



**Specified Airport Services Information Disclosure Requirements
Information Templates
for
Schedules 18–24**

Company Name	Chirstchurch International Airport Ltd
Disclosure Date	14 August 2017
Pricing Period Starting Year (year ended)	30 June 2018
Disclosure year of most recent annual disclosure (year ended) ¹	30 June 2016

¹ applies only to schedule 18

Templates for Schedules 18–24 (Disclosure Following a Price Setting Event)
Version 3.0. Prepared 20 December 2016

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Disclosure Template Guidelines for Information Entry

Templates

The templates contained in this workbook are intended to reflect the specified airport disclosure requirements set out in Schedules 18–19 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:

Internal consistency checking is not applied in Schedules 18–24.

SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS

Version 3.0

		First Day of Pricing Period	Pricing Period Starting Year	Pricing Period Starting Year + 1	Pricing Period Starting Year + 2	Pricing Period Starting Year + 3	Pricing Period Starting Year + 4	Last Day of Pricing Period					
		1 Jul 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 22					
18(i): Forecast Internal Rate of Return													
	Cash flow date		30 Dec 17	2 Feb 18	30 Dec 18	2 Feb 19	31 Dec 19	3 Feb 20	30 Dec 20	2 Feb 21	30 Dec 21	2 Feb 22	30 Jun 22
	Opening RAB	524,373											
	Opening carry forward adjustment	(7,806)											
	Opening investment value	532,179											
	plus Forecast total revenue requirement			91,157		94,862		99,044		103,303		108,500	
	less Forecast assets commissioned		(19,692)		(12,623)		(21,141)		(11,503)		(17,158)		
	plus Forecast cash flow from asset disposals												
	less Forecast operational expenditure		(40,765)		(37,921)		(38,630)		(39,385)		(40,157)		
	less Forecast unlevered tax		(8,689)		(10,359)		(12,032)		(13,066)		(14,879)		
	Forecast closing asset base												545,298
	Forecast closing carry forward adjustment												(7,823)
	Forecast closing investment value												553,121
	Forecast net cash flows	(532,179)	(69,146)	91,157	(60,902)	94,862	(71,803)	99,044	(63,955)	103,303	(72,194)	108,500	553,121
	Forecast post-tax IRR as at 01 July 2017	6.65%											
	NPV check	(0)	OK										

18(ii): Opening carry forward adjustment

	Forecast closing carry forward from previous price setting event	Opening carry forward adjustments from current price setting event	Total opening carry forward adjustments	
Default revaluation gain/loss adjustment				
Risk allocation adjustment				
Other carry forward adjustments	(7,806)		(7,806)	
Opening carry forward adjustment	(7,806)		(7,806)	

Please explain each adjustment and how this has been calculated

CIAL has 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 these disclosures. A detailed explanation of the anomaly and how the opening RAB adjustment has been calculated is included in Section G1 (paragraphs 76-83) of the accompanying disclosure document.

Provide a summary of any views expressed by substantial customers about the pricing approaches reflected in the opening carry forward adjustment

The anomaly caused by allocating "implied depreciation" to individual assets, and the proposed solution, was explained carefully to substantial customers during price consultation. Some customers noted there was an element of complexity to the calculation of the required adjustment, and asked CIAL to obtain an independent review of the calculations supporting this adjustment. CIAL engaged Deloitte to review its calculations and proposed adjustment. Refer further to Section G1 (paragraphs 84-85) of the accompanying disclosure document.

18(iii): Forecast closing carry forward adjustment

	(\$000)	Please explain each adjustment and how this has been calculated
Correction of PSE2 implied depreciation allocation	(7,823)	Opening carry-forward adjustment is depreciated using tilted annuity (with annual CPI indexation) over the average life for each sub-set of assets
Total forecast closing carry forward adjustment	(7,823)	

Explain how the closing investment value provides a good indication of the remaining capital expected to be recovered by the airport in future pricing periods and provide a summary of substantial customer views on any closing carry forward adjustments

The carry-forward adjustment from PSE2 is treated like a physical asset, and depreciated (using the same tilted annuity method as applied to physical assets) over a life that is indicative of the underlying physical assets of the relevant cost centre. The closing carry-forward adjustment is the forecast closing RAB value for 2022 for the carry-forward adjustment assets (the actual closing value for FY22 is linked to actual inflation over the intervening period). No substantial customers expressed any comments with the closing carry forward adjustment.

