustment mechanism), a forecast closing investment value and forecast cash-flows during each year.

Discussion around revenue, operating expenditure and capital expenditure outcomes for the 2020 Disclosure year is outlined above in this summary.

In respect to the relevant investment value for assessing the internal rate of return, it should be noted that this includes a carry forward adjustment.

CIAL identified an anomaly, limited to PSE2 only, related to the allocation of "implied depreciation" to individual assets. To correct this anomaly, CIAL has used an opening RAB adjustment in the relevant 'free-form' disclosure. A detailed explanation of the anomaly and calculation is included in CIAL's PSE3 Price Setting Disclosure document and use of the adjustment was reviewed by Deloitte during CIAL's price consultation, at airlines' request.

The actual post-tax annual IRR for the 2020 Disclosure year has been calculated at 3.60%. This compares to the PSE3 forecast annual IRR for the 2020 Disclosure year of 6.82%.

- As shown in Schedule 2, CIAL's regulatory operating revenue (and hence surplus) was materially impacted in the last quarter by Covid-19, being \$21.2m less than forecast. This loss of revenue has a -2.90% negative impact on the IRR calculation for the 2020 Disclosure year.
- The other key variable in the IRR calculation is the opening and closing RAB values. During the 2020 Disclosure year the make-up of CIAL's Terminal building changed with a slight reduction in the regulated disclosure footprint, following an increase in retail space.

- This has resulted in a decrease to the closing RAB of circa -\$2.0m, which in turn lowers the annual IRR return calculation based on the assumption that a lower value would be recovered at the end of the period.
- This change in terminal allocation has a -0.40% negative effect in the IRR calculation for the 2020 Disclosure year.

For the three-year period to date, the IRR has been calculated at 5.79% as against a forecast of 6.37%. This driven by the materially impacted actual return in the 2020 Disclosure year as explained above.

CIAL believes that it is important to consider performance and returns over time, given that airports are long term cyclical assets. It will remain most relevant to track the progress of the accumulated IRR return over all five years of PSE3, noting that the continued impacts of Covid-19 are likely to lead to further significant under forecast performance for the remaining two years of PSE3.

## 10. Service Quality

### ***Passenger Satisfaction***

CIAL's integrated terminal was opened in April 2013 to create an efficient terminal that places service quality and customer experience at its centre.

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

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

CIAL consistently ranks as the best of nine major Australasian airports across several service categories. As the Commission has identified, CIAL's 2017 average passenger survey ratings of 4.4 (domestic) and 4.3 (international) on a 1-5 scale, were the highest ratings of the regulated New Zealand airports.<sup>3</sup> Those same average scores were also achieved for the 2020 Disclosure year.

The feedback from CIAL's customers continues to emphasise that the quality of CIAL's services meets their demands and reflects the benefits of CIAL's investment in new terminal facilities and the overall commitment of our service focused team.

Many instances of great passenger experience have been communicated to CIAL. These experiences are regularly published to all staff across the campus - including CIAL, our airline customers and border agencies, through several avenues, including Airport Voice and the 2020 Annual Report (both of which are designed to share an integrated message for the whole Airport and its many contributors).

Specific examples of customer experience stories relating to the 2020 Disclosure year include:

- During lockdown CIAL provided exceptional customer hospitality and support for the thousands of people returning home on repatriation flights.
- Redevelopment of the International Departure processing area to meet regulatory compliance obligations around enhanced Aviation Security (AvSec) border security screening for both international passengers and baggage.

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<sup>3</sup> Final Report at [B160].

- Celebrating CIAL's 80<sup>th</sup> birthday through the opening of The Antarctic Walkway, running from the international arrivals area towards the Novotel hotel. The walkway is a piece of art offering a special new light and sound interactive experience and a functional piece of infrastructure to protect people from weather.
- Celebrating 10 years of the CIAL Airport Ambassadors program. A group of 16 volunteers who support the millions of visitors to the airport, answering thousands of questions and offering advice, directions and suggestions.

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

#### Quarter 4 measures

On the 26<sup>th</sup> March 2020, the Commerce Commission granted CIAL an exemption from the requirement to publicly disclose the associated Passenger Satisfaction Indicators for the first two quarters of calendar year 2020. However, CIAL actually received scores for the first quarter of calendar year 2020, so have included these in Schedule 14 despite having the exemption.

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

In this 2020 Disclosure we continue with our annual reporting of reliability and capacity utilisation statistics in Schedules 11-13 (including statistics about on time departure delay - as provided by our airline customers – where available).

- The Airport continues to show high levels of reliability for key infrastructure. Any on-time performance issues are discussed with the individual airlines as and when they occur, and corrective action is commenced to reduce the occurrence of these events.
- Prior to Covid-19, growth in ATR and other turboprop movements continued to put pressure on the capacity in the Regional Lounge and related apron area on busy days. CIAL's primary objective is therefore to increase the productivity and efficient use of CIAL's existing terminal asset, as evidenced by the development of Gate 15 to enable its use for turboprop aircraft.

### **11. Productivity and Efficiency**

Productivity and efficiency are one of CIAL's key long-term goals and a key focus of Part 4 of the Commerce Act and the Information Disclosure regime.

CIAL's approach to its long-term pricing objectives, as articulated in its PSE3 price setting process, reflects this primary goal, in particular through single per passenger prices.

CIAL's long term objective is to increase the productivity and efficient use of its existing assets, without the need for substantial additional capital costs. Airlines agreed with this approach during consultation.

#### Existing Terminal Asset

The integrated terminal was designed to provide increased productivity into the future, without the need for substantial additional capital expenditure, through its ability to "swing" gates and parts of the terminal between domestic and international services.

CIAL intends to further utilise the integrated nature of the terminal to serve growing and changing demand and improve passenger service and experience.

CIAL also notes that to facilitate the efficient and flexible use of the terminal asset, in the 2018 Disclosure year CIAL developed Gate 15 to enable multiple access for turbo-prop aircraft to the integrated terminal, providing flexibility and reducing volumes dependent on the near capacity regional lounge area. This has allowed CIAL to provide flexibility for airlines to switch between ATR and jet aircraft on certain routes whilst still disembarking at the same gate, together with another gate option for ATR aircraft to reduce crowding in the regional lounge.

Gate 15 remains well utilised by a higher proportion of ATR aircraft than initially anticipated.

#### Covid-19 Working Group

With the worldwide events surrounding Covid-19, CIAL pro-actively managed the situation with the airport establishing a Covid-19 Working Group (CWG) to oversee the ever-changing situation and to work closely with agencies such as AvSec, Ministry of Health, Ministry of Transport, MBIE, MIQ and others. This was essential in ensuring that the airport remained open as a critical piece of infrastructure to facilitate connectivity within, out of and back into the country, under strict health guidelines.

During the various lockdown levels, the airport evolved to cater to the emergency health needs and CIAL worked closely with the associated agencies to ensure that public health was always at the forefront of all operations at the airport, which included but was not limited to, closing down parts of the terminal, only allowing certified passengers into certain areas, establishing alternative pathways through the terminal, and a dedicated arrival pathway(s) for quarantine passengers.

#### Innovation

CIAL's innovation focus has two limbs:

- A strong focus on facilitating innovation by airline customers, both by being open to and working with its customers on operational innovations and by setting its prices in a way that facilitates innovation;
- Innovation also informs CIAL's approach to its business decisions, with a concentration on advances in digitisation and automation.

Examples of CIAL's recent innovations include:

- Encouraging and harnessing innovation that will allow airlines to flexibly switch between domestic and international services through the use of 'swing' gates and lounges;
- Investigation of robotic process automation in the areas of baggage systems and Airport Services;
- Application of virtual reality/augmented reality in potentially hazardous, expensive and complex fire-fighting environment;
- Purchase of land in Central Otago, to explore the potential of building a world-class sustainable airport to keep future generations of South Island residents and businesses connected to the rest of the world.

## **12. Health, Safety, Security and Environment**

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

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

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

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

#### Safety Leadership

- During Covid-19 lockdowns, CIAL lead delicate non-standard operations at the airport such as repatriation flights with several non-regular international airline partners and foreign embassies.
- Participated in national working groups such as New Zealand Aviation Coalition, domestic travel at Level 2, and the Safe Border Working Group.
- Facilitated mental health and resilience workshops with all staff to better support them in their roles and personal lives.

#### Sustainability

- The integrated terminal boiler was replaced with a ground-source heat pump system.
- CIAL installed additional ground-based power at specific gates (all jet stands are serviced except 16 and 17) to reduce emissions, aircraft fuel usage and lower airlines operating costs at the Airport.
- Telemetry devices have been installed across CIAL's campus. CIAL has also commissioned a UV treatment water plant on two wells in compliance with NZ Drinking Water Standards.
- CIAL has reduced waste to landfill by 22% from the equivalent 2019 Disclosure year.

### **OVERALL COMMENT**

The purpose of Part 4 information disclosure regulation of airports will be met if consumers are fully informed about the performance of airports and airports are unlikely to target excessive profits (as the Commission has identified CIAL is unlikely to be doing for its priced services in PSE3).

Any assessment of airport performance, in particular promoting the long-term benefit of consumers, is best achieved by contextual analysis which considers service quality, efficiency, innovation and investment as well as financial performance.

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

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

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



**Airport Services Information Disclosure Requirements  
Information Templates  
for  
Schedules 1–17, 25**

Company Name	Christchurch International Airport Ltd
Disclosure Date	30 November 2020
Disclosure Year (year ended)	30 June 2020
Pricing period starting year (year ended)	30 June 2018

Templates for schedules 1–17, 25 (Annual Disclosure)  
Version 5.0. Prepared 13 June 2019

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25	<a href="#">TRANSITIONAL REPORT ON REGULATORY ASSET BASE VALUE FOR LAND</a>

### Disclosure Template Guidelines for Information Entry

Internal consistency check

OK

#### *Templates*

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

#### *Data entry cells and calculated cells*

Data entered into this workbook may be entered only into the data entry cells. Data entry cells are the bordered, unshaded areas in each template. Under no circumstances should data be entered into the workbook outside a data entry cell.

In some cases, where the information for disclosure is able to be ascertained from disclosures elsewhere in the workbook, such information is disclosed in a calculated cell. Under no circumstances should the formulas in a calculated cell be overwritten. All cells that are not data entry cells may be locked using worksheet protection to ensure they are not overwritten.

#### *Validation settings on data entry cells*

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

#### *Data entry cells for text entries*

Data input cells that display the data validation input message "Short text entry cell" have a maximum text length of 253 characters. Because of page layout constraints, this text length is unlikely to be approached. The amount of text that may be entered in the comment boxes is restricted only by the capacity of the spreadsheet program and page layout constraints. Should a comment box within a template be inadequate to fully present the disclosed comments, comments may be continued outside the template. The comment box must then contain a reference to identify where in the disclosure the comment is continued.

Row widths can be adjusted to increase the viewable size of text entries.

A paragraph feed may be inserted in an entry cell by holding down both the {alt} and the {shift} keys.

#### *Data entry cells that contain conditional formatting*

A limited number of data entry cells may change colour or disappear from view in response to data entries (including date entries) made in the workbook. This feature has been implemented to highlight data being entered that is not internally consistent with other data currently entered, and to hide data entry cells for conditionally disclosed information when the determination does not require the data be disclosed.

#### *a) Internal consistency checks*

To assist with data entry, the shading of the following data entry cells will change if the cell content becomes inconsistent with data elsewhere in the template:

Schedule 4, cells N110:N118, J30;

Schedule 7, cells K8:K14, K16:K18, K20, K22, K24, K26, K28, K30, K32.

Should such inconsistency be identified, the shading of the internal consistency check cell C4 at the top of the Guidelines worksheet will also change and the check cell will show "Error" instead of "OK".

