

**KRISTINA COOPER**  
**BARRISTER**



30 April 2010

Mr John Beckett  
Executive Director  
Board of Airline Representatives of New Zealand  
PO Box 2779  
AUCKLAND

Dear John

### **2009 Airport Authorities Financial Information Disclosure Statements**

We are pleased to enclose our analysis of the 2009 Disclosure Financial Statements for AIAL, WIAL and CIAL.

The report includes one page 'year at a glance' summaries for each of the three airports as well as a one page 'crib sheet' containing the key statistics for all three airports. Graphs showing the trends since disclosure commenced in 2000 are also included. This year we have omitted the detailed worksheets and analysis tables from the formal report, however these are available on request.

The changes to key performance indicators between 2008 and 2009 for each of the three airports are set out below, with comment following.

#### *Movements in key performance indicators between FY2008 and FY2009*

	AIAL	WIAL	CIAL
Domestic passenger numbers	-1.5%	+5.1%	+1.3%
International passenger numbers	-1.4%	+1.3%	-3.1%
Scheduled domestic aircraft movements	-3.1%	+2.3%	-1.6%
International aircraft movements	+4.5%	+5.4%	-2.1%
Revenue	+5.4%	+9.2%	+2.9%
Operating expenses	+18.0%	+8.1%	+3.0%
Total expenses	+16.6%	-6.3%	+11.1%
Surplus before tax and finance costs	-5.2%	+10.6%	-17.4%
Surplus after tax and finance costs	-15.5%	+28.2%	-33.1%

#### ***Passenger and Aircraft Volumes***

A common trend with respect to passenger and aircraft demand has not emerged from this year's disclosure results. One would have expected the global financial crisis to have significantly impacted passenger volumes and aircraft movements. However this has not occurred uniformly

across the three airports. In addition, the impact has differed considerably between domestic activities and international activities:

- CIAL had mixed results, with both domestic and international scheduled aircraft movements decreasing as well as decreased international passengers although domestic passenger volumes increased.
- AIAL also had mixed results. Both international and domestic passenger volumes fell as did scheduled domestic aircraft movements but international aircraft movements rose (although this may well reflect a down-gauging of aircraft as overall MCTOW fell for the year).
- WIAL's performance stood out with increased domestic and international passenger volumes as well as increased domestic and international scheduled aircraft movements.

During the global financial crisis airlines responded by reducing aircraft size as well as reducing frequency. However the current disclosure requirements only oblige airports to disclose aircraft movements. There is no requirement to disclose MCTOW. This means that the full picture is not apparent from the disclosed information. We recommend BARNZ continue to press for MCTOW to also be disclosed within the new information disclosure requirements being developed by the Commerce Commission under Part 4 of the Commerce Act.

#### ***Identified Airport Activity Revenue***

Despite the various reductions in passenger volumes at AIAL and CIAL, all three airports experienced increased revenue from identified airport activities. AIAL and WIAL both implemented their programmed increases to landing charges and (in the case of AIAL) to its PSC levied per arriving and departing international passenger. Revenue increased by 5.4% at AIAL and 9.2% at WIAL.

CIAL completed consultation during the year and increased the airfield component of its airport charges by 56% with effect from 1 April 2009. As CIAL expresses its charges per aircraft type it is not possible to identify a constant overall increase to airport charges. However, by way of illustration, charges increased by approximately 40% for a domestic jet aircraft (e.g. a 733), approximately 10% for a trans-Tasman medium sized aircraft (e.g. an A320) and approximately 15% for a large international aircraft (e.g. a 747 or 777). CIAL has disclosed that it offered airlines a prompt payment discount with respect to the increased portion of the charges but it has not disclosed the size of this discount. Despite these increases the revenue CIAL disclosed earning from its airport charges for FY2009 fell slightly with the increase to CIAL's identified airport activity revenue being virtually wholly attributable to increased lease and concession revenue. The reduced airport charge revenue indicates that the additional revenue from the increased (albeit discounted) charges did not offset the reduced aircraft movements.

#### ***Identified Airport Activity Operating Costs***

All three airports also experienced increased operating expenses ranging from a 3.0% increase at CIAL, an 8.1% increase at WIAL through to an 18.0% increase at AIAL. Total operating expenses (including depreciation and interest) fell 6.3% at WIAL due to a \$4.4m gain in the value of financial instruments which offset a large component of its financing costs. Expenses (excluding interest) per passenger and per aircraft movement increased at all three airports.