18(iv): Cash flow timing assumptions

Year of most recent annual disclosure (year ended)	30 June 2018	
First day of pricing period	1 July 2017	
	Default Airport assumption	
Cash flow timing - revenues - days from year end	148	148
Cash flow timing - expenditure - days from year end	182	182

Explanation and evidence if airport assumption is different from default

CIAL has applied the same cash flow timing as the Commission's default assumptions for forecast revenue and expenditure.

Regulated Airport **Christchurch International Airport Ltd**
 Pricing Period Starting Year Ended **30 June 2018**

SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont)

Version 3.0

18(v): Total Revenue Requirement

Overview of the methodology used to determine the revenue requirement

For the services that were the subject of the pricing decision, the "building block approach" was used to derive a revenue requirement, and prices were determined such that those prices would deliver the revenue requirement (on the assumption that all sales were at the published prices). Different cost centres were established (with allocations of costs between centres where required) to facilitate the setting of charges. The cost base used to determine the revenue requirement was aligned with the values and methods applied for disclosure, with the exception that costs associated with pricing incentives were excluded from the cost base (as a commercial concession to airlines). CIAL will also bear any shortfall where contracts continue and the price is below the new rate. The prices for the remaining services (such as leases for aircraft and freight activities) are negotiated bilaterally. Many of these contracts are long term in nature, with the prices of such reflecting the interest rate environment at the time of entry into the contract. Further information on the revenue requirement components is included in Section G of the accompanying disclosure document and an overview of the pricing approach used to set Standard Charges in Section F.

	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
(\$000)					
Forecast revenue for services applicable to the price setting event (excluding forecast assets held for future use revenue)	79,036	82,552	86,515	90,559	95,531
plus Forecast lease, rental and concession income (not applicable to the price setting event)	12,121	12,311	12,529	12,744	12,969
plus Forecast other operating revenue (not applicable to the price setting event)					
Forecast total revenue requirement (excluding assets held for future use revenue)	91,157	94,862	99,044	103,303	108,500
less Forecast operational expenditure	40,765	37,921	38,630	39,385	40,157
less Forecast depreciation	20,968	19,574	21,910	24,496	24,219
less Forecast unlevered tax	9,699	10,359	12,032	13,056	14,373
plus Forecast revaluations	7,289	10,693	10,289	10,873	10,831
Forecast regulatory profit / (loss)	28,023	37,702	36,761	37,229	40,076
Forecast regulatory investment value	534,219	536,697	544,698	549,399	550,107
ROI - comparable to a post tax WACC	5.25%	7.02%	6.75%	6.78%	7.29%
Forecast cost of capital	6.82%				
Post-tax WACC at price setting event	6.41%				
WACC percentile equivalent for forecast cost of capital (optional)	60.88%				
WACC percentile equivalent for the post-tax IRR (optional)	56.56%				

Explain the differences between the post-tax IRR and the forecast cost of capital, and the post-tax WACC at price setting event and the forecast cost of capital (including reasons)

Detail around CIAL's approach to its forecast cost of capital is included in Section G4 (paragraphs 110-116) of the accompanying disclosure document. CIAL's estimate of its post tax WACC reflects its view that (i) its relative risk is greater than that of the other major NZ airports and the average airport in the Commission's sample for asset beta (an asset beta of 0.65 used rather than 0.60) and (ii) CIAL's characteristics imply that it will have a lower credit rating (all else constant) than its peers (a credit rating assumption of BBB- has been applied rather than A-). CIAL has used the midpoint of its WACC estimate. CIAL has used its estimate of the post tax WACC in the building block calculation referred to above. This explains the difference between the post-tax WACC at price setting event (6.41%) and CIAL's estimate of cost of capital of 6.82%. The post tax IRR for CIAL's disclosure activities (6.65%) is different to CIAL's post tax WACC estimate because: (i) CIAL has used a simplified version of the building block calculation in relation to the timing of intra-year cash flows; (ii) CIAL has excluded pricing incentives from the cost base when deriving prices; (iii) existing contracts mean that CIAL's revenue from check-in activities will be lower than the revenue requirement; and (iv) the disclosure IRR includes activities whose revenues are determined based on negotiated leases that are subject to standard commercial processes and whose revenues will reflect the interest rate environment prevailing at the time those leases were agreed (the IRR for these activities is 7.87%).