#### *b) Conditionally disclosed information*

The determination allows in some circumstances that data do not need to be disclosed. Accordingly, the following cells are conditionally formatted to disappear from view (the borders are removed and the interior of the cells takes on the colour of the template background) in some circumstances:

Schedule 1, cells F9:F12, F14:F15, F17:F18, G9:G12, G14:G15, G17:G18;

In schedule 1, the column F cells listed above disappear if the determination does not require Part 4 disclosure in respect of year CY – 2 (CY is the current disclosure year). Similarly, the column G cells disappear if disclosure is not required in respect of year CY – 1.

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

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

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

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

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

Regulated Airport  
For Year Ended  
Pricing period starting year (year ended)

**Christchurch International Airport Ltd**  
**30 June 2020**  
**30 June 2018**

**SCHEDULE 1: REPORT ON PROFITABILITY**

ref Version 5.0

**7 1a: Internal Rates of Return**

	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
8			
9			
10	5.79%	6.37%	(0.58%)
11			
12	3.60%	6.82%	(3.22%)
13			

**14 1a(i): Pricing Period to Date IRR**

	(\$000 unless otherwise specified)		
	Actual for Period to Date	Forecast for Period to Date	Variance
15			
16	521,432	524,373	(2,941)
17	(8,789)	(7,806)	(983)
18	530,221	532,179	(1,958)
19			
20 plus	273,011	285,063	(12,052)
21 less	52,613	53,456	(843)
22 plus	1,053	-	1,053
23 less	119,089	117,316	1,773
24 less	30,615	31,080	(465)
25			
26	540,865	543,648	(2,783)
27	(8,789)	(7,806)	(983)
28	549,654	551,454	(1,800)
29			
30	5.79%	6.37%	(0.58%)

**31 1a(ii): Current Year Annual IRR**

	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
32			
33	534,031	534,128	(97)
34	(8,789)	(7,806)	(983)
35	542,820	541,934	886
36			
37 plus	79,944	99,044	(19,100)
38 less	21,764	21,141	623
39 plus	-	-	-
40 less	37,328	38,630	(1,302)
41 less	8,369	12,032	(3,663)
42			
43	540,865	543,648	(2,783)
44	(8,789)	(7,806)	(983)
45	549,654	551,454	(1,800)
46			
47	3.60%	6.82%	(3.22%)

**48 Explanation of variances**

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

The actual post-tax annual IRR for the 2020 disclosure year has been calculated at 3.60%. This compares to the PSE3 forecast annual IRR of 6.82%. Key variances between the forecast current year IRR and the actual current year IRR for the 2020 disclosure year are:

- CIAL's regulatory operating revenue (and hence surplus) was materially impacted in the last quarter by Covid-19, being -\$21.2m less than forecast. This loss of revenue has a -2.90% negative impact on the IRR calculation when adjusted for unlevered tax
- actual lease, rental and concession income is above forecast by approximately +\$2.0m, reflecting higher than forecast rental income from the freight distribution centre. On a current year post-tax IRR basis this amounts to a variance of +0.30% when adjusted for unlevered tax
- actual operational expenditure is below forecast by around -\$1.3m. On a current year post-tax IRR basis this amounts to a variance of -0.20% when adjusted for unlevered tax
- during the current 2020 disclosure year, the make-up of CIAL's Integrated Terminal assets changed with a slight reduction in the regulated disclosure footprint, following an increase in retail space. This has resulted in a decrease to the closing RAB of circa -\$2.0m (-\$2.0m of the -\$3.2m change in 'adjustment resulting from cost allocation' detailed in Schedule 4). This in turn lowers the annual IRR return calculation based on the assumption that a lower value would be recovered at the end of the period. This change in terminal allocation has a -0.40% negative effect in the IRR calculation

For the three-year period to date, the IRR has been calculated at 5.79% as against a forecast of 6.37%. The variance is driven by the materially impacted actual return in the 2020 disclosure year as explained above.

Unlevered tax within Schedule 3, that directly impacts the calculation of our IRR, has been determined as 'regulatory tax allowance plus the notional interest tax shield' as agreed with the Commerce Commission. Doing so enables a direct (like for like) comparison between this disclosure statements unlevered tax values and our forecast unlevered tax values included in our PSE3 disclosure statement.

Regulated Airport  
For Year Ended  
Pricing period starting year (year ended)

**Christchurch International Airport Ltd**  
**30 June 2020**  
**30 June 2018**

**SCHEDULE 1: REPORT ON PROFITABILITY (cont)**

ref Version 5.0

	Pricing Period Starting Year 30 June 2018	Pricing Period Starting Year + 1 30 June 2019	Pricing Period Starting Year + 2 30 June 2020	Pricing Period Starting Year + 3 30 June 2021	Pricing Period Starting Year + 4 30 June 2022
<b>1b: Actual IRR Inputs</b>					
Opening RAB	521,432	527,404	534,032	-	-
Opening carry forward adjustment	(8,789)	(8,789)	(8,789)	-	-
Opening investment value	530,221	536,193	542,821	-	-
Total regulatory income	94,599	98,468	79,944	-	-
Assets commissioned - 1st month	2,259	142	497	-	-
Assets commissioned - 2nd month	186	281	125	-	-
Assets commissioned - 3rd month	263	194	24	-	-
Assets commissioned - 4th month	391	239	881	-	-
Assets commissioned - 5th month	551	133	77	-	-
Assets commissioned - 6th month	5,927	105	1,000	-	-
Assets commissioned - 7th month	15	1,285	489	-	-
Assets commissioned - 8th month	3	84	131	-	-
Assets commissioned - 9th month	722	615	1,753	-	-
Assets commissioned - 10th month	481	2,803	84	-	-
Assets commissioned - 11th month	4,506	383	39	-	-
Assets commissioned - 12th month	3,761	5,520	16,664	-	-
Asset disposals	1,053	-	-	-	-
Operational expenditure	40,523	41,238	37,328	-	-
Unlevered tax	10,711	11,535	8,369	-	-
RAB value	527,404	534,032	540,865	-	-
Closing carry forward adjustment	(8,789)	(8,789)	(8,789)	-	-
Closing investment value	536,193	542,821	549,654	-	-
Post-tax IRR - pricing period to date (%)	5.99%	6.83%	5.79%	-	-

**1c: Carry Forward Balance**

	Actual	Forecast	Variance
Opening carry forward adjustment	(8,789)	(7,806)	(983)
Default revaluation gain/loss adjustment	-	-	-
Risk allocation adjustment	-	-	-
Other carry forward adjustment – forecast	-	-	-
Other carry forward adjustment – not forecast	-	-	-
Closing carry forward adjustment	(8,789)	(7,806)	(983)

**Commentary on Carry forward balance**

The carry forward adjustments are in respect to an anomaly, limited to PSE2 only, that relate to the allocation of implied depreciation. To correct this anomaly CIAL has used an opening RAB adjustment in our 2018 disclosure statement, under the mechanism the Commission added during its review of the Input Methodologies. CIAL is continuing to carry this adjustment forward in our 2020 disclosure statement.

The Forecast Opening Carry Forward Adjustment is what was included in our PSE3 price setting disclosures and relates to the implied depreciation correction based off a 30 June 2017 forecast closing RAB value (when PSE3 was still in the consultation phase). Some substantial customers noted there was an element of complexity to the calculation of this carry forward adjustment, which resulted in an independent review by Deloitte.

The Actual Opening Carry Forward Adjustment is the final implied depreciation correction calculation based on CIAL's 30 June 2017 closing RAB value, as recorded within the last disclosure statement of PSE2 (2017 disclosure year). As mentioned CIAL is carrying this adjustment forward in our 2020 disclosure statement.

**1d: Cash flow timing assumptions**

	Forecast cash flow timing assumption
Cash flow timing - revenues - days from year end	148
Cash flow timing - expenditure - days from year end	182

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Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2020

## SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 5.0

6 <b>2a: Regulatory Profit</b>		(\$000 unless otherwise specified)		
		Actual	Forecast	Variance
7	<b>Income</b>			
8	Airfield Charges	29,209	38,091	(8,882)
9	Terminal Charges	34,368	46,265	(11,897)
10	Counter Charges	1,762	2,159	(397)
11	Passenger Service Charges	–	–	–
12	Lease, rental and concession income	14,556	12,529	2,027
13	Other operating revenue	–	–	–
14	Net operating revenue	79,895	99,044	(19,149)
15				
16	Gains / (losses) on sale of assets	–	–	–
17	Other income	49	–	49
18	Total regulatory income	79,944	99,044	(19,100)
19	<b>Expenses</b>			
20	Operational expenditure:			
21	Corporate overheads	7,222	7,337	(115)
22	Asset management and airport operations	27,560	29,386	(1,826)
23	Asset maintenance	2,546	1,907	639
24	Total operational expenditure	37,328	38,630	(1,302)
25				
26	<b>Operating surplus / (deficit)</b>	42,616	60,414	(17,798)
27				
28	Regulatory depreciation	19,454	21,910	(2,456)
29				
30	plus Indexed revaluation	7,712	10,289	(2,577)
31	plus Periodic land revaluations	–	–	–
32	Total revaluations	7,712	10,289	(2,577)
33				
34	<b>Regulatory Profit / (Loss) before tax</b>	30,874	48,793	(17,919)
35				
36	less Regulatory tax allowance	7,545	12,032	(4,487)
37				
38	<b>Regulatory Profit / (Loss)</b>	23,329	36,761	(13,432)

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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

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

ref Version 5.0

45 **2b: Notes to the Report**

46 **2b(i): Financial Incentives**

47			
48	Pricing incentives	2,102	
49	Other incentives	215	
50	Total financial incentives		2,317

51 **2b(ii): Rates and Levy Costs**

52			
53	Rates and levy costs		2,526

54 **2b(iii): Merger and Acquisition Expenses**

55			
56	Merger and acquisition expenses		-

57 **Justification for Merger and Acquisition Expenses**

58 Merger and Acquisition Expenses  
59 There were no merger and acquisition expenses.

60 Financial Incentives  
61 CIAL undertakes two forms of market stimulation:

- 62 • Direct expenditure on general marketing activities, covering aeronautical development and marketing, including promotion of destinations and routes, and general marketing of the Airport itself; and
- 63 • Other - Bilateral arrangements with airlines that agree rebates (or similar) to encourage the establishment of new services or capacity.

64 Only the costs of the first kind of activity were included in CIAL's PSE3 price setting model (as operating expenditure), as preferred by  
65 airlines in previous price setting rounds. For the purposes of pricing disclosure, CIAL is required to disclose both forms of incentives  
66 and this disclosure statement reflects that requirement.

67 Further discussion around incentives incurred for the 2020 disclosure year as compared to forecast is outlined in Section 8 of the  
68 Executive Summary accompanying these schedules.