WIAL has continued including subvention payments within its aeronautical operating expenses. The subvention payment included within WIAL's 2009 operating expenses amounted to \$12.4m. As we have previously noted, while the overall tax position of the group is not affected, the inclusion of subvention payments impacts the results of companies at an individual level. We

recommend BARNZ continue with its efforts to have subvention payments expressly excluded from the new information disclosure requirements.

### ***Return on Identified Airport Activities***

The return on assets in 2009 fell at AIAL from 4.8% to 4.4% and at CIAL from 2.5% to 2.1%. However, revaluations also form part of the return to the airport and neither AIAL nor CIAL revalued their assets in 2009. The average return to these airports (including revaluations) since disclosure commenced in 2000 is 9.8% and 13.6%.

WIAL's return on fixed assets (excluding interest costs and revaluations) remained constant at 5.8%. However WIAL revalued its assets by \$32.5m in 2009 and when this is taken into account its return on fixed assets is 14.4%. Its return on total assets is 12.7%. This represents an average return on total assets of 10.5% since disclosure commenced.

The specified terminal passenger activity continued to have the highest return on assets at AIAL and WIAL, but at CIAL aircraft and freight activities became the activity with the highest return on assets.

The perceived level of return is significantly affected by matters such as the value of assets and the composition of the assets included within the asset base. The asset base used for disclosure is not the same as the asset base used for pricing, with different assets being included and, in some cases, different values used. A key difference relates to assets held for future use and assets which are not used and useful which are allowed to form part of the disclosure asset base but not the pricing asset base. We strongly recommend that BARNZ continue to press for a used and useful test to be included as part of the new disclosure requirements being developed by the Commerce Commission under Part 4.

### ***Disclosure of Charges***

A question exists as to whether WIAL and CIAL have fully complied with the requirement in clause 2 of the Schedule attached to the Regulations. The Schedule sets out additional information which must be included in the disclosure financial statements of specified airport companies. Clause 2 requires disclosure of the price per unit for charges set by the company for each of the three identified airport activities.

In its 2009 Disclosure Financial Statements, WIAL has disclosed its published charges as set under the Airport Authorities Act following consultation in 2007.

However, WIAL's submissions to the Commerce Commission during the consultation process under Part 4 indicates that WIAL has separately entered into agreements on price, volume, quality and growth rebates with a number of airlines. We refer in particular to WIAL's submission dated 20 February 2009 in which WIAL referred to agreements on price, volume and quality having been entered into by it with Pacific Blue and Jetstar (refer para 4.3.5) and also to a passenger growth agreement it entered into with Air NZ following the 2002 consultations which saw it return \$14m to Air NZ in rebates (refer para 4.4.1).

WIAL has not disclosed the prices reached under these Agreements in its annual Disclosure Financial Statements. We understand that BARNZ has raised this issue with the Ministry of Transport and has formally requested that the Ministry determine whether WIAL's disclosure of its charges has been complete and accurate.

It would appear that the same issue arises at CIAL. CIAL has disclosed its published charges as set from 1 April 2009 but has made the following note:

The charges described above are the charges set by Christchurch International Airport Ltd. They are subject to agreements with individual aircraft operators and other arrangements including prompt payment discounts which may affect the amount actually received by Christchurch International Airport Ltd.

We note that whether or not an airport is required to disclose any individual agreements on prices, or any discounts, rebates, allowances etc under the Airport Authorities (Airport Company Information Disclosure) Regulations will impact whether such information can be required to be disclosed in the new information disclosure requirements developed under Part 4. Section 53C(4) of the Commerce Act provides that a supplier cannot be required to publicly disclose any provision of an existing contract that was not already required to be disclosed.

We therefore recommend that BARNZ continue to seek clarification on this issue from the Ministry of Transport.

***A new specified airport company***

Finally we note that Queenstown Airport has reached the current threshold for becoming a specified airport company of \$10m of revenue. Queenstown may have reached this threshold as early as FY07 (if gains are included as revenue) but it had certainly reached it by FY08 when revenue (excluding gains and losses) was \$10.6m, meaning it should have prepared Financial Disclosure Statements in FY09. The notes to Queenstown Airport's Annual Report state that the airport is seeking advice as to whether the Airport Authorities (Airport Companies Information Disclosure) Regulations are applicable to the airport (refer page 36).

If you have any queries on the matters raised in this report, please do not hesitate to contact either of the authors.