	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
Forecast total revenue requirement from airport charges (including assets held for future use revenue)					
Forecast total revenue requirement (excluding assets held for future use revenue)	91,157	94,862	99,044	103,303	108,500
Forecast assets held for future use revenue					
Forecast total revenue requirement (including forecast assets held for future use revenue)	91,157	94,862	99,044	103,303	108,500

Description of any other factors that are considered in determining the forecast total revenue requirement

Other than the carry forward adjustments, no "other factors" (as defined in the ID Determination) have been considered in determining the forecast total revenue requirement.

Regulated Airport **Christchurch International Airport Ltd**
 Pricing Period Starting Year Ended **30 June 2018**

SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont 3)

Version 3.0

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18(vi): Opening Regulatory Asset Base

	30 Jun 17
Regulatory asset base as at 30 June 2016	489,468
less Forecast depreciation	23,330
plus Forecast revaluations	7,238
plus Assets commissioned	54,254
less Asset disposals	—
plus (less) Forecast adjustment resulting from cost allocation	(3,257)
Estimate of regulatory asset base at start of price setting event	524,373

	Pricing Period Starting Year - 1 30 Jun 17	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
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18(vii): Forecast Asset Base

Forecast asset base—previous year	489,468	524,373	530,385	534,128	543,648	541,528
less Forecast depreciation	23,330	20,968	19,574	21,910	24,436	24,219
plus Forecast revaluations	7,238	7,289	10,693	10,289	10,873	10,831
plus Assets commissioned	54,254	19,692	12,623	21,141	11,503	17,158
less Asset disposals	—	—	—	—	—	—
plus (less) Forecast adjustment resulting from cost allocation	(3,257)	—	—	—	—	—
Forecast asset base	524,373	530,385	534,128	543,648	541,528	545,298

Description and explanation of the depreciation methodology applied

CIAL has set its prices using, and has used in this disclosure, a tilted annuity method of depreciation for all disclosure assets. The inputs required for this method (in addition to the remaining life of the assets) are a tilt factor and real WACC, which will be "locked in" at 1.5% and 4.74% for PSE3. This depreciation method was selected because it delivered a desirable long term trend in prices (i.e. maintaining the decision in PSE2 for a more efficient spreading of cost recovery over time) whilst being practicable to apply in the context of Information Disclosure. Substantial customers agreed with the application of this depreciation method. A more detailed explanation of CIAL's approach to depreciation is included in Section G3 (paragraphs 91-109) of the accompanying disclosure document and the formula CIAL has used is set out in its consultation documents.

18(viii): Forecast Works Under Construction

Works under construction—previous year	1,110	—	—	—	—	—
plus Capital expenditure	53,144	19,692	12,623	21,141	11,503	17,158
less Assets commissioned	54,254	19,692	12,623	21,141	11,503	17,158
Works under construction	—	—	—	—	—	—

18(ix): Assets held for future use cost and base value

Assets held for future use opening cost—previous year		—	—	—	—	—
plus Forecast holding costs						
less Forecast assets held for future use net revenue						
plus Forecast assets held for future use additions						
less Forecast assets held for future use disposals						
less Forecast transfers to works under construction						
Assets held for future use closing cost		—	—	—	—	—
Initial base value						
plus Opening tracking revaluations						
Opening base value		—	—	—	—	—
plus Forecast assets held for future use revaluations						
plus Forecast assets held for future use additions						
less Forecast assets held for future use disposals						
less Forecast transfers to works under construction						
Closing base value		—	—	—	—	—
Tracking revaluations		—	—	—	—	—

Assumptions and explanations of any assets held for future use revenues

CIAL has not set an "assets held for future use charge" as defined in the ID Determination, and consequently this information is not relevant to this pricing event disclosure (and completion of this section is not required).

Regulated Airport
Pricing Period Starting Year Ended

Chirstchurch International Airport Ltd
30 June 2018

SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont 5)

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Basis for Cost Allocation

CIAL has applied the same method of allocating assets between its pricing and other activities as it has applied in the FY16 disclosures (albeit with some refinements, see below). These disclosures have been prepared in accordance with the Input Methodologies and relevant Information Disclosure requirements, and require:

- assets to be directly attributable to an activity to be so allocated; and
- use of an accounting based allocator for other assets, which must be:
 - (a) based upon a causal relationship if one can be established (causal relationship is further defined as a circumstance that affected the utilisation of the asset over a defined previous period); or
 - (b) otherwise a proxy allocator is to be used.