69  
70  
71  
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79

Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2020**SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE**

ref Version 5.0

<b>3a: Regulatory Tax Allowance</b>			(\$000)
6	Regulatory profit / (loss) before tax		30,874
7			
8			
9	<i>plus</i> Regulatory depreciation	19,454	
10	Other permanent differences—not deductible	41	*
11	Other temporary adjustments—current period	2,148	*
12			21,643
13			
14	<i>less</i> Total revaluations	7,712	
15	Tax depreciation	13,438	
16	Notional deductible interest	2,943	
17	Other permanent differences—non taxable	-	*
18	Other temporary adjustments—prior period	1,479	*
19			25,572
20			
21	Regulatory taxable income (loss)		26,945
22			
23	<i>less</i> Tax losses used	-	
24	Net taxable income		26,945
25			
26	Statutory tax rate (%)	28.0%	
27	Regulatory tax allowance		7,545
28			
29	Notional interest tax shield	824	
30	Unlevered tax		8,369

\* 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:

- Other permanent differences: represent 50% of entertainment expenditure which are not deductible for tax purposes
- Other temporary adjustments—current period: consist of personnel accruals that are not deductible in the year they are accrued and the cost of uniforms capitalised for tax purposes
- Other temporary adjustments—prior period: are the reversal of the previous year's accruals (including Holiday Pay provisions)

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

44	Opening RAB (Tax Value)	245,284	
45	<i>plus</i> Regulatory tax asset value of additions	21,752	
46	<i>less</i> Regulatory tax asset value of disposals	-	
47	<i>plus</i> Regulatory tax asset value of assets transferred from/(to) unregulated asset base	-	
48	<i>less</i> Tax depreciation	13,438	
49	<i>plus</i> Other adjustments to the RAB tax value	(1,525)	
50	Closing RAB (tax value)		252,073

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

53	Tax losses (regulated business)—prior period	-	
54	<i>plus</i> Current year tax losses	-	
55	<i>less</i> Tax losses used	-	
56			
57	Tax losses (regulated business)		-

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

59	RAB value - previous year	534,031	
60	Debt leverage assumption (%)	19%	
61	Cost of debt assumption (%)	2.90%	
62	Notional deductible interest	2,943	
63	Tax rate (%)	28.0%	
64	Notional interest tax shield	824	

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Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2020

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

ref	Version 5.0		Actual (\$000)	Forecast (\$000)	Variance (\$000)
6					
7					
8		<b>RAB value—previous disclosure year</b>	534,031	534,128	(97)
9					
10		less Regulatory depreciation	19,454	21,910	(2,456)
11		plus Total revaluations	7,712	10,289	(2,577)
12		plus Assets Commissioned	21,764	21,141	623
13		less Asset disposals	—	—	—
14		plus Lost and found assets adjustment	—	—	—
15		Adjustment resulting from cost allocation	(3,188)	—	(3,188)
16					
17		<b>RAB value †</b>	540,865	543,648	(2,783)
18					
19			<b>Unallocated RAB *</b>		<b>RAB</b>
20		<b>RAB value—previous disclosure year</b>	591,860		534,031
21		less			
22		<b>Regulatory depreciation</b>	22,868		19,454
23		plus			
24		Indexed revaluations	8,598	7,712	
25		Periodic land revaluations	—	—	
26		<b>Total revaluations</b>	8,598	7,712	7,712
27		plus			
28		Assets commissioned (other than below)	26,738	21,764	
29		Assets acquired from a regulated supplier	—	—	
30		Assets acquired from a related party	—	—	
31		<b>Assets commissioned</b>	26,738	21,764	21,764
32		less			
33		Asset disposals (other)	—	—	
34		Asset disposals to a regulated supplier	—	—	
35		Asset disposals to a related party	—	—	
36		<b>Asset disposals</b>	—	—	—
37					
38		plus <b>Lost and found assets adjustment</b>	—	—	—
39					
40		<b>Adjustment resulting from cost allocation</b>			(3,188)
41					
42		<b>RAB value †</b>	604,328		540,865

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

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

Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2020

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

ref Version 5.0

## 51 4b: Notes to the Report

## 52 4b(i): Regulatory Depreciation

	Unallocated RAB	RAB
54 Standard depreciation	—	—
55 Non-standard depreciation	22,868	19,454
56 <b>Regulatory depreciation</b>	<b>22,868</b>	<b>19,454</b>

## 57 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
58 CIAL set its PSE3 prices using, and has used in this disclosure, a tilted annuity method of depreciation.	19,454	2018	540,865	529,833
59 CIAL's substantial customers and the Commerce Commission supported CIAL's use of tilted annuity depreciation in price setting.				
62				

## 63 4b(iii): Calculation of Revaluation Rate and Indexed Revaluation of Fixed Assets

65 CPI at CPI reference date—previous year (index value)		1,032
66 CPI at CPI reference date—current year (index value)		1,047
67 Revaluation rate (%)		1.45%
68		
69 <b>Asset category revaluation rates</b>		
70 Land		1.45%
71 Sealed Surfaces		1.45%
72 Infrastructure and buildings		1.45%
73 Vehicles, plant and equipment		1.45%
74		
75 <b>Revaluations</b>		
76 Land	1,631	1,616
77 Sealed Surfaces	1,851	1,851
78 Infrastructure and buildings	4,920	4,097
79 Vehicles, plant and equipment	196	148
80 <b>Indexed revaluation</b>	<b>8,598</b>	<b>7,712</b>

## 81 4b(iv): Works Under Construction

	Unallocated works under construction	Allocated works under construction	RAB
83 Works under construction—previous disclosure year	11,759		9,003
84 plus Capital expenditure	21,058	17,812	
85 less Asset commissioned	26,738	21,764	
86 plus Adjustment resulting from cost allocation			(201)
87 Works under construction	<b>6,079</b>		<b>4,850</b>

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Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
30 June 2020

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

ref Version 5.0

94 **4b(v): Capital Expenditure by Primary Purpose**

95	Capacity growth				10,738
96	plus Asset replacement and renewal				7,074
97	Total capital expenditure				17,812

98 **4b(vi): Asset Classes**

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *	
99						
100	RAB value—previous disclosure year	111,204	127,324	284,962	10,541	534,031
101	less Regulatory depreciation	—	4,255	13,311	1,888	19,454
102	plus Indexed revaluations	1,616	1,851	4,097	148	7,712
103	plus Periodic land revaluations	—	—	—	—	—
104	plus Assets commissioned	275	3,894	12,485	5,110	21,764
105	less Asset disposals	—	—	—	—	—
106	plus Lost and found assets adjustment	—	—	—	—	—
107	plus Adjustment resulting from cost allocation	(14)	—	(3,020)	(154)	(3,188)
108	RAB value	113,081	128,814	285,213	13,757	540,865

\* Corresponds to values in RAB roll forward calculation.

109 **4b(vii): Assets Held for Future Use**

110					
111	Assets held for future use opening cost—previous year				64,500
112	plus Holding costs		918		
113	less Assets held for future use net revenue		30		
114	plus Assets held for future use additions		41,714		
115	less Assets held for future use disposals		—		
116	less Transfers to works under construction		—		
117	Assets held for future use closing cost				107,102
118					
119	Opening base value				40,471
120	plus Assets held for future use revaluations		694		
121	plus Assets held for future use additions		41,714		
122	less Assets held for future use disposals		—		
123	less Transfers to works under construction		—		
124	Closing base value				82,879
125					
126	plus Opening tracking revaluations		7,250		
127	Tracking revaluations		7,944		
128	Highest rate of finance applied (%)				—
129					

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Regulated Airport  
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**Christchurch International Airport Ltd**  
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**SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS**

ref Version 5.0

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

(\$000)

Net operating revenue	1,674
Operational expenditure	16,589
Related party capital expenditure	-
Market value of asset disposals	-
Other related party transactions	6,716

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

Entity Name	Related Party Relationship
Christchurch City Holdings Limited ( CCHL)	Majority Shareholder
Christchurch City Council (CCC)	Owner of Majority Shareholder
Connetics	Subsidiary of Majority Shareholder
Orion NZ Limited	Subsidiary of Majority Shareholder
Enable Services Ltd	Subsidiary of Majority Shareholder
City Care Limited	Subsidiary of Majority Shareholder
Red Bus Limited	Subsidiary of Majority Shareholder
Vbase Limited	Subsidiary of Majority Shareholder
BECA Group Limited	Common Directors
University of Canterbury	Common Directors
Orbit Travel & House of Travel Holdings Limited	Common Directors
Skyline Enterprises Ltd	Common Directors
EBOS Group	Common Directors
-	-

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

Entity Name	Description of Transaction	Average Unit Price (\$)	Value
Christchurch City Council (CCC)	Rates		5,896
Christchurch City Council (CCC)	Operational Expenditure		956
Christchurch City Council (CCC)	Revenue		173
Christchurch City Council (CCC)	Subvention Payment/Losses		-
Christchurch City Holdings Limited ( CCHL)	Interest Paid		-
Orion NZ Limited	Revenue		542
Connetics	Operational Expenditure		352
Enable Services Ltd	Revenue		1
Enable Services Ltd	Subvention Payment/Losses		3,270
City Care Limited	Revenue		363
City Care Limited	Operational Expenditure		8,537
Red Bus Limited	Revenue		4
BECA Group Limited	Structural Engineering Services		353
University of Canterbury	Research		37
Orbit Travel & House of Travel Holdings Limited	Travel, Accommodation, Lease Tenancy		424
Skyline Enterprises Ltd	Rental Income		89
EBOS Group	Rental Income		502
Vbase Limited	Operational Expenditure		34
Christchurch International Airport Limited	Management compensation of key personnel including Directors and Executive Management, incorporating salaries and other short term employee benefits		
	Directors Fees		356
	Executive Management		3,090

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Regulated Airport  
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**Christchurch International Airport Ltd**  
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**SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS (cont)**

ref Version 5.0

59 **Commentary on Related Party Transactions**

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

62 CIAL enters into a large number of transactions with government departments, Crown entities, State-owned enterprises and other entities  
63 controlled or subject to significant influence by the Crown. All transactions with related entities:

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

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

71 CIAL has entered into an agreement with City Care Limited for the provision of asset maintenance services.

72

73

74

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76

Regulated Airport  
For Year EndedChristchurch International Airport Ltd  
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## SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE

ref Version 5.0

## 6 6a: Actual to Forecast Expenditure

(\$000)

Expenditure by Category	Actual for	Forecast for	% Variance	Actual for	Forecast for	% Variance
	Current	Current		Period to	Period to	
	Disclosure	Disclosure	(a)/(b)-1	Date	Date*	(a)/(b)-1
	Year	Year*		(a)	(b)	
Capacity growth	10,738	10,959	(2.0%)	34,395	24,803	38.7%
Asset replacement and renewal	7,074	10,182	(30.5%)	17,535	28,653	(38.8%)
Total capital expenditure	17,812	21,141	(15.7%)	51,930	53,456	(2.9%)
Corporate overheads	7,222	7,337	(1.6%)	23,138	22,184	4.3%
Asset management and airport operations	27,560	29,386	(6.2%)	88,892	89,539	(0.7%)
Asset maintenance	2,546	1,907	33.5%	7,059	5,593	26.2%
Total operational expenditure	37,328	38,630	(3.4%)	119,089	117,316	1.5%
<b>Key Capital Expenditure Projects</b>						
Jet Ground Power	3,204	1,066	200.6%	3,204	4,172	(23.2%)
Cat 3 Nav 02-20	-	-	Not defined	-	-	Not defined
Airfield Pavement Works	3,894	5,441	(28.4%)	15,953	14,462	10.3%
Taxiway Widening	-	-	Not defined	922	4,306	(78.6%)
Phase 3a - Regional Stands, Hangar 4 Removal	-	-	Not defined	1,618	2,709	(40.3%)
Terminal Development	6,258	8,539	(26.7%)	10,478	8,539	22.7%
Gate 15 Reconfiguration	-	-	Not defined	4,048	-	Not defined
Water Network	616	-	Not defined	616	-	Not defined
-	-	-	Not defined	-	-	Not defined
Other capital expenditure	3,840	6,095	(37.0%)	15,091	19,268	(21.7%)
Total capital expenditure	17,812	21,141	(15.7%)	51,930	53,456	(2.9%)

## Explanation of Variances

## Operating Expenditure

Operating costs for the 2020 disclosure year were slightly lower (-\$1.2m) than forecast when setting prices, at a total of \$35.2m compared to a forecast of \$36.4m (excluding incentives which are discussed in Section 8 of the Executive Summary). See Schedule 7 and Section 8 of the Executive Summary accompanying this disclosure statement for an explanation of the key reasons for this variance.