Yours sincerely

Kristina Cooper and Dr Brent Layton

**KEY STATISTICS FOR IDENTIFIED AIRPORT ACTIVITIES FOR FY2009**

	Unit	AIAL	WIAL	CIAL
<b>Revenue</b>				
Airfield	\$000	70,458	24,552	16,581
Terminal	\$000	111,148	24,682	28,799
Freight	\$000	11,550	1,739	5,128
Total Identified Airport Activity Revenue	\$000	195,331	50,973	50,508
<b>Expenses</b>				
Operating expenses	\$000	64,102	12,483	22,967
Depreciation	\$000	42,181	8,856	16,125
Interest	\$000	32,250	6,690	4,131
Total Expenses	\$000	138,533	28,029	43,223
<b>Surplus before interest and tax</b>	\$000	89,048	29,634	11,416
<b>Surplus after tax</b>	\$000	38,261	17,370	4,844
<b>Assets</b>				
Fixed assets	\$000	1,349,038	378,893	361,671
Current assets	\$000	34,582	51,459	4,141
Total assets	\$000	1,383,620	430,352	365,812
<b>Revaluations</b>				
Revaluations this year	\$000	0	32,463	0
Total revaluations since corporatisation	\$000	694,000	219,463	239,000
Revaluations as a percentage of fixed assets		51.44%	57.92%	66.08%
<b>WACC</b>		9.88%	8.90%	9.72%
<b>Demand</b>				
Domestic pax (arrivals and departures)	Pax	5,653,306	4,645,129	4,333,294
International pax (arrivals, departures and transits)	Pax	7,359,611	610,955	1,574,783
Total pax	Pax	13,012,917	5,256,084	5,908,077
Domestic aircraft landings	Landings	58,435	52,062	62,676
International aircraft landings	Landings	19,892	2,777	5,783
<b>Charges</b>				
Domestic 733	\$	723	1,877	966
International A320	\$	4,212	4,669	4,019
International 777	\$	10,404	N/A	9,654
International 747	\$	13,396	N/A	12,305
<b>Key Performance indicators</b>				
Revenue per passenger	\$	15.01	9.70	8.55
Expenses (excluding interest) per passenger	\$	8.17	4.06	6.62
Surplus after tax plus interest per passenger	\$	4.68	4.20	1.31
Revenue per aircraft movement	\$	1245.88	464.75	368.89
Expenses (excluding interest) per aircraft movement	\$	677.91	194.56	285.51
Surplus after tax plus interest per aircraft movement	\$	388.03	201.07	56.50
Surplus after tax plus interest to total assets		4.40%	5.12%	2.11%
Surplus after tax plus interest & revaluations to total assets		4.40%	12.67%	2.11%
Average surplus after tax plus interest & revaluations to total assets since disclosure commenced		9.81%	10.52%	13.57%