As part of the price review, CIAL has extended the allocation methods applied for disclosure purposes to allow for a breakdown of the expenditure and assets within disclosure between the priced and non-priced services. The FY16 pricing RAB disclosed in Schedule 19 shows the application of the method as it existed at the time of the FY16 disclosures. Some of the movement in the pricing RAB between FY16 and 17 reflects a refinement of this disaggregation into priced and non-priced services, including in response to feedback from substantial customers. In addition, as part of the price review, the specific allocators produced by the disclosure allocation methods have also been updated (for example, new plans of the current terminal and its use were commissioned and applied for disclosure and pricing purposes).

An explanation of where and why disclosures differ from the cost-allocation Input Methodology and/or, where costs are shared between regulated and non-regulated assets, an explanation of the basis for that allocation.

Key Capital Expenditure Projects—Consumer Demands Assessment

CIAL's forecast PSE-3 capital expenditure included business as usual capex (which airlines gave no specific feedback on) and a number of major capital projects which were consulted on. More detail around forecast capital expenditure is included in Section G2 (paragraphs 86-90) of the accompanying disclosure document.

An explanation of how consumer demands have been assessed and incorporated for each reported project and the degree to which consumers agree with project scope, timing and cost.

18(xi) Forecast operational expenditure

	Pricing Period	Pricing Period	Pricing Period	Pricing Period	Pricing Period
	Starting Year 30 Jun 18	Starting Year + 1 30 Jun 19	Starting Year + 2 30 Jun 20	Starting Year + 3 30 Jun 21	Starting Year + 4 30 Jun 22
(5000)					
Corporate overheads	7,677	7,170	7,337	7,489	7,645
Asset management and airport operations	31,265	28,888	29,386	29,950	30,525
Asset maintenance	1,824	1,803	1,907	1,946	1,987
Forecast operational expenditure	40,765	37,861	38,630	39,385	40,157

Regulated Airport
Pricing Period Starting Year Ended

Christchurch International Airport Ltd
30 June 2018

SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont 6)

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277 **18(xii) Forecast financial incentives**

	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
279 (\$000)					
280 Forecast pricing incentives	5,587	2,355	2,234	2,234	2,234
281 Forecast other incentives					
282 Forecast total financial incentives	5,587	2,355	2,234	2,234	2,234

284 **18(xiii) Forecast revaluations**

	Pricing Period Starting Year - 1 30 Jun 17	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
285 Forecast CPI used to set prices						
286 Forecast pricing CPI (%)	1.49%	1.39%	2.02%	1.93%	2.00%	2.00%
287 Asset category revaluation rates (%)						
288 Land	1.49%	1.39%	2.02%	1.93%	2.00%	2.00%
289 Sealed Surfaces	1.49%	1.39%	2.02%	1.93%	2.00%	2.00%
290 Infrastructure and buildings	1.49%	1.39%	2.02%	1.93%	2.00%	2.00%
291 Vehicles, plant and equipment	1.49%	1.39%	2.02%	1.93%	2.00%	2.00%
292 Forecast revaluations (\$000s)						
293 Land	1,480	1,398	2,056	2,004	2,121	2,163
294 Sealed Surfaces	1,691	1,666	2,547	2,522	2,699	2,749
295 Infrastructure and buildings	3,918	4,059	5,847	5,532	5,814	5,691
296 Vehicles, plant and equipment	148	166	243	230	239	228
297 Total forecast revaluations	7,238	7,289	10,693	10,289	10,873	10,831
298 Value of any forecast revaluations not consistent with IMs	-	-	-	-	-	-

302 **18(xiv) Alternative methodologies with equivalent effect**

Description of and explanation for any alternative methodologies with equivalent effect that have been applied and which components they have been applied to (including evidence to support that it is likely to have equivalent effect)

N/A

SCHEDULE 19: REPORT ON THE FORECAST PRICING ASSET BASE REVENUE REQUIREMENTS (cont 2)

ref Version 3.0

19(v): Total Revenue Requirement for Pricing Assets

Overview of the methodology used to determine the revenue requirement for pricing assets

For the services that were the subject of the pricing decision, the "building block approach" was used to derive a revenue requirement, and prices were determined such that those prices would deliver the revenue requirement (on the assumption that all sales were at the published prices). Different cost centres were established (with allocations of costs between centres where required) to facilitate the setting of charges. The cost base used to determine the revenue requirement was aligned with the values and methods applied for disclosure, with the exception that costs associated with pricing incentives were excluded from the cost base (as a commercial concession to airlines). CIAL will also bear any shortfall where contracts continue and the price is below the new rate. Further information on the revenue requirement components is included in Section G of the accompanying disclosure document and an overview of the pricing approach used to set Standard Charges in Section F.