## Capital Expenditure

In respect to the 2020 disclosure year, CIAL's actual capital expenditure at \$17.8m was less than the forecast amount of \$21.1m (2019 disclosure year was \$18.8m and \$12.6m respectively). However, assets commissioned in the 2020 disclosure year (i.e. brought into the regulatory asset base) at \$21.8m were essentially in line with the PSE3 forecast of \$21.1m, with Works Under Construction reducing from an opening balance of \$9.0m to \$4.9m. Key variances in capital expenditure over the three years of PSE3 to date include:

## Jet Ground Power (\$-1.0m)

CIAL delivered the next stage of investment in jet ground power during this disclosure year. This had previously been delayed - Years 1 and 2 of PSE3 had forecast capital expenditure of \$1.5m and \$1.6m respectively - reflective of the combined value of the jet ground power assets commissioned this disclosure year. CIAL remains committed to further increasing the number of stands able to offer this service in the future.

## Airfield Pavement Works (\$+1.5m)

When estimating the forecast capital expenditure during the PSE3 price setting process, the estimate of airfield pavement works was based on CIAL's 20-year Asset Management Plan. In each individual year, a more detailed assessment is made of the specific maintenance required on the airfield sealed surfaces which will usually result in a variance from the long-term estimates (unders and overs each year) based on specific circumstances observed. The 2019 disclosure year resulted in a +\$1.6m overspend. The 2020 disclosure year's detailed assessment has resulted in an underspend of -\$1.5m against forecast. CIAL remains of the view that the overall spend within the PSE3 pricing period will remain in line with the original forecast.

## Taxiway Widening (\$-3.4m)

At the time of consulting on the capital expenditure forecasts for PSE3, CIAL was of the view that this work would be completed in the 2018 disclosure year. However, the work on this project was substantially completed ahead of forecast in the 2017 disclosure year. As such this variance remains the same as that detailed within our 2018 disclosure statement and will continue to be this value until CIAL moves out of the PSE3 pricing period.

## Hangar 4 Removal (\$-1.1m)

This project has not advanced during the 2020 disclosure year. During the course of the demolition phase it was identified that the buildings and soil contain significant quantities of asbestos and other contaminated material, which has slowed the commencement of subsequent stages. CIAL will continue to assess the further development of this asset over the remainder of the PSE3 period.

## Terminal Development (\$+2.0m)

The key projects in the 2020 disclosure year have been the finalisation of the connection of the terminal building with the outside space to improve the safety at the airport and the overall travelling experience, a replacement of the heating/cooling system for the Integrated Terminal, and the reconfiguration of the International Departure Processing area to meet regulatory compliance obligations around enhanced Aviation Security (AVSEC) border security screening for both International passengers and baggage.

## Gate 15 Reconfiguration (\$+4.0m)

In respect to the development of Gate 15 no specific forecast was made for this project in our capital expenditure forecasts for PSE3; the work was not anticipated at that time. However, CIAL did indicate during consultation that terminal reconfiguration projects would be necessary over PSE3 to ensure the most efficient and productive use of the terminal. This is an example of this type of project which was highlighted, whilst not forecast to occur until later into PSE3. Substantial customers were consulted about this project which was completed in the 2018 disclosure year; as such this variance has remained that detailed within our 2018 disclosure statement.

## Water Network (\$+1.0m)

Changes imposed on CIAL around the management of our water and well infrastructure to prevent contamination (as a direct result of the Havelock North drinking water contamination incident).

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

\* Disclosure year coincides with Pricing Period Starting Year + 2.

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

ref Version 5.0

72 **6b: Forecast Expenditure**73 *From most recent disclosure following a price setting event*

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

	for year ended	Pricing	Pricing	Pricing	Pricing	Pricing
		Period	Period	Period	Period	Period
		Starting Year				
		+ 1	+ 2	+ 3	+ 4	
		30 Jun 18	30 Jun 18	30 Jun 18	30 Jun 21	30 Jun 22
<b>Expenditure by Category</b>						
75 Capacity growth		12,277	1,567	10,959	2,683	6,726
76 Asset replacement and renewal		7,415	11,056	10,182	8,820	10,432
77 Total forecast capital expenditure		19,692	12,623	21,141	11,503	17,158
<b>Operational Expenditure</b>						
80 Corporate overheads		7,677	7,170	7,337	7,489	7,645
81 Asset management and airport operations		31,265	28,888	29,386	29,950	30,525
82 Asset maintenance		1,823	1,863	1,907	1,946	1,987
83 Total forecast operational expenditure		40,765	37,921	38,630	39,385	40,157
<b>Key Capital Expenditure Projects</b>						
85						
86						
87 Jet Ground Power		1,539	1,567	1,066	1,086	-
88 Cat 3 Nav 02-20		-	-	-	-	5,540
89 Airfield Pavement Works		2,655	6,366	5,441	4,197	5,390
90 Taxiway Widening		4,306	-	-	-	-
91 Phase 3a - Regional Stands, Hangar 4 Removal		2,709	-	-	-	-
92 Terminal Development		-	-	8,539	-	-
93 Gate 15 Reconfiguration		-	-	-	-	-
94 Water Network		-	-	-	-	-
95 -		-	-	-	-	-
96 -		-	-	-	-	-
97 Other capital expenditure		8,483	4,690	6,095	6,220	6,228
98 Total forecast capital expenditure		19,692	12,623	21,141	11,503	17,158

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Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
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**SCHEDULE 7: REPORT ON SEGMENTED INFORMATION**

ref Version 5.0

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	(\$000) Airport Business*
Airfield Charges	-	29,209	-	29,209
Terminal Charges	34,368	-	-	34,368
Counter Charges	1,762	-	-	1,762
Passenger Service Charges	-	-	-	-
Lease, rental and concession income	5,062	508	8,987	14,556
Other operating revenue	-	-	-	-
Net operating revenue	41,192	29,717	8,987	79,895
Gains / (losses) on asset sales	-	-	-	-
Other income	22	24	2	49
Total regulatory income	41,214	29,741	8,988	79,944
Total operational expenditure	20,076	15,132	2,120	37,328
Regulatory depreciation	13,074	6,090	290	19,454
Total revaluations	3,400	3,504	808	7,712
Regulatory tax allowance	3,215	2,569	1,761	7,545
Regulatory profit/ loss	8,249	9,454	5,626	23,329
RAB value	236,047	247,964	56,854	540,865

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

**Commentary on Segmented Information**

This disclosure schedule incorporates the value of tilted depreciation as presented in our "Decision on the reset of aeronautical prices for the period 1 July 2017 to 30 June 2022" pricing disclosure document. The following table shows a comparison of the actual outcomes for the 2020 disclosure year compared to our PSE3 Year 3 forecast.

Discussion in respect to revenue from priced services is included in Section 8 of the Executive Summary accompanying these schedules.

Component	Value	Terminal	Airfield	Aircraft and Freight
Lease, Rental and Concession Income	PSE3 Year 3 Forecast	\$ 5,031	\$ 310	\$ 7,188
	Actuals	\$ 5,062	\$ 508	\$ 8,987
	Variance	\$ 31	\$ 198	\$ 1,798
Explanation of variance: Revenue from non-priced services exceeded the PSE3 pricing forecast by +\$2.0m. This reflects higher than forecast rental income from the freight distribution centre. Refer to Section 8 of the Executive Summary for further commentary.				
Operational Expenditure - Asset Maintenance	PSE3 Year 3 Forecast	-\$ 1,463	-\$ 358	86
	Actuals	-\$ 1,713	-\$ 588	245
	Variance	\$ 250	\$ 230	159
Explanation of variance: CIAL has outsourced its maintenance services to City Care Limited (see 2018 disclosure statement). From an allocation perspective this results in an increase in external maintenance costs across all regulated activities offset by a reduction in CIAL payroll costs. Embedding this outsource model has resulted in greater overall costs.				
Operational Expenditure - Asset Management and Airport Operations	PSE3 Year 3 Forecast	-\$ 17,410	-\$ 10,923	1,053
	Actuals	-\$ 14,709	-\$ 11,314	1,537
	Variance	-\$ 2,701	\$ 391	484
Explanation of variance: Overall, CIAL has incurred lower operating costs than forecast due to a cessation of discretionary expenditure and reduced terminal and airfield costs in the last quarter of the year due to the impacts of Covid-19. Actual incentives were in line with our PSE3 pricing forecast and further discussion around incentives is outlined in Section 8 of the Executive Summary accompanying these schedules. Cost reductions have been offset to some extent by the increased costs of rates and insurance which were greater than forecast.				
Operational Expenditure - Corporate Overheads	PSE3 Year 3 Forecast	-\$ 3,904	-\$ 3,331	102
	Actuals	-\$ 3,654	-\$ 3,231	338
	Variance	-\$ 250	\$ 100	236
Explanation of variance: Overall, CIAL has incurred lower operating costs than forecast due to a cessation of discretionary expenditure (e.g. promotions, marketing, consultants) in the last quarter of the year in response to the impacts of Covid-19. Cost reductions have been offset to some extent by the increased costs of rates and insurance which were greater than forecast.				
Depreciation	PSE3 Year 3 Forecast	\$ 14,290	\$ 6,933	687
	Actuals	\$ 13,074	\$ 6,090	290
	Variance	-\$ 1,216	-\$ 843	397
Explanation of variance: CIAL has incurred capital expenditure of \$51.9m against a forecast of \$53.5m over Years 1 to 3 of PSE3. Assets commissioned over this same period were \$52.6m against a forecast of \$53.5m. Key variances of note are outlined in Schedule 6. Despite these amounts being similar in value there has been a delay in the capital expenditure flowing from Works Under Construction into RAB that has resulted in lower than forecast tilted depreciation across all regulated activities.				
Revaluations	PSE3 Year 3 Forecast	\$ 4,612	\$ 4,773	904
	Actuals	\$ 3,400	\$ 3,504	808
	Variance	-\$ 1,212	-\$ 1,269	96
Explanation of variance: CIAL's Year 3 forecast PSE3 CPI value is slightly higher than the 2020 disclosure year CPI value. Aligning the CPI values, to the Year 3 forecast PSE3 value, reduced the Revaluation variance to virtual nothing (no variance).				

Regulated Airport  
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## SCHEDULE 8: CONSOLIDATION STATEMENT

ref Version 5.0

## 6 8a: CONSOLIDATION STATEMENT

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business- GAAP	Unregulated Activities- GAAP	(\$000) Airport Company- GAAP
7 Net income	79,944	(2,102)	77,842	87,880	165,722
8 Total operational expenditure	37,328	(2,102)	35,226	33,736	68,962
9 Operating surplus / (deficit) before interest, 10 depreciation, revaluations and tax	42,616	-	42,616	54,144	96,760
11 Depreciation	19,454	9,054	28,508	11,811	40,319
12 Revaluations	7,712	(4,616)	3,096	10,385	13,481
13 Tax expense	7,545	(2,169)	5,376	(8,514)	(3,138)
14 Net operating surplus / (deficit) before interest	23,329	(11,501)	11,828	61,232	73,060
15 Property plant and equipment	540,865	121,606	662,471	604,273	1,266,744

## 21 8b: NOTES TO CONSOLIDATION STATEMENT

## 22 8b(i): REGULATORY / GAAP ADJUSTMENTS

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
23 <a href="#">Netting Pricing Incentive costs against Net Income</a>	Net Income	(2,102)
24 <a href="#">Restoring Pricing Incentive costs within Total Operational Expenditure</a>	Total Operational Expenditure	(2,102)
25 <a href="#">Depreciation methodology - on additions and disposals under GAAP</a>	Depreciation	9,054
26 <a href="#">Revaluation methodology</a>	Revaluations	(4,616)
27 <a href="#">Tax expense adjustment due to different calculation methodology</a>	Tax Expense	(2,169)
28 <a href="#">Land held for development and Work in Progress - excluded from RAB</a>	Property Plant and Equipment	70,464
29 <a href="#">Revaluation variance due to different methods for years 2009-2019</a>	Property Plant and Equipment	103,730
30 <a href="#">Depreciation differences to date plus changes in allocation %</a>	Property Plant and Equipment	(52,588)

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

33 **Commentary on the Consolidation Statement**34 **Regulatory/GAAP Adjustments**

35 Net Income/Total Operational Expenditure \$+0.000m

- 36 Reporting of airline incentives and total operational expenditure is to follow the IM and align with our approach for PSE3 however NZ IFRS 15 required the netting of pricing incentive costs within Net Income (a reduction in Net Income by -\$2.102m and the reduction in Operational Expenditure by -\$2.102m).