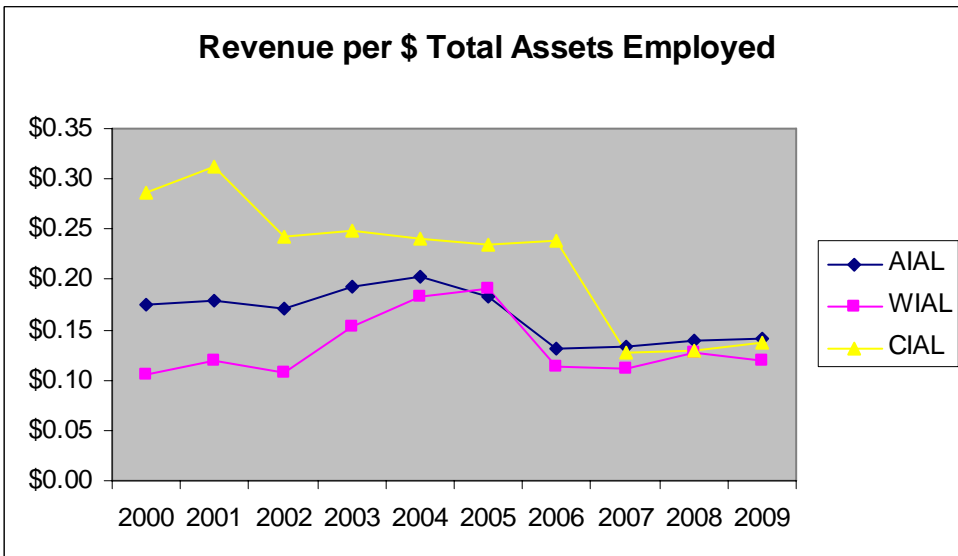
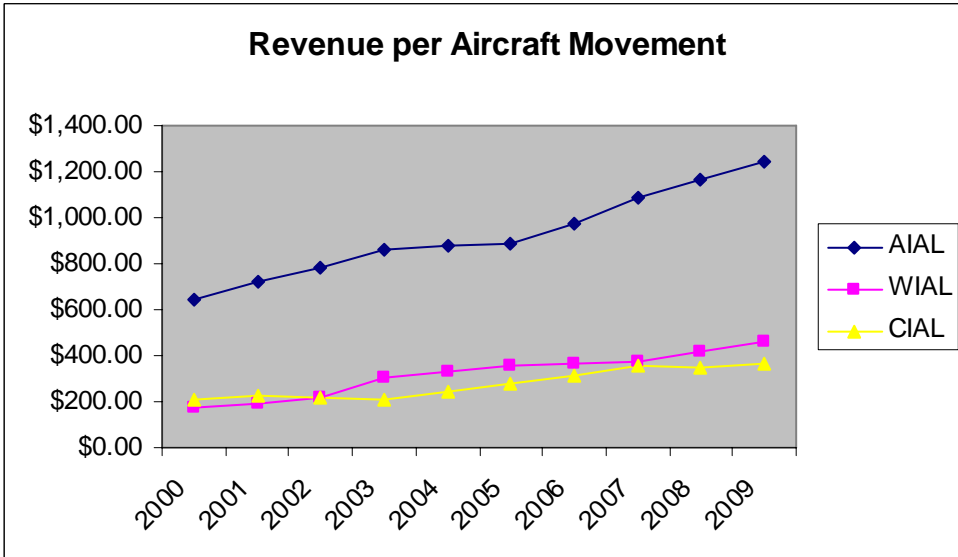
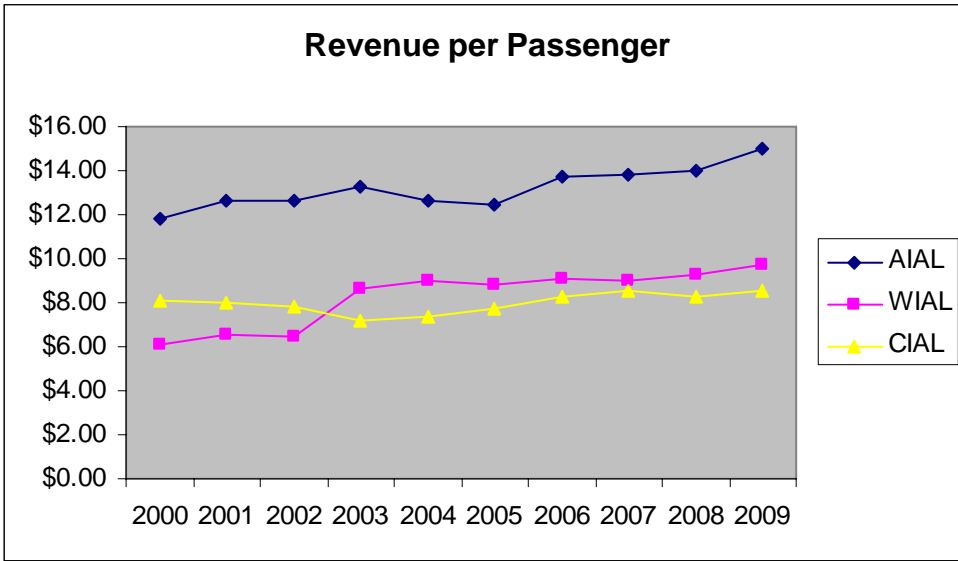
<b>KEY STATISTICS FOR IDENTIFIED AIRPORT ACTIVITIES FOR FY2008</b>				
	Unit	AIAL	WIAL	CIAL
<b>Revenue</b>				
Airfield	\$000	70,129	22,443	16,153
Terminal	\$000	104,839	22,704	28,718
Freight	\$000	9,393	1,534	4,212
Total Identified Airport Activity Revenue	\$000	185,391	46,681	49,083
<b>Expenses</b>				
Operating expenses	\$000	54,345	11,549	22,288
Depreciation	\$000	37,133	8,338	12,977
Interest	\$000	27,322	10,014	3,624
Total Expenses	\$000	118,800	29,901	38,889
<b>Surplus before interest and tax</b>	\$000	93,913	26,794	13,818
<b>Surplus after tax</b>	\$000	45,290	13,549	7,237
<b>Assets</b>				
Fixed assets	\$000	1,316,150	346,591	367,619
Current assets	\$000	19,415	19,788	12,893
Total assets	\$000	1,335,565	366,379	380,512
<b>Revaluations</b>				
Revaluations this year	\$000	3,212	0	0
Total revaluations since corporatisation	\$000	694,000	187,000	239,000
Revaluations as a percentage of fixed assets		52.73%	53.95%	65.01%
<b>WACC</b>		9.80%	8.90%	9.40%
<b>Demand</b>				
Domestic pax (arrivals and departures)	Pax	5,740,089	4,418,381	4,279,503
International pax (arrivals, departures and transits)	Pax	7,462,683	603,344	1,625,708
Total pax	Pax	13,202,772	5,021,725	5,905,211
Domestic aircraft landings	Landings	60,690	53,000	63,790
International aircraft landings	Landings	19,027	2,635	5,905
<b>Charges</b>				
Domestic 733	\$	706	1,826	684
International A320	\$	3,953	4,605	3,678
International 777	\$	9,829	N/A	8,386
International 747	\$	12,663	N/A	10,551
<b>Key Performance indicators</b>				
Revenue per passenger	\$	14.04	9.30	8.31
Expenses (excluding interest) per passenger	\$	6.93	3.96	5.97
Surplus after tax plus interest per passenger	\$	4.82	4.03	1.64
Revenue per aircraft movement	\$	1161.40	419.53	352.13
Expenses (excluding interest) per aircraft movement	\$	573.07	178.73	253.00
Surplus after tax plus interest per aircraft movement	\$	398.40	182.07	69.34
Surplus after tax plus interest to total assets		4.76%	5.53%	2.54%
Surplus after tax plus interest and revaluations to total assets		4.76%	5.53%	2.54%
Average surplus after tax plus interest and revaluations to total assets since disclosure commenced		10.42%	10.28%	14.85%