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	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
Forecast revenue from airport activity charges applicable to the price setting event	79,036	82,552	86,515	90,559	95,531
Forecast lease, rental and concession income (applicable to the price setting event)					
plus Forecast other operating revenue (applicable to the price setting event)					
Forecast pricing revenue for services applicable to the price setting event pricing revenue requirement (excluding assets held for future use revenue)	79,036	82,552	86,515	90,559	95,531
less Forecast operational expenditure	37,181	34,231	34,855	35,531	36,223
less Forecast depreciation	18,882	17,474	19,597	21,880	21,703
less Forecast unlevered tax	7,055	6,775	10,239	11,318	13,013
plus Forecast revaluations	6,162	9,005	8,675	9,175	9,135
Forecast regulatory profit / (loss)	22,049	31,076	30,398	31,005	33,727
Forecast regulatory investment value	451,330	452,727	460,015	464,101	464,689
ROI - comparable to a post tax WACC	4.89%	6.86%	6.61%	6.68%	7.26%
Forecast cost of capital	6.82%				

Explain any difference between the post-tax IRR on the pricing asset base and the post-tax IRR on the regulated asset base

Detail around CIAL's approach to its forecast cost of capital is included in Section G4 (paragraphs 110-116) of the accompanying disclosure document. CIAL's estimate of its post tax WACC reflects its view that (i) its relative risk is greater than that of the other major NZ airports and the average airport in the Commission's sample for asset beta (an asset beta of 0.65 used rather than 0.60) and (ii) CIAL's characteristics imply that it will have a lower credit rating (all else constant) than its peers (a credit rating assumption of BBB+ has been applied rather than A-). CIAL has used the midpoint of its WACC estimate. CIAL has used its estimate of the post tax WACC in the building block calculation referred to above. This explains the difference between the post-tax WACC at price setting event (6.41%) and CIAL's estimate of cost of capital of 6.82%. The post tax IRR for CIAL's disclosure activities (6.65%) is different to CIAL's post tax WACC estimate because: (i) CIAL has used a simplified version of the building block calculation in relation to the timing of intra-year cash flows; (ii) CIAL has excluded pricing incentives from the cost base when deriving prices, (iii) existing contracts mean that CIAL's revenue from check-in activities will be lower than the revenue requirement, and (iv) the disclosure IRR includes activities whose revenues are determined based on negotiated leases that are subject to standard commercial processes and whose revenues will reflect the interest rate environment prevailing at the time those leases were agreed (the IRR for these activities is 7.87%).

Forecast pricing revenue requirement from airport charges (including assets held for future use charges)

Forecast pricing revenue requirement (excluding forecast revenue from assets held for future use revenues)	79,036	82,552	86,515	90,559	95,531
Forecast revenues from assets held for future use charges					
Forecast pricing revenue requirement from airport charges (including forecast revenue from assets held for future use charges)	79,036	82,552	86,515	90,559	95,531

Description of any other factors that are considered in determining the forecast total revenue requirement

No other factors (as defined in the ID Determination) have been considered in determining the forecast total revenue requirement.

SCHEDULE 19: REPORT ON THE FORECAST PRICING ASSET BASE REVENUE REQUIREMENTS (cont 3)

ref Version 3.0

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19(vi): Opening Regulated Asset Base (applicable to price setting)

	30 Jun 17
120 Regulated asset base (applicable to price setting) as at 30 June 2016	438,012
121 less Forecast depreciation	19,700
124 plus Forecast revaluations	6,401
125 plus Assets commissioned	27,316
126 less Asset disposals	-
127 plus (less) Forecast adjustment resulting from cost allocation	(6,740)
128 Estimate of regulated asset base (applicable to price setting) at start of price setting event	443,290

