



# Auckland Airport PSE4 Review

## Supporting Information

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August 2024

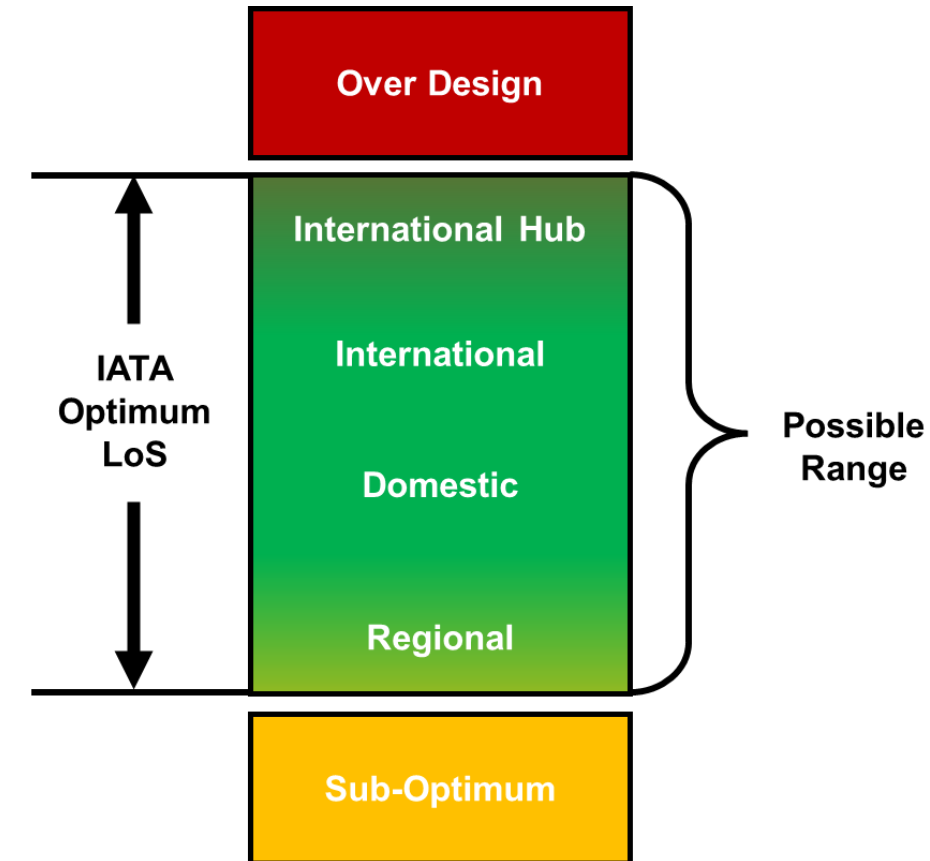
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# AIAL has applied IATA Level of Service (LoS) metrics incorrectly

Air NZ has spoken directly with IATA who re-confirmed the following points:

- IATA deliberately provide a **range** for LoS and would expect to see **different LoS** applied to meet different customer (i.e. airline) expectations and requirements across international and domestic operations - “one size does not fit all”
- For example:
  - An international terminal is more complex than a domestic terminal, and passenger dwell time is higher, therefore airlines may agree to a higher LoS
  - A domestic/regional terminal serving exclusively Low-Cost-Carriers would require a lower LoS to meet the expectations of its airline customers
- IATA recommend that a LoS **should be agreed** between airport and the airline community **in advance of design development**
- AIAL has **incorrectly applied** IATA LoS to the terminal sizing – it has applied an **international LoS** throughout
- This means that the **domestic terminal is oversized** and goes beyond the LoS that airlines require to meet their expectations and requirements
- A higher LoS does not necessarily translate into the provision of improved aeronautical services – we evidence this in the following slides