<b>Airport:</b>	<b>WIAL – financial year ending 31 March 2009</b>
<b>Year at a glance:</b>	Both scheduled movements and passenger numbers increased, the latter by 4.7%. Charges increased by 2.85%, with the combined effect being a 9.2% increase to revenue. The surplus after taxation also increased. WIAL revalued its assets upwards by \$32.5m.
<b>Charges:</b>	The PSC increased by 2.85% reflecting WIAL's decision in 2007 to increase this charge by 2.85% at the start of each financial year from FY2008 to FY2012.
<b>Revenue:</b>	Aeronautical revenue increased 9.2% from \$46.7m to \$51.0m, attributable largely to increased passenger volumes (since WIAL levies its charges on a per passenger basis) but also to the 2.85% increase in the PSC. Revenue per passenger increased by 4.3% from \$9.30 to \$9.70. Revenue per aircraft movement increased by 10.8% from \$419.53 to \$464.75.
<b>Expenses:</b>	Operating expenses increased by 8.1% and depreciation increased by 6.2%, however total expenses decreased by 6.3% due to a \$4.4m gain in value of financial instruments which offset a large component of financing costs. Expenses per passenger (excluding interest) increased by 2.5% from \$3.96 to \$4.06. Expenses per aircraft movement (excluding interest) rose 8.9% from \$178.73 to \$194.56, the highest level since disclosure started in 2000.
<b>FTEs:</b>	FTEs increased by 4.8%, the equivalent of 3 staff members. The cost per average FTE increased by 4.5% from \$67 910 to \$70 947.
<b>Surplus:</b>	The surplus before taxation and interest rose by 10.6% from \$26.8m to \$29.6m reflecting the increased revenue from passenger growth and increased charges. However, the surplus after taxation increased by 28.2% from \$13.5m to \$17.4m with the greater percentage increase reflecting the \$4.4m gain in value of financial instruments.
<b>Assets:</b>	Fixed aeronautical assets increased by 9.3% from \$346.6m to \$378.9m, as a result of \$32.5m of asset revaluations and \$15.9m of capital expenditure. WIAL's current assets increased significantly due to its cash and bank balance increasing from \$12.0m to \$44.0m. Total identified airport activity assets rose 17.5% to \$430.4m.
<b>Passengers:</b>	Total passengers increased by 4.7%, with domestic passenger growth being 5.1% and international passenger growth 1.3%. Passenger throughput is now 5.3m pax per annum. This level of growth is an extremely good result given the impact of the global financial crisis and worldwide reduction in passenger volumes.
<b>Movements:</b>	Overall, the number of aircraft movements reduced by 1.4%, from 111 270 to 109 678, however the reduction was in unscheduled movements. Scheduled domestic movements greater than 3 tonne increased by 2.3% and international movements increased by 5.4%. Average passengers per aircraft movement increased 6.2% from 45.1 to 47.9, reflecting the reduction in smaller unscheduled aircraft and the increase in larger scheduled aircraft.
<b>Return on assets:</b>	The return on total assets after tax plus interest and revaluations increased from 5.5% to 12.7% (although the return on fixed assets was 14.4%). This is greater than WIAL's nominal WACC of 8.9%, reflecting the fact 2009 was a revaluation year, and part of WIAL's return comes from revaluation gains. The average return on assets over 2000 to 2009 has been 10.5%.
<b>Yield:</b>	The surplus after tax plus interest per passenger increased from \$4.03 in 2008 to \$4.20. The surplus after tax plus interest per aircraft movement increased from \$182.07 in 2008 to \$201.07, the highest since disclosure started in 2000.
<b>Comments:</b>	With WIAL's annual increase in charges of 2.85% over the 2008 – 2012 pricing period, WIAL's revenue can be expected to continue to increase annually. WIAL has continued including subvention payments within its operating costs, including approximately \$12.4m of subvention payments in 2009. The subvention payment has been removed from the analysis in this report as it is considered inappropriate for the results of information disclosure to be influenced by subvention payments made to optimise the tax payable by related companies. WIAL's \$4.4m gain in the value of its financial instruments has been treated as offsetting its financing costs in this analysis, as would occur with hedging gains and losses.
<b>Queries:</b>	None