	Pricing Period Starting Year - 1 30 Jun 17	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
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19(vii): Forecast Asset Base (applicable to price setting)

132 Forecast pricing asset base—previous year	438,012	443,290	446,649	450,336	458,772	456,726
133 less Forecast depreciation	19,700	18,882	17,474	19,597	21,880	21,703
134 plus Forecast revaluations	6,401	6,162	9,005	8,675	9,175	9,135
135 plus Assets commissioned	27,316	16,080	12,156	19,358	10,659	15,926
136 less Asset disposals	-	-	-	-	-	-
137 plus (less) Forecast adjustment resulting from cost allocation	(6,740)	-	-	-	-	-
138 Forecast pricing asset base	443,290	446,649	450,336	458,772	456,726	460,084

Description of and explanation for the depreciation methodology applied

CIAL has set its prices using, and has used in this disclosure, a tilted annuity method of depreciation for all disclosure assets. The inputs required for this method (in addition to the remaining life of the assets) are a tilt factor and real WACC, which will be "locked in" at 1.5% and 4.74% for PSE3. This depreciation method was selected because it delivered a desirable long term trend in prices (i.e. maintaining the decision in PSE2 for a more efficient spreading of cost recovery over time) whilst being practicable to apply in the context of Information Disclosure. Substantial customers agreed with the application of this depreciation method. A more detailed explanation of CIAL's approach to depreciation is included in Section G3 (paragraphs 91-109) of the accompanying disclosure document and the formula CIAL has used is set out in its consultation documents.

Regulated Airport
Pricing Period Starting Year Ended

Chirstchurch International Airport Ltd
30 June 2018

SCHEDULE 20: REPORT ON DEMAND FORECASTS

ref Version 3.0

20a: Passenger terminal demand

	(000)		1000 for year ended	Pricing Period									
				Starting Year									
				+ 1	+ 2	+ 3	+ 4	+ 5	+ 6	+ 7	+ 8	+ 9	
				30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27
Busy hour passenger numbers	Inbound passengers	Domestic		1.034	1.070	1.102	1.135	1.168	1.203	1.238	1.274	1.311	1.349
		International		0.778	0.797	0.826	0.856	0.886	0.917	0.949	0.982	1.017	1.052
		Combined *		1.284	1.324	1.366	1.407	1.450	1.493	1.538	1.584	1.632	1.680
	Outbound passengers	Domestic		1.023	1.057	1.088	1.119	1.151	1.183	1.217	1.251	1.286	1.323
		International		0.822	0.838	0.863	0.887	0.912	0.938	0.964	0.992	1.020	1.049
		Combined *		1.470	1.497	1.526	1.554	1.583	1.613	1.644	1.676	1.709	1.742
* No disclosure of combined terminal forecasts is required for airports with no shared passenger terminal functional components.													
Number of passengers during year	Inbound passengers	Domestic		2,517	2,590	2,656	2,722	2,790	2,860	2,931	3,004	3,080	3,157
		International		830	851	883	914	946	979	1,014	1,049	1,086	1,124
		Total		3,347	3,441	3,539	3,636	3,736	3,839	3,945	4,054	4,165	4,280
	Outbound passengers	Domestic		2,517	2,590	2,656	2,722	2,790	2,860	2,931	3,004	3,080	3,157
		International		830	851	883	914	946	979	1,014	1,049	1,086	1,124
		Total		3,347	3,441	3,539	3,636	3,736	3,839	3,945	4,054	4,165	4,280
	International transit and transfer passengers [†]			–	–	–	–	–	–	–	–	–	–

[†] NB. Forecasts of international transit and transfer passenger numbers relate only to airports with extant or planned international transit and transfer facilities

Regulated Airport
Pricing Period Starting Year Ended

Chirstchurch International Airport Ltd
30 June 2018

SCHEDULE 20: REPORT ON DEMAND FORECASTS (cont)

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34 20b: Aircraft Runway Movements