38 Depreciation \$+9.054m

- 39 under the tilted annuity depreciation regime, the depreciation for the regulated assets for this disclosure period was less than the GAAP depreciation for regulated assets (this is expected). GAAP also allows for depreciation to be calculated on additions and disposals in the year they occur rather than the year after they are commissioned.

41 Revaluations \$-4.616m

- 42 under GAAP, assets are revalued to market value under NZ IAS16 and require the determination of market values for each class of asset. Under the regulatory regime, assets are revalued annually using the change in the CPI index. Land is the only exception to this rule and can be valued either using the MVAU method or against CPI. Land was last revalued by independent valuers for regulatory purposes in June 2013.
- 43 the difference in such values and previous CPI valuation indexations are treated as revenue in the disclosure period in which such CPI or MVAU revaluations occurred.

47 Tax expense \$-2.169m

- 48 reasons for this adjustment are the variances in depreciation and revaluations under the regulatory regime which alter the regulatory tax expense compared with the equivalent GAAP tax expense.

49 Property plant and equipment \$+121,606m

- 50 asset value differences under GAAP, as compared with regulatory values, are the result of differing methodologies for asset valuations and depreciation. The adjustment value shown is a summation of variances from 2009 through to 2020.

51 Finally, neither Work in Progress nor Land Held for Future Development (Land Held has increased in this disclosure period as detailed on Schedule 4) is included in the initial RAB calculation whilst it is included in asset values under GAAP.

Regulated Airport  
For Year Ended

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

ref Version 5.0

9a: Asset Allocations						(\$000)
	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
<b>Land</b>						
Directly attributable assets	–	96,629	14,822	111,451		111,451
Assets not directly attributable	998	633	–	1,631	1,027	2,658
<b>Total value land</b>				113,082		
<b>Sealed Surfaces</b>						
Directly attributable assets	–	128,598	214	128,812		128,812
Assets not directly attributable	–	2	–	2	2	4
<b>Total value sealed surfaces</b>				128,814		
<b>Infrastructure and Buildings</b>						
Directly attributable assets	39,392	5,903	39,317	84,612		84,612
Assets not directly attributable	192,704	6,002	1,895	200,601	58,368	258,969
<b>Total value infrastructure and buildings</b>				285,213		
<b>Vehicles, Plant and Equipment</b>						
Directly attributable assets	1,015	8,695	26	9,736		9,736
Assets not directly attributable	1,938	1,502	580	4,020	4,065	8,085
<b>Total value vehicles, plant and equipment</b>				13,756		
Total directly attributable assets	40,407	239,825	54,379	334,611		334,611
Total assets not directly attributable	195,640	8,140	2,475	206,254	63,462	269,717
<b>Total assets</b>	<b>236,047</b>	<b>247,965</b>	<b>56,854</b>	<b>540,865</b>	<b>63,462</b>	<b>604,328</b>

**Asset Allocators**

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Terminal - Non-Contestable	Direct cost	Causal Relationship	Assets that are used solely for specified terminal activities are allocated 100% to this segment	Land, Infrastructure and Buildings, Vehicles, Plant and Equipment
Airfield - Non-Contestable	Direct cost	Causal Relationship	Assets that are used solely for specified airfield activities are allocated 100% to this segment	Land, Sealed Surfaces, Infrastructure and Buildings, Vehicles, Plant and Equipment
Aircraft and Freight - Non-Contestable	Direct cost	Causal Relationship	Assets that are used solely for Aircraft and Freight activities are allocated 100% to this segment	Land, Sealed Surfaces, Infrastructure and Buildings, Vehicles, Plant and Equipment
Roading - Airfield	Company/RAB asset values	Proxy Cost Allocator	Assets associated with a shared relationship for their existence are split 50/50 between our regulatory and unregulatory businesses	Land, Sealed Surfaces, Infrastructure and Buildings
Roading - Terminal	Company/RAB asset values	Proxy Cost Allocator	Assets associated with a shared relationship for their existence are split 50/50 between our regulatory and unregulatory businesses	Land, Infrastructure and Buildings
Administration Assets	Company/RAB asset values	Proxy Cost Allocator	Administration assets are used to maintain the existing company assets	Infrastructure and Buildings, Vehicles, Plant and Equipment
Maintenance Assets	Company/RAB asset values	Proxy Cost Allocator	Maintenance assets are used to maintain the existing company assets	Land, Infrastructure and Buildings, Vehicles, Plant and Equipment
Infrastructure Campus	Company/RAB asset values	Proxy Cost Allocator	Infrastructure assets are used to maintain the existing company assets	Infrastructure and Buildings, Vehicles, Plant and Equipment
Infrastructure Terminal	Company/RAB asset values	Proxy Cost Allocator	Infrastructure assets are used to maintain the existing company assets adjusted for the Terminal Regional Lounge lease arrangement	Infrastructure and Buildings, Vehicles, Plant and Equipment

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

ref Version 5.0

Asset Allocators (cont)				
Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Terminal - Total	Floor area	Proxy Cost Allocator	Assets that service all of the terminal are 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 and Buildings, Vehicles, Plant and Equipment
Regional Lounge - Total	Floor area	Proxy Cost Allocator	Assets that service all of the regional lounge are allocated over the total regional lounge area. Analysis of the regional lounge floor space into aeronautical areas is deemed to be a fair allocator of terminal assets that relate to the regional lounge	Land, Infrastructure and Buildings
International Terminal - Total	Floor area	Proxy Cost Allocator	Assets that service all of the international terminal are allocated over the total international terminal area. Analysis of the international terminal floor space into aeronautical areas is deemed to be a fair allocator of terminal assets that relate to the international terminal	Land, Infrastructure and Buildings, Vehicles, Plant and 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 and Buildings, Vehicles, Plant and Equipment
Terminal - International Ground Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the international ground floor are allocated according to international ground floor space split into aeronautical / non aeronautical	Land, Infrastructure and Buildings, Vehicles, Plant and Equipment
Terminal - International First Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the international first floor are allocated according to international first floor space split into aeronautical / non aeronautical	Land, Infrastructure and Buildings, Vehicles, Plant and Equipment
Terminal - International Second Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the international second floor are allocated according to international second floor space split into aeronautical / non aeronautical	Land, Infrastructure and Buildings, Vehicles, Plant and Equipment
Integrated Terminal - Total	Floor area	Proxy Cost Allocator	Assets that service all of the integrated terminal are allocated over the total integrated terminal area. Analysis of the integrated terminal floor space into aeronautical areas is deemed to be a fair allocator of terminal assets that relate to the integrated terminal	Land, Infrastructure and Buildings, Vehicles, Plant and Equipment
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 and Buildings, Vehicles, Plant and Equipment
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 and Buildings, Vehicles, Plant and Equipment
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 and Buildings, Vehicles, Plant and Equipment
Terminal - Integrated First Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the first floor are allocated according to integrated terminal floor space split into aeronautical / non-aeronautical	Land, Infrastructure and Buildings, Vehicles, Plant and Equipment
Terminal - Integrated Second Floor	Floor area	Proxy Cost Allocator	Specific terminal assets that are located in the integrated terminal on the second floor are allocated according to integrated terminal floor space split into aeronautical / non-aeronautical	Land, Infrastructure and Buildings, Vehicles, Plant and Equipment
		[Select one]		

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

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

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

ref Version 5.0

77 **9b: Notes to the Report**

78 **9b(i): Changes in Asset Allocators**

			Effect of Change Current Year		
			CY-1 30 Jun 19	(CY) 30 Jun 20	CY+1 30 Jun 21
79	Asset category				
80	Original allocator or components				
81	New allocator or components				
82	Rationale				
83					
84					
85	Asset category				
86	Original allocator or components				
87	New allocator or components				
88	Rationale				
89					
90	Asset category				
91	Original allocator or components				
92	New allocator or components				
93	Rationale				
94					
95	Asset category				
96	Original allocator or components				
97	New allocator or components				
98	Rationale				
99					
100	Asset category				
101	Original allocator or components				
102	New allocator or components				
103	Rationale				
104					
105	Asset category				
106	Original allocator or components				
107	New allocator or components				
108	Rationale				
109					
110	Asset category				
111	Original allocator or components				
112	New allocator or components				
113	Rationale				

114 **Commentary on Asset Allocations**

115 Changes in Asset Allocators  
 116 CIAL has used the same asset allocator methodology for this disclosure statement as that used in preparing our PSE3 pricing forecast published in our associated pricing disclosure  
 117 statement. There has been no change in asset allocator methodology for 2020 therefore schedule 9b(i) has not been completed.

118 2020 Terminal Cost Allocations  
 119 The terminal floor space for the 2020 cost allocation process is based on the relevant terminal spatial maps produced by CIAL based on the relevant terminal configuration as at 30  
 120 June 2020. There have been some changes in 2020 to the configuration of the terminal floor space when compared to that used to calculate CIAL's new pricing that came into effect  
 121 from 1 July 2017. This predominantly relates to the Gate 15 reconfiguration project which was commissioned in June 2018. Since our 2019 disclosure statements further changes  
 122 have occurred on the first floors of our Integrated Terminal with more area assigned to non-regulatory activities. Our 2020 disclosure statement changes have impacted the closing  
 123 RAB; taking -\$2.0m out of RAB (-\$2.0m of the -\$3.2m change in 'adjustment resulting from cost allocation' detailed in Schedule 4).

124 Overview  
 125 Where possible, assets are attributed to the relevant specified airport activities based on direct attribution of activity to each segment.  
 126 There are several assets however that do not directly relate to one individual segment and may overlap several segments. These asset values have been allocated to the regulatory  
 127 asset segment according to the relevant asset allocation drivers.  
 128 The various asset allocation drivers have been determined based on the use of the asset, with the allocators and the rationale for the calculation described above.