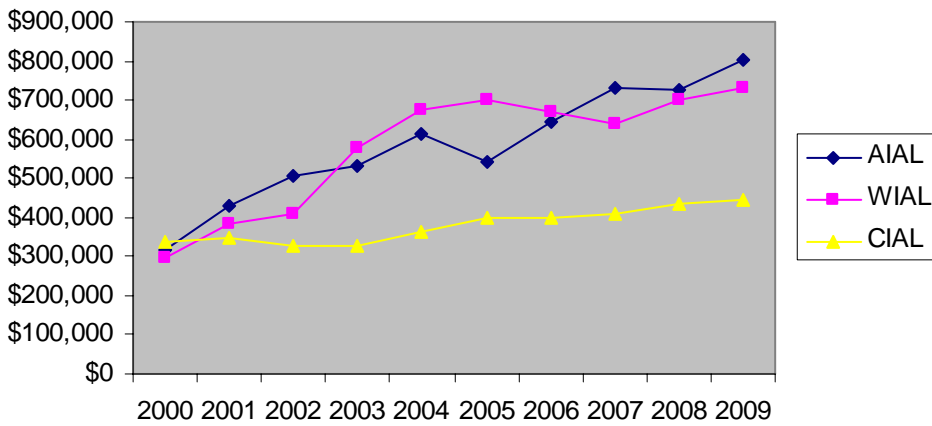
<b>Airport:</b>	<b>CIAL – financial year ending 30 June 2009</b>
<b>Year at a glance:</b>	Overall, passenger numbers were constant although both international and domestic aircraft movements decreased. Revenue increased slightly but the continuing substantial increases in operating expenses meant CIAL's surplus after tax decreased by 33.1%. The return on assets has reduced to 2.1% and the surplus per passenger has now fallen to \$1.31, which is the lowest for CIAL since disclosure commenced in 2000.
<b>Charges:</b>	CIAL increased its airfield charges by 56% in April 2009, with subsequent 3% increases scheduled to occur in July 2009 and July 2010. A prompt payment discount is available to airlines but the amount has not been disclosed. There were no changes to terminal charges, although the development charge paid by departing international passengers will convert to a PSC per arriving and departing passenger which will be levied on airlines from July 2010.
<b>Revenue:</b>	Aeronautical revenue increased 2.9% from \$49.1m to \$50.5m, however the increase was entirely attributable to increases in lease and concession revenue. Revenue from both airport charges and the ADC fell reflecting reduced aircraft movements and reduced international passengers. One would have expected revenue from airport charges to have increased reflecting the 56% increase to the airfield component of airport charges which came into effect on 1 April 2009 but this does not appear to be the case. Revenue per passenger increased 2.9% \$8.31 to \$8.55 and revenue per aircraft movement increased 4.8% from \$352.13 to \$368.89.
<b>Expenses:</b>	Aeronautical expenses increased by 11.1% from \$38.9m to \$43.2m, attributable largely to increased depreciation which rose 24.3%, presumably due to write-offs associated with the integrated terminal development. Expenses per passenger increased 10.8% from \$5.97 to \$6.62. The increases in expenses did not appear uniform across the three activities, with reductions in expenses occurring in airfield activities and aircraft and freight activities but significant increases to specified passenger terminal activity expenses. Expenses per aircraft movement also increased 12.9% from \$253.00 to \$285.51. These measures have both now increased for seven years consecutively.
<b>FTEs:</b>	FTEs remained constant at 113, the same level since 2006.
<b>Surplus:</b>	The surplus before tax and interest decreased 17.4% from \$13.8m to \$11.4m. The decrease after tax and interest was significantly greater, falling 33.1% from \$7.2m to \$4.8m due to increased interest costs.
<b>Assets:</b>	Fixed assets reduced in value from \$367.6m to \$361.7m, a reduction of 1.6%. Capital expenditure of \$14.7m was incurred.
<b>Passengers:</b>	Total passenger volumes remained constant at 5.9m, with domestic passenger volumes growing 1.3% but international passenger volumes reducing 3.1%.
<b>Movements:</b>	Overall, the number of aircraft movements decreased by 1.8%. Scheduled domestic movements above three tonne decreased 1.6% and international movements decreased 2.1%. Average passengers per aircraft movement increased by 1.9% from 42.4 to 43.2 passengers.
<b>Return on assets:</b>	The return on assets after tax plus interest and revaluations was 2.1%, reflecting the significant increase in asset values in 2007 as a result of the revaluation and the apparent non-payment of the increased charges post April 2009. While the 2.1% return is significantly below CIAL's 9.4% WACC, 2009 was a non-revaluation year. The average return on assets (including revaluations) from 2000 to 2009 has been 13.6%.
<b>Yield:</b>	The surplus after tax plus interest per passenger fell 20% from \$1.64 in 2008 to \$1.31, the lowest since disclosure started in 2000. The surplus after tax plus interest per aircraft movement fell 18.5% from \$69.34 in 2008 to \$56.50 in 2009.
<b>Comments:</b>	Despite the significant increase in the landing charge component of airport charges in April 2009 there was not any increase in revenue from airport charges.
<b>Queries:</b>	The pattern of reduced airfield activity and aircraft and freight activity expenses but significantly increased specified passenger terminal activity expenses should be queried and an explanation sought.