		Pricing Period Starting Year	Pricing Period Starting Year + 1	Pricing Period Starting Year + 2	Pricing Period Starting Year + 3	Pricing Period Starting Year + 4	Pricing Period Starting Year + 5	Pricing Period Starting Year + 6	Pricing Period Starting Year + 7	Pricing Period Starting Year + 8	Pricing Period Starting Year + 9
		30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27
35	(000)	<i>for year ended</i>									
36											
37	Movements during busy period (total number of aircraft)	0.028	0.028	0.028	0.029	0.029	0.030	0.030	0.031	0.031	0.032
38		0.290	0.296	0.302	0.308	0.314	0.322	0.329	0.337	0.344	0.352
39											
40	Landings during year (total number of aircraft)	17	17	18	18	18	19	19	20	20	21
41		21	22	22	23	24	24	25	25	26	27
42		5	5	5	5	5	5	5	5	5	5
43	Total	44	45	45	46	47	48	50	51	52	53
44											
45	Landings during year (total MCTOW in tonnes)	1,675	1,699	1,732	1,774	1,816	1,867	1,917	1,970	2,024	2,079
46		456	470	482	494	506	519	532	545	558	572
47		13	13	13	13	13	13	13	13	13	13
48	Total	2,143	2,182	2,227	2,281	2,336	2,398	2,462	2,527	2,595	2,664
49											
50	Landings during year (total number of aircraft)	5	5	6	6	6	6	6	6	7	7
51		32	33	33	34	35	36	37	38	39	40
52		6	6	6	6	0	6	6	6	6	6
53											
54	Landings during year (total MCTOW in tonnes)	751	748	761	783	805	834	864	894	925	957
55		1,205	1,247	1,279	1,311	1,343	1,377	1,411	1,446	1,483	1,520
56		187	187	187	187	187	187	187	187	187	187

Description of the basis for forecasts, and/or assumptions made in forecasting

CIAL engaged Three Consulting to provide independent annualised domestic and international passenger demand forecasts.

A "bottom-up" (or "supply-based") approach was used for FY18 and FY19 forecasts. Three Consulting took the most recent IATA scheduling file to understand seat capacity by airline, market, aircraft type and month then applied a regression based model to estimate passenger volumes. Three Consulting believes this approach gave it a reasonably accurate estimate of demand in FY18.

Three Consulting used "top-down" information to develop forecasts beyond the "bottom-up" period. In doing this, Three Consulting considered MBIE passenger forecasts, airline fleet predictions, immigration data, consensus outbound growth rates, GDP growth predictions and other metrics to generate reasonable forecasts of expected demand for the period.

Three Consulting's forecasts were then used to derive both passenger and runway busy hours. Passenger busy hours were determined by identifying the linear regression between historic busy hours and passenger totals. This identified that busy hours are increasing faster than total passenger numbers. This regression has then been used to predict busy hours based on forecast passenger movements in each busy hour category. Runway busy periods have historically remained consistent with increases in annual aircraft movements. Using the pricing forecast aircraft movements as a basis, the runway busy hour and busy days have been calculated as a fixed percentage of annual aircraft movements.

Regulated Airport
For Year Ended

Christchurch International Airport Ltd
30 June 2018

SCHEDULE 24: TRANSITIONAL REPORT ON REGULATORY ASSET BASE VALUE

ref Version 3.0

24(i): Regulatory Asset Base Value (Rolled Forward)		RAB	RAB	RAB	RAB	RAB
		30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
	Total opening RAB value					
	less Total depreciation					
	plus Total revaluations					
	plus Assets commissioned					
	less Asset disposals					
	plus Lost and found assets adjustment					
	plus Adjustment resulting from asset allocation					
	Total closing RAB value	-	-	-	-	-

24(ii): Asset Classes		Land	Sealed Surfaces	Buildings	Equipment	Total *
	RAB value—previous disclosure year					-
	less Regulatory depreciation					-
	plus Indexed revaluations					-
	plus Periodic land revaluations					-
	plus Assets commissioned					-
	less Asset disposals					-
	plus Lost and found assets adjustment					-
	plus Adjustment resulting from cost allocation					-
	RAB value	-	-	-	-	-

* Corresponds to values in RAB roll forward calculation.

24(iii): Assets Held for Future Use		Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
	Assets held for future use—previous disclosure year					-
	plus Assets held for future use—additions ¹					-
	less Transfer to works under construction					-
	less Assets held for future use—disposals					-
	Assets held for future use ²	-	-	-	-	-

¹ Each category value shown in the 'Assets held for future use' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year'.

24(iv) Alternative methodologies with equivalent effect
Description of and explanation for any alternative methodologies with equivalent effect that have been applied and which components they have been applied to (including evidence to support that it is likely to have equivalent effect)