Regulated Airport  
For Year Ended

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

ref Version 5.0

10a: Cost Allocations							(\$000)
	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total	
<b>Corporate Overheads</b>							
Directly attributable operating costs	2,366	2,360	257	4,983		4,983	
Costs not directly attributable	1,288	871	81	2,240	4,098	6,338	
<b>Asset Management and Airport Operations</b>							
Directly attributable operating costs	10,197	10,787	1,434	22,418		22,418	
Costs not directly attributable	4,512	527	103	5,142	23,419	28,561	
<b>Asset Maintenance</b>							
Directly attributable operating costs	25	300	174	499		499	
Costs not directly attributable	1,688	288	71	2,047	2,620	4,667	
Total directly attributable costs	12,588	13,447	1,865	27,900		27,900	
Total costs not directly attributable	7,488	1,686	255	9,429	30,137	39,566	
Total operating costs	20,076	15,133	2,120	37,329	30,137	67,466	

Cost Allocators					
Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items	
Terminal - Non-contestable	Direct cost	Causal Relationship	P&L amounts directly attributable to specified terminal activities is allocated 100% to this segment	Corporate Overheads, Asset Management and Airport Operations, Asset Maintenance	
Airfield - Non-contestable	Direct cost	Causal Relationship	P&L amounts directly attributable to specified airfield activities is allocated 100% to this segment	Corporate Overheads, Asset Management and Airport Operations, Asset Maintenance	
Aircraft and Freight - Non-contestable	Direct cost	Causal Relationship	P&L amounts directly attributable to Aircraft and Freight activities is allocated 100% to this segment	Corporate Overheads, Asset Management and Airport Operations, Asset Maintenance	
Promotions	Revenue generated by aircraft, passenger service and concession charges for the year	Causal Relationship	The spend on Promotion that will give rise to increased passenger numbers should be allocated by the revenue that is generated by those passengers	Asset Management and Airport Operations	
Administration Costs	Proportion of direct administration 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, Asset Maintenance	
Maintenance Costs	Proportion of direct maintenance costs	Proxy Cost Allocator	Directly attributable maintenance costs are deemed to be a suitable driver of in-direct maintenance costs	Corporate Overheads, Asset Management and Airport Operations, Asset Maintenance	
International Terminal	Floor space	Proxy Cost Allocator	Contestable / non-contestable floor space within the international terminal is deemed to be a suitable driver of international terminal cost allocations	Corporate Overheads, Asset Management and Airport Operations, Asset Maintenance	
Integrated Terminal	Floor space	Proxy Cost Allocator	Contestable / non-contestable floor space within the integrated terminal is deemed to be a suitable driver of integrated terminal cost allocations	Corporate Overheads, Asset Management and Airport Operations, Asset Maintenance	
Regional Lounge	Floor space	Proxy Cost Allocator	Contestable / non-contestable floor space within the regional lounge is deemed to be a suitable driver of regional lounge cost allocations	Corporate Overheads, Asset Management and Airport Operations, Asset Maintenance	
Total Terminal	Floor space	Proxy Cost Allocator	Overall terminal floor space split into contestable / non-contestable areas is deemed to be a suitable driver of overall terminal cost allocations	Corporate Overheads, Asset Management and Airport Operations, Asset Maintenance	



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

ref Version 5.0

91 **10b: Notes to the Report**

92 **10b(i): Changes in Cost Allocators**

		Effect of Change Current Year		
		CY-1 30 Jun 19	(CY) 30 Jun 20	CY+1 30 Jun 21
93	Operating cost category			
94	Original allocator or components			
95	New allocator or components			
96	Rationale			
97				
98				
99	Operating cost category			
100	Original allocator or components			
101	New allocator or components			
102	Rationale			
103				
104	Operating cost category			
105	Original allocator or components			
106	New allocator or components			
107	Rationale			
108				
109	Operating cost category			
110	Original allocator or components			
111	New allocator or components			
112	Rationale			
113				
114	Operating cost category			
115	Original allocator or components			
116	New allocator or components			
117	Rationale			
118				
119	Operating cost category			
120	Original allocator or components			
121	New allocator or components			
122	Rationale			
123				

124 **Commentary on Cost Allocations**

125 Changes in Cost Allocators

126 CIAL has used the same cost allocator methodology for this disclosure statement as that used to prepare our PSE3 pricing forecast published in our associated pricing disclosure document. CIAL is committed to reporting actual outcomes as against our PSE3 forecast.

127 2020 Terminal Cost Allocations

128 The terminal floor space for the 2020 cost allocation process is based on the relevant terminal spatial maps produced by CIAL based on the relevant terminal configuration as at 30 June 2020. There have been some changes in 2020 to the configuration of the terminal floor space when compared to that used to calculate CIAL's new pricing that came into effect from 1 July 2017. This predominantly relates to the Gate 15 reconfiguration project which was commissioned in June 2018. Since our 2019 disclosure statements further changes have occurred on the first floors of our Integrated Terminal with more area assigned to non-regulatory activities. Because of our Cost Allocation Process (detailed below) this adjustment has not had a significant impact on this schedule's cost allocations against Year 3 of our PSE3 forecasted operational expenditure.

132 Cost Allocation Process

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

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

136 Step One: Direct Costs

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

138 Step Two: Review Costs for Causal Allocators

139 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 2020 are listed above.

141 Step Three: Run Cost Allocation Model

142 The cost allocation model then allocates the residual values in the Administration, Maintenance, and Terminal categories between the specified airport activities and commercial categories of the business. The allocators for 2020 and their rationale for application are also detailed above.

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
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**SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 5.0

	Number	Total Duration	
		Hours	Minutes
<b>6 Runway</b>			
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	-	-	-
<b>12 Taxiway</b>			
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	-	-	-
<b>18 Remote stands and means of embarkation/disembarkation</b>			
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	-	-	-
<b>24 Contact stands and airbridges</b>			
The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26 Airports	-	-	-
27 Airlines/Other	2	1	24
28 Undetermined reasons	6	3	17
29 Total	8	4	41
<b>30 Baggage sortation system on departures</b>			
The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32 Airports	-	-	-
33 Airlines/Other	-	-	-
34 Undetermined reasons	-	-	-
35 Total	-	-	-
<b>36 Baggage reclaim belts</b>			
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	-	-	-
<b>42 On-time departure delay</b>			
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	17	6	16
45 Airlines/Other	24	9	11
46 Undetermined reasons	11	4	36
47 Total	52	20	3

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

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

ref Version 5.0

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

55 The percentage of time that FEGP is unavailable due to interruptions\* 0%

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

57 **Commentary concerning reliability measures**

58 Determining Responsibility and Validity of Interruptions

59 CIAL operations staff record all interruption data into 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.

60 This data is then reviewed by management 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.

63 Operational Improvements

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

65 Fixed Electricity Ground Power

66 During the 2020 disclosure year fixed electrical ground power became available at stands 21, 22, 26, 27, 28, 29, 32 and 34. Fixed electrical ground power was introduced at stands 18, 19, 20, 30 and 31 in disclosure year 2017. CIAL remains committed to increasing the number of stands able to offer this service in the future where CIAL believes such a service would be beneficial.

68 On-Time Departure Delay

69 CIAL requires the input from airlines to report the on-time departure delay information. As with other disclosure periods only one airline provided this data to CIAL. This airline historically accounts for between 75% to 80% of departing flights from CIAL within a typical disclosure year.

73 *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 Ltd**  
 For Year Ended **30 June 2020**

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

ref Version 5.0

**Runway**

Description of runway(s)	Designations	Runway #1	Runway #2	Runway #3
		Length of pavement (m)	02-20 3288	11-29 1741
Width (m)		45	45	N/A
Shoulder width (m)		30	N/A	N/A
Runway code		4E	3D	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**

Description of main taxiway(s)	Name	Taxiway #1	Taxiway #2	Taxiway #3
		Length (m)	Alpha 2996	Echo 785
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

Air passenger services	International	Contact stand-airbridge	Contact stand-walking	Remote stand-bus
		Domestic jet	9	2
	Domestic turboprop	5	0	0
		0	12	0
<b>Total parking stands</b>		<b>14</b>	<b>14</b>	<b>3</b>

**Busy periods for runway movements**

Date
Runway busy day
Runway busy hour start time (day/month/year hour)

25 October 2019  
24 Sep 2019 2 PM

**Aircraft movements**

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

Air passenger services	International	Contact stand-airbridge	Contact stand-walking	Remote stand-bus	Total
		Domestic jet	29	-	-
	Domestic turboprop	57	-	-	57
		-	137	-	137
	<b>Total</b>	<b>86</b>	<b>137</b>	<b>-</b>	<b>223</b>
Other (including General Aviation)					130
<b>Total aircraft movements during the runway busy day</b>					<b>353</b>

Number of aircraft runway movements during the runway busy hour

38

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

Parking Stand Assumptions (in support of the above numbers)

- Domestic Turboprop aircraft = Contact stand – walking
- Domestic Jet aircraft = Contact stand – airbridge
- International flights aircraft = Contact stand – walking
- airbridge

CIAL has 6 stands that can operate across different aircraft type: 1 covering walking access for both domestic aircraft, 1 with either walking or contact access for both domestic aircraft, and 4 with the ability to swing between Domestic Jet and International aircraft. These 6 stands have been included within this Schedules measures by their primary aircraft usage only. CIAL developed Gate 15 during the 2018 disclosure year to further enhance our ability to service multiple aircraft across the Integrated Terminal; with this gate commissioned in June 2018.

In addition, CIAL has 17 remote stands that are generally used for freight and servicing the operations of the Antarctic program. These stands are located some distance from the passenger terminal.

Runway

CIAL has two runways; the main runway and the cross-wind runway. The cross-wind runway is used during specific North West wind weather conditions and outages to the main runway. There have been no changes to the runways in the 2020 disclosure year.

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

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

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

ref Version 5.0

	International terminal	Domestic terminal	Common area †
<b>6 Outbound (Departing) Passengers</b>			
<b>7 Landside circulation (outbound)</b>			
8 Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	1 Oct 2019 7 AM	5 Jan 2020 4 PM	1 Oct 2019 4 PM
9 Floor space (m <sup>2</sup> )	27	607	2,314
10 Passenger throughput during the passenger busy hour (passengers/hour)	733	933	1,260
12 Utilisation (busy hour passengers per 100m <sup>2</sup> )	2,715	154	54
<b>13 Check-in</b>			
14 Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	1 Oct 2019 4 PM
15 Floor space (m <sup>2</sup> )	N/A	N/A	2,499
16 Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,260
17 Utilisation (busy hour passengers per 100m <sup>2</sup> )	Not defined	Not defined	50
<b>18 Baggage (outbound)</b>			
19 Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	1 Oct 2019 4 PM
20 Make-up area floor space (m <sup>2</sup> )	N/A	N/A	5,033
21 Notional capacity during the passenger busy hour (bags/hour)*	N/A	N/A	2,400
22 Bags processed during the passenger busy hour (bags/hour)*	N/A	N/A	562
23 Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,260
24 Utilisation (% of processing capacity)	Not defined	Not defined	23%
25 * Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
<b>26 Passport control (outbound)</b>			
27 Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	1 Oct 2019 7 AM		
28 Floor space (m <sup>2</sup> )	71		
29 Number of emigration booths and kiosks	9		
30 Notional capacity during the passenger busy hour (passengers/hour) *	823		
31 Passenger throughput during the passenger busy hour (passengers/hour)	733		
32 Utilisation (busy hour passengers per 100m <sup>2</sup> )	1,032		
34 Utilisation (% of processing capacity)	89%		
35 * Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>36 Security screening</b>			
37 Passenger busy hour for security screening—start time (day/month/year hour)	1 Oct 2019 7 AM	5 Jan 2020 4 PM	
38 Facilities for passengers excluding international transit & transfer			
39 Floor space (m <sup>2</sup> )	602	183	
40 Number of screening points	3	3	
41 Notional capacity during the passenger busy hour (passengers/hour) *	810	810	
42 Passenger throughput during the passenger busy hour (passengers/hour)	733	933	
43 Utilisation (busy hour passengers per 100m <sup>2</sup> )	122	510	
44 Utilisation (% of processing capacity)	90%	115%	
45 Facilities for international transit & transfer passengers			
46 Floor space (m <sup>2</sup> )	49		
47 Number of screening points	—		
48 Notional capacity during the passenger busy hour (passengers/hour)*	270		
49			
50 Estimated passenger throughput during the passenger busy hour (passengers/hour)	—		
51 Utilisation (busy hour passengers per 100m <sup>2</sup> )	—		
52 Utilisation (% of processing capacity)	—		
53 * Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
54			

Regulated Airport  
For Year Ended

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

ref Version 5.0

	International terminal	Domestic terminal	Common area †
<b>60</b>			
<b>61</b>			
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**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont)**

ref Version 5.0

	International terminal	Domestic terminal	Common area †
<b>Arrivals concourse</b>			
125 Passenger busy hour for arrivals concourse—start time (day/month/year hour)	17 Jan 2020 2 PM	18 Oct 2019 7 PM	N/A
126 Floor space (m <sup>2</sup> )	1,590	177	N/A
127 Passenger throughput during the passenger busy hour (passengers/hour)	852	931	N/A
128 Utilisation (busy hour passengers per 100m <sup>2</sup> )	54	526	Not defined
<b>Total terminal functional areas providing facilities and service directly for passengers</b>			
130 Floor space (m <sup>2</sup> )	18,624	10,769	6,894
131 Number of working baggage trolleys available for passenger use			
132 at end of disclosure year	350	600	302

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

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

135 Passenger data is obtained from a combination of customs and airlines data. This is used to calculate busy hour/day information and corresponding passenger throughput.