<b>Airport:</b>	<b>AIAL – financial year ending 30 June 2009</b>
<b>Year at a glance:</b>	AIAL experienced relatively modest reductions in passenger and movement volumes, however revenue still increased as a result of the programmed increases to charges set in 2007. Substantial increases to operating expenses resulted in a 15.5% reduction in the surplus after tax and reductions in the surplus per passenger and per aircraft movement as well as the return on assets.
<b>Charges:</b>	MCTOW rates increased by 2.5%, reflecting AIAL’s decision in 2007 to increase this charge by 2.5% at the start of each financial year from FY2008 to FY2012. The PSC also increased by \$0.50 per arriving and departing passenger (incl GST). The TSC charge increased by 21.7% from \$3.07 to \$3.73 per passenger (on average) reflecting the increased airside areas following the opening of Stage 3A of the international terminal expansion (expanded arrivals) and the connector and first two gates of Pier B.
<b>Revenue:</b>	Total revenue increased 5.4% from \$185.4m to \$195.3m. Revenue per passenger increased by 6.9% from \$14.04 to \$15.01 and revenue per aircraft movement increased by 7.3% from \$1161.40 to \$1245.88.
<b>Expenses:</b>	Total expenses increased by 16.6% from \$118.8m to \$138.5m. Operating expenses increased by 18.0% primarily due to a \$7.2m increase in staff costs, although this increase reversed last year’s \$7.2m reduction in staff costs. \$3.3m of restructuring costs were incurred. Depreciation and interest costs each increased by approximately \$5.0m. Expenses per passenger (before interest) increased 17.9% from \$6.93 per passenger to \$8.17, and expenses per aircraft movement (before interest) rose 18.3% from \$573.07 to \$677.91, both being at the highest level since disclosure commenced.
<b>FTEs:</b>	There was a 4.9% decrease in FTEs, which equates to 12 less staff members. Passengers and movements per FTE increased by 3.6% and 3.3% respectively. Staff costs per average FTE increased by 43.6% to \$110 316, largely back to 2007 levels. Staff costs per average FTE in 2008 were below historical levels due to a \$3.2m reversal of expenses related to the employee share purchase plans. The \$3.3m restructuring costs were included as staff costs.
<b>Surplus:</b>	The surplus after interest and taxation decreased by 15.5% from \$45.3m to \$38.3m. This was as a result of the 16.6% increase in expenses being significantly more than the 5.4% increase in revenue. The airfield surplus decreased 4.6% while the surplus earned by the specified passenger terminal decreased by 26.9%.
<b>Assets:</b>	AIAL’s fixed asset base increased by \$32.8m, up from \$1316.2m to \$1349.0m. \$53.9m of capital expenditure occurred in 2009. \$22.0m of assets were transferred into identified airport activities, which had a \$2.3m upwards impact on the revaluation reserve.
<b>Passengers:</b>	Total passengers decreased by 1.4% from 13.2m to 13.0m, with domestic passenger volumes reducing by 1.5% and international passenger volumes by 1.4%.
<b>Movements:</b>	Overall, aircraft movements at AIAL decreased by 1.8%. International movements increased by 4.5% offset by reductions of 3.1% in domestic movements of aircraft greater than 3 tonne. Average passengers per aircraft movement increased by 0.4% from 82.7 to 83.0.
<b>Return on assets:</b>	The return on assets after tax plus interest and revaluations decreased from 4.8% in 2008 to 4.4% in 2009. This is less than AIAL’s WACC estimate of 9.8%, reflecting the \$99m commercial prudence adjustment to income requirements in AIAL’s financial model to acknowledge the airfield land revaluations, and the differences between the asset base used to set charges and the asset base in the Disclosure Financial Statements. The average return on assets after tax plus interest and revaluations from 2000–2009 is 9.8%.
<b>Yield:</b>	The surplus after tax (plus interest) per passenger decreased from \$4.82 to \$4.68 in 2009. The surplus per aircraft movement after tax (plus interest) decreased from \$398.40 to \$388.03, the first reduction in this measure since disclosure commenced in 2000.
<b>Comments:</b>	With AIAL’s annual increase in airport charges of 2.5% over the 2008 – 2012 pricing period, and annual \$0.50 increases in the PSC per arriving and departing passenger over the 2009 – 2011 period AIAL’s revenue can be expected to continue to increase annually.
<b>Queries:</b>	Details should be sought about the \$22m of assets transferred into identified airport activities. The capex spent for each of the three identified airport activities should be requested as per AIAL’s agreement in 2005 to provide this annually.