136 These data sources are cross checked where possible and are considered to be materially accurate.

137 Source of Data for Capacity Calculations:

138 Security Screening

139 The notional capacity has been based on Aviation Security National standards of 270 passengers per hour per x-ray unit. Security Screening International Transit/Transfer numbers are not collected by CIAL.

140 Bio-Security

141 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.

142 Baggage Handling

143 CIAL operates an Integrated Domestic and International check-in facility and baggage handling system. The Integrated baggage handling system has a notional capacity of 40 bags per minute or 2,400 per hour.

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

145 Baggage Reclaim

146 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.

147 Passport Control

148 International Departures

149 There are 5 desks and 4 smart gates servicing International Departures.

150 International Arrivals

151 There are 8 desks and 8 smart gates servicing International Arrivals.

152 Seating

153 Numbers listed excludes General, Food Court, and Tenancy seats.

154 Floor Space

155 The terminal floor space is based on the relevant terminal spatial maps produced by CIAL based on the terminal's current configuration as at 30 June 2020.

156 Notional Capacity Review

157 Notional capacity indices have remained constant. CIAL is conducting a review of these estimates with the review currently incomplete.

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

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

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

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

ref Version 5.0

6 **Survey organisation**

7 Survey organisation used

ACI

8 If "Other", please specify

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

11 **Domestic terminal**

	Quarter	1	2	3	4	Annual
	for year ended	30 Sep 19	31 Dec 19	31 Mar 20	30 Jun 20	average
13	Ease of finding your way through an airport	4.38	4.33	4.32	–	4.34
14	Ease of making connections with other flights	4.43	4.50	4.42	–	4.45
15	Flight information display screens	4.40	4.44	4.40	–	4.41
16	Walking distance within and/or between terminals	4.41	4.39	4.45	–	4.42
17	Availability of baggage carts/trolleys	4.26	4.40	4.42	–	4.36
18	Courtesy, helpfulness of airport staff (excluding check-in and security)	4.48	4.54	4.56	–	4.53
19	Availability of washrooms/toilets	4.32	4.42	4.38	–	4.37
20	Cleanliness of washrooms/toilets	4.11	4.33	4.22	–	4.22
21	Comfort of waiting/gate areas	4.11	4.17	4.15	–	4.14
22	Cleanliness of airport terminal	4.42	4.55	4.49	–	4.49
23	Ambience of the airport	4.22	4.32	4.29	–	4.27
24	Security inspection waiting time	4.08	4.37	4.43	–	4.30
25	Check-in waiting time	4.46	4.55	4.54	–	4.52
26	Feeling of being safe and secure	4.45	4.58	4.59	–	4.54
27	<b>Average survey score</b>	<b>4.32</b>	<b>4.42</b>	<b>4.40</b>	<b>–</b>	<b>4.38</b>

28 **International terminal**

	Quarter	1	2	3	4	Annual
	for year ended	30 Sep 19	31 Dec 19	31 Mar 20	30 Jun 20	average
30	Ease of finding your way through an airport	4.08	4.02	4.14	–	4.08
31	Ease of making connections with other flights	4.55	4.00	4.00	–	4.18
32	Flight information display screens	4.22	4.11	4.25	–	4.19
33	Walking distance within and/or between terminals	4.38	4.21	4.36	–	4.32
34	Availability of baggage carts/trolleys	4.34	4.26	4.25	–	4.28
35	Courtesy, helpfulness of airport staff (excluding check-in and security)	4.54	4.42	4.48	–	4.48
36	Availability of washrooms/toilets	4.26	4.20	4.18	–	4.21
37	Cleanliness of washrooms/toilets	4.27	4.23	4.18	–	4.23
38	Comfort of waiting/gate areas	4.17	4.10	4.09	–	4.12
39	Cleanliness of airport terminal	4.51	4.32	4.48	–	4.43
40	Ambience of the airport	4.20	4.05	4.16	–	4.14
41	Passport and visa inspection waiting time	4.63	4.45	4.60	–	4.56
42	Security inspection waiting time	4.54	4.34	4.56	–	4.48
43	Check-in waiting time	4.37	4.14	4.20	–	4.24
44	Feeling of being safe and secure	4.66	4.52	4.67	–	4.62
45	<b>Average survey score</b>	<b>4.38</b>	<b>4.23</b>	<b>4.31</b>	<b>–</b>	<b>4.30</b>

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

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

48 CIAL monitors passenger experience ratings using the ASQ Survey (<https://aci.aero/customer-experience-asq/>). ACI currently undertakes performance surveys for over 330 airports worldwide in 34 key service areas.

49 The survey involves the establishment of a Fieldwork Document with ACI for both Domestic and International travel which is implemented quarterly. The survey results reflect the perceived passenger travel experience (the weighted average response) from using the Domestic or International terminals. The survey includes consistent sample survey questions, involving a five-point rating scale of poor (1), fair (2), good (3), very good (4) or excellent (5), which passengers rate at the departure gate.

53 CIAL's average passenger survey ratings are the highest ratings of the regulated New Zealand airports. CIAL's continued high scores continue to emphasise that the quality of CIAL's services meets their demands and reflect the benefits of CIAL's investment in new terminal facilities and the overall commitment of our service focused team. CIAL uses the survey results to identify additional improvements and we consult with interested parties as to the benefits such changes could have in improving the end-to-end passenger journey.

56 **Quarter 4 Measures**

57 On the 26 March 2020 the Commerce Commission granted CIAL an exception from the requirement to publicly disclose the associated Passenger Satisfaction Indicators for the first two quarters of calendar year 2020 (<https://comcom.govt.nz/about-us/covid-19/regulated-industries/>). However CIAL actually received scores for the first quarter of calendar year 2020 so have included these in this Schedule despite having the exception for this quarter.

60 **Location of Survey Fieldwork Documentation**

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

62 *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.*

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

ref Version 5.0

**Disclosure of the operational improvement process**

CIAL has a continuous improvement focus to improve operational service excellence. This is achieved through several business as usual operational stakeholder forums which are held on a regular basis to consider operational matters and operational improvement. The objective of these groups is to ensure a coordinated approach to operations at Christchurch Airport, a joint commitment to efficiency improvements, pursue opportunities for innovation and to manage event exceptions or non-performance. A summary of the various operational forums are as follows:

*Christchurch Airport Emergency Committee*

The committee meets a minimum of 3 times per annum and manages/discusses matters including significant incidents, emergency manuals and plans, emergency preparedness, training and response exercises, aviation security, and global and topical aviation risks. Attendees include key emergency responders, border agencies, airlines, Airways NZ, welfare organisations, MoH, and CIAL.

*First Impact Committee*

Specialist group of first responders (sub-committee of the Christchurch Airport Emergency Committee) that meets quarterly with the primary purpose of ensuring an effective, integrated initial response in the first hour of an aircraft emergency. Members include representatives from Fire and Emergency New Zealand (FENZ), NZ Police, St John Ambulance, Aviation Security Service, Airways NZ, and CIAL's Incident Management Team.

*Airside Safety Committee*

This group meets bi-monthly to discuss any safety issues relating to Airport Operations, to communicate rule, process or procedure changes, improve driving and parking standards, to discuss any airside incidents/events, and inform members of any impending airside work.

*Dakota Park Freight Apron Users Group*

This group meets quarterly to discuss safety and operational specific concerns for the freight apron. Stakeholders include freight companies, fuel organisations, airlines, and ground handlers.

*Facilitation Committee*

This group meets bi-monthly to discuss all matters pertinent to the shared integrated terminal operational environment. The group draws members from border agencies, airlines, ground handlers, MoH, tenants, and contractors.

*Wildlife Management Committee*

This committee meets quarterly to analyse, discuss and share information on the management and mitigation of risk relating to bird strikes and other wildlife hazards both on and off Airport. Stakeholders include airlines, Airways NZ, CAA, general aviation operators, and a mix of specialists including ECan, Federated Farmers, ecologists, ornithologists and Canterbury University.

*Terminal Workplace Health and Safety Committee*

This group meets quarterly and focuses on new and existing hazards/incidents. The group includes HS&W representatives and operational leads from border agencies, airlines, ground handlers, tenants, MoH, contractors, and CIAL operating in the terminal environment.

*Airfield Projects Meetings*

Monthly process between CIAL Airfield Operations Management and Airways NZ. Discussion focuses on upcoming or ongoing projects airside, APMW schedules, AIP procedures, and incidents/accidents.

*Weekly Operations Meeting*

This group meets weekly to highlighting any new or upcoming activity or process/procedure changes that may impact business as usual operations. Members include all CIAL operational leads airside and landside, plus representatives from various departments across the business.

Below are a number of initiatives, improvements or events associated with the disclosure period. The Executive Summary also details further upon some of these items.

Safety Leadership

- During Covid-19 lockdowns, CIAL lead delicate non-standard operations at the airport such as repatriation flights with several non-regular international airline passenger providers and foreign embassies
- Participated in national working groups such as New Zealand Aviation Coalition, Domestic Travel at Level 2 and the Safe Border Working Group
- Facilitated mental Health and Resilience workshops with all staff to better support them in their roles and personal life

Sustainability and Environment

- CIAL installed additional ground-based power at specific gates (all jet stands are serviced except 16 and 17) to reduce emissions, aircraft fuel usage and lower airlines operating costs at the Airport
- The International Terminal boiler was replaced with a ground-source heat pump system
- Telemetry devices have been installed across CIAL's campus. CIAL has also commissioned UV treatment water plant on the wells in compliance with NZ Drinking Water Standards

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

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

**SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES (cont)**

ref Version 5.0

59 **Disclosure of the operational improvement process (cont)**

- 60 • Noise complaints in relation to CIAL managed operations were limited to 10 per 10,000 aircraft movements (with the exception of
- 61 March, May, and June, due to the significant drop in aircraft movements in this period but consistent number of noise complaints)
- 62 • CIAL has reduced waste to landfill by -22% from the equivalent 2019 disclosure year

63 Customer Experience

- 64 • During lockdown, CIAL provided exceptional customer hospitality and support for the thousands of people returning home on repatriation flights
- 65 • Redevelopment of the International Departure Processing area to meet regulatory compliance obligations around enhanced Aviation Security (AVSEC) border security screening for both International passengers and baggage
- 66 • Celebrating CIAL's 80th birthday through the opening of the Antarctic Walkway, running from the international arrivals area towards the Novotel hotel. The walkway is a piece of art offering a special new light and sound interactive experience and a functional piece of infrastructure to protect people from weather
- 67 • Celebrating 10 years of the CIAL Airport Ambassadors program. A group of 16 volunteers who support the millions of visitors to the airport, answering thousands of questions and offering advice, directions and suggestions

71 Operational Efficiency

- 72 • With the worldwide events surrounding Covid-19, CIAL pro-actively managed the situation with the airport established a Covid Working Group to oversee the everchanging situation and to work closely with agencies such as AVSEC, MoT, MoH, MIQ, RIQ and others, as the airport remained open as a critical piece of infrastructure to facilitate travel within, out of and back into the country, all under strict health guidelines
- 73 • During the various lockdown levels, the airport evolved to cater to the emerging health needs and CIAL worked closely with the associated agencies to ensure public health was always at the forefront of all operations at the airport, which included but was not limited to, closing down parts of the terminal, only allowing certified passengers into certain areas, establishing alternative pathways through the terminal, and a dedicated arrival pathway/s for quarantine passengers

78 Innovation

- 79 • Purchase of land in Central Otago, to explore the potential of building a world-class sustainable airport to keep the future generations of South Island residents and businesses connected to the rest of the world

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





Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)**

ref Version 5.0

(iii) The total number and MCTOW of landings of aircraft not included in (i) and (ii) above during disclosure year		Total number of landings	Total MCTOW (tonnes)
93			
94			
95	Air passenger service aircraft less than 3 tonnes MCTOW	-	-
96	Freight aircraft	1,593	130,418
97	Military and diplomatic aircraft	336	31,804
98	Other aircraft (including General Aviation)	11,288	50,498
99	(iv) The total number and MCTOW of landings during the disclosure year		
100		Total number of landings	Total MCTOW (tonnes)
101	Total	41,543	1,714,634

**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
105				
106	International air passenger service movements	7,725	-	7,725
107	Domestic jet air passenger service movements	15,468	-	15,468

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

**16c: Passenger statistics**

	Domestic	International	Total	
110				
111	The total number of passengers during disclosure year			
112	Inbound passengers <sup>†</sup>	1,938,665	653,240	2,591,905
113	Outbound passengers <sup>†</sup>	1,947,797	655,280	2,603,077
114	Total (gross figure)	3,886,462	1,308,520	5,194,982
115	less estimated number of transfer and transit passengers		-	-
116	Total (net figure)			5,194,982

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

**16d: Airline statistics**

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

	Domestic	International
123		
124	Air Nelson	Air New Zealand
125	Mount Cook Airlines	China Southern Airlines
126	Air New Zealand	Emirates
127	Jetstar	Jetstar
128	Air Chathams	Qantas
129	Sounds Air	Singapore
130		Virgin Australia
131		Fiji Airways
132		Cathay Pacific
133		Korean Air
134		
135		
136		
137		

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

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

ref Version 5.0

143 **16e: Human Resource Statistics**

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total	
144					
145	Number of full-time equivalent employees	56.0	77.0	3.0	136.0
146	Human resource costs (\$000)				14,017

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

148 Source of Data

149 Data collated for air passenger services is obtained from CIAL's Airline Billing Database, which is compiled from information electronically provided monthly from the Airways Corporation information system. The data for terminal access figures originates from airlines, customs, and FIDs (Flight information data system).

150 The human resource statistics have been calculated from payroll figures as at the end of June 2020.

152 Human Resource Movements

153 CIAL continues to look for efficiency and productivity gains across the business. Between the 2019 and 2020 disclosure years the number of full-time equivalent regulated business employees has changed by -1 (which is a return to the 2018 disclosure year total).

154 Other Movements

155 CIAL does not collect International Transit/Transfer numbers.

156 Air passenger services on aircraft less than 3 tonnes MCTOW are not collected by CIAL due to the small number of passenger services in this category.

158 PSE3 Forecast to Actual Comparison

159 The following table shows a comparison between our pricing forecasts to actual outcomes for Years 1 to 3 of the current PSE3 pricing period. This comparison includes passenger movements, landings, and MCTOW.

	PSE3-2020		ID-2020	PSE3 Year 3	PSE3-Period To Date		ID-Period To Date	Period To Date
	Pricing Forecast	Actual	Variance	Pricing Forecast	Actual	Variance		
161 <b>Passengers Movements</b>								
162 International Arrivals	882,570	653,240	-26.0%	2,564,099	2,402,401	-6.3%		
163 International Departures	882,570	655,280	-25.8%	2,564,098	2,427,564	-5.3%		
164 <b>Total International</b>	<b>1,765,140</b>	<b>1,308,520</b>	<b>-25.9%</b>	<b>5,128,197</b>	<b>4,829,965</b>	<b>-5.8%</b>		
165 Domestic Arrivals	2,656,270	1,938,665	-27.0%	7,763,137	7,060,205	-9.1%		
166 Domestic Departures	2,656,269	1,947,797	-26.7%	7,763,135	7,102,216	-8.5%		
167 <b>Total Domestic</b>	<b>5,312,539</b>	<b>3,886,462</b>	<b>-26.8%</b>	<b>15,526,272</b>	<b>14,162,421</b>	<b>-8.8%</b>		
168 <b>Total Passenger Movements</b>	<b>7,077,679</b>	<b>5,194,982</b>	<b>-26.6%</b>	<b>20,654,469</b>	<b>18,992,386</b>	<b>-8.0%</b>		

	Pricing Forecast	Actual	Variance	Pricing Forecast	Actual	Variance
167 <b>Landings</b>						
168 Domestic Flight (3 tonnes or more but <30 tonnes)	15,950	16,733	4.9%	46,750	57,397	22.8%
169 Domestic Flights (30 tonnes MCTOW or more)	17,478	7,737	-55.7%	51,087	28,696	-43.8%
170 <b>Total Domestic</b>	<b>33,428</b>	<b>24,470</b>	<b>-26.8%</b>	<b>97,837</b>	<b>86,093</b>	<b>-12.0%</b>
171 International Flights	5,546	3,856	-30.5%	16,500	14,662	-11.1%
172 <b>Total Landings</b>	<b>38,974</b>	<b>28,326</b>	<b>-27.3%</b>	<b>114,337</b>	<b>100,755</b>	<b>-11.9%</b>

	Pricing Forecast	Actual	Variance	Pricing Forecast	Actual	Variance
173 <b>MCTOW</b>						
174 Domestic Flight (3 tonnes or more but <30 tonnes)	334,950	354,862	5.9%	978,507	1,215,078	24.2%
175 Domestic Flights (30 tonnes MCTOW or more)	943,807	587,592	-37.7%	2,752,463	2,148,906	-21.9%
176 <b>Total Domestic</b>	<b>1,278,757</b>	<b>942,454</b>	<b>-26.3%</b>	<b>3,730,970</b>	<b>3,363,984</b>	<b>-9.8%</b>
177 International Flights	760,993	559,460	-26.5%	2,259,290	2,045,206	-9.5%
178 <b>Total MCTOW</b>	<b>2,039,750</b>	<b>1,501,914</b>	<b>-26.4%</b>	<b>5,990,260</b>	<b>5,409,190</b>	<b>-9.7%</b>

176 Covid-19 and the resulting limitations it imposed on aircraft travel has had a significant impact on available seats and hence passenger numbers as compared to the PSE3 forecast. Dramatically fewer seats were available across all categories than was originally indicated in the Schedules used as a basis for the PSE3 pricing forecast - total passenger movements were down -27% overall. This drop, as compared to forecast, was the same across both domestic and international passenger numbers.

179 In line with this; actual Landings and MCTOW were also dramatically lower with the exception of 3 tonne to <30 tonne aircraft which was up by generally +5% to +6% (PSE Period To Date of around +23% to +24%) respectively.

181 The significant impact on passenger numbers was purely due to the impact of Covid-19 in the last quarter of the 2020 disclosure year. For the first six months of the year, passenger movements were only -2.7% less than forecast, with international passengers exceeding forecast by +0.9% and domestic passengers lower than forecast by -3.8%.

184 A more detailed analysis of is outlined in Section 8 of the Executive Summary accompanying these schedules.

Regulated Airport  
For Year Ended

**Christchurch International Airport Ltd**  
**30 June 2020**

**SCHEDULE 17: REPORT ON PRICING STATISTICS**

ref Version 5.0

**17a: Components of Pricing Statistics**

	(\$000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	8,346
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	13,231
Net operating charges from airfield activities relating to international flights	6,669
Net operating charges from specified passenger terminal activities relating to domestic passengers	24,296
Net operating charges from specified passenger terminal activities relating to international passengers	10,473
<b>Number of passengers</b>	
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,644,411
Number of domestic passengers on flights of 30 tonnes MCTOW or more	2,242,051
Number of international passengers	1,308,520
<b>Total MCTOW (tonnes)</b>	
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	740,984
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,429,647
Total MCTOW of international flights	1,237,439

**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	5.08	11.26
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	5.90	9.25
Average charge from airfield activities relating to international flights	5.10	5.39
<b>Average charge (\$ per domestic) vs (\$ per international)</b>		
Average charge from specified passenger terminal activities	6.25	8.00
<b>Average charge (\$ per domestic) vs (\$ per international)</b>		
Average charge from airfield activities and specified passenger terminal activities	11.80	13.10

**Commentary on Pricing Statistics**

As outlined in CIAL's PSE3 price setting disclosure, its primary goal is increasing the productivity and efficient use of its existing assets. Accordingly, CIAL proposed setting its PSE3 prices on a per passenger basis. Per passenger prices allow CIAL to increase and incentivise flexible and efficient use of its airfield and terminal. They are also simple to understand, transparent and (as the Commission identified) likely to reduce airlines' exposure to demand risk. CIAL considers (and the majority of airlines agreed) per passenger prices align CIAL's and airlines' interests.

CIAL's PSE3 price structure involves a re-balancing of prices compared to PSE2. Key features of the re-balancing (that will occur over PSE3 up to the 2022 disclosure year) are:

- prices for International passengers are reducing over PSE3 when considered at a per passenger level.
- Domestic prices for non-regional services remain similar to PSE2.
- prices for regional services are increasing over PSE3, largely as a result of CIAL's long term price structure taking full account of terminal services provided in conjunction with the Regional Lounge.

Further discussion in respect to passenger numbers and related net revenue is included in the Executive Summary preceding this disclosure statement.

**SCHEDULE 25: TRANSITIONAL REPORT ON REGULATORY ASSET BASE VALUE FOR LAND**

ref Version 5.0

**25: Regulatory Asset Base Value for Land**

	Unallocated RAB (\$000)	RAB (\$000)
Estimated value of land assets for the 2009 year	-	
Capital expenditure on land for disclosure year 2010	-	
Value of disposed assets on land for disclosure year 2010 (negative amount)	-	
Estimated value of land assets for the 2011 year	-	
Capital expenditure on land for disclosure year 2011	-	
Value of disposed assets on land for disclosure year 2011 (negative amount)	-	
<b>Initial RAB value</b>	<b>-</b>	<b>-</b>

**Commentary**

CIAL revalued its land under the MVAU valuation methodology in 2013. As such CIAL has not provided the land valuation information above as the MVAU valuation increased the RAB by \$+4.407m in our 2013 disclosure statement.



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**SCHEDULE 21 – CERTIFICATION FOR DISCLOSED INFORMATION – YEAR ENDED  
30 JUNE 2020**

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

A handwritten signature in black ink, appearing to be "Catherine Drayton", written over a horizontal line.

**Catherine Drayton**  
Chair  
30 November 2020

A handwritten signature in blue ink, appearing to be "Kate Morrison", written over a horizontal line.

**Kate Morrison**  
Director  
30 November 2020

## **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 his behalf, on Schedules 1 to 17 for the regulatory year ended 30 June 2020 ('the Airport Disclosure Schedules'), prepared by the company in accordance with the Airport Services Information Disclosure Determination 2010 (the 'Determination').

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

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

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

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

#### **Basis of opinion**

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

These standards require that we comply with ethical requirements and plan and perform our engagement to provide reasonable assurance 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.

The engagement also involves evaluating:

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

## **Use of this report**

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

## **Scope and inherent limitations**

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

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

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

## **Independence**

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

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

## Opinion

In our opinion:

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

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

A handwritten signature in black ink, appearing to read 'S Tobin', with a long horizontal line extending from the top of the 'S'.

Scott Tobin  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
30 November 2020