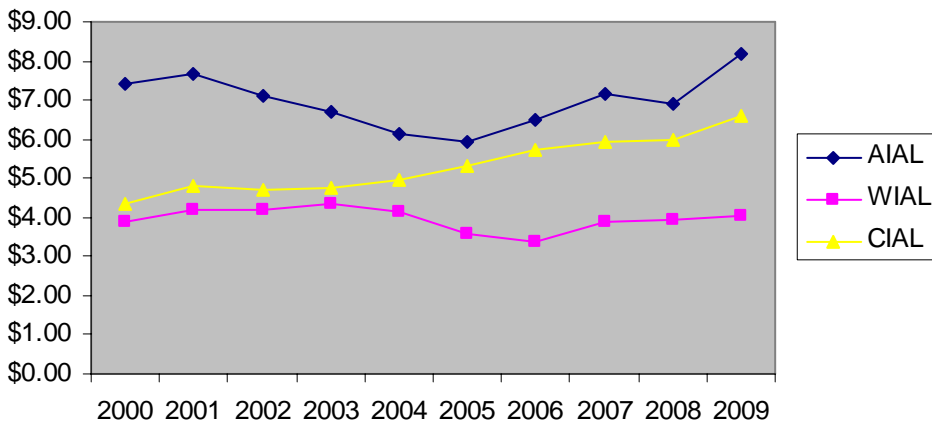
**TRENDS OF KEY PERFORMANCE MEASURES FROM FY2000 TO FY2009**



### Revenue per Average FTE Employed



### Expenses (excl. Interest) per Passenger



### Expenses (excl. Interest) per Aircraft Movement