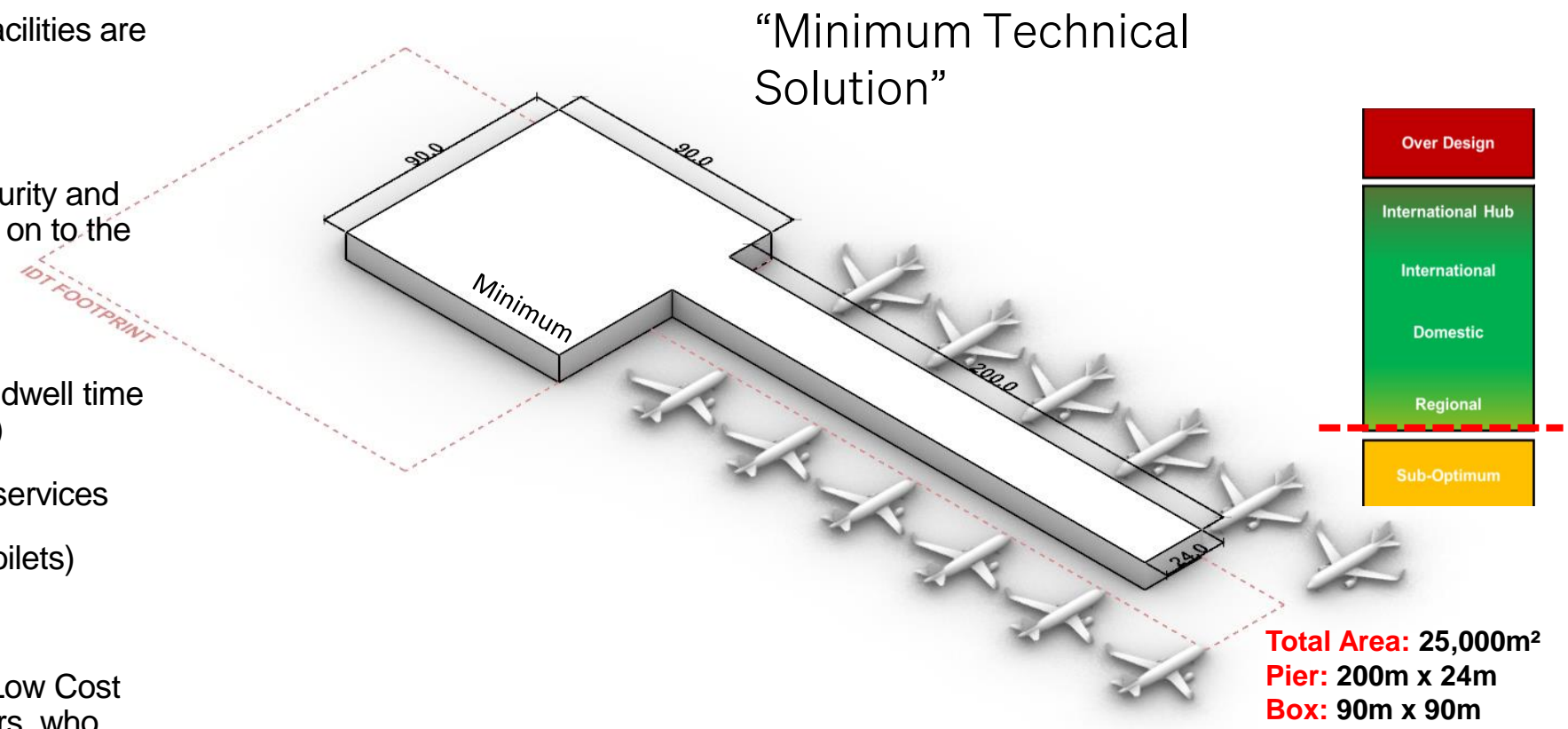


# There is a 'base' LoS which provides the bare minimum facilities required in order to provide basic aeronautical services

In this example, the bare minimum facilities are provided in order to:

- park sufficient planes
- process passengers through security and border agencies (if required) and on to the plane
- handle baggage
- accommodate minimal domestic dwell time (and therefore limited retail need)
- provide essential back of house services
- provide essential services (e.g. toilets)

This might be the kind of terminal a Low Cost Carrier would require for its customers, who prefer low prices and no frills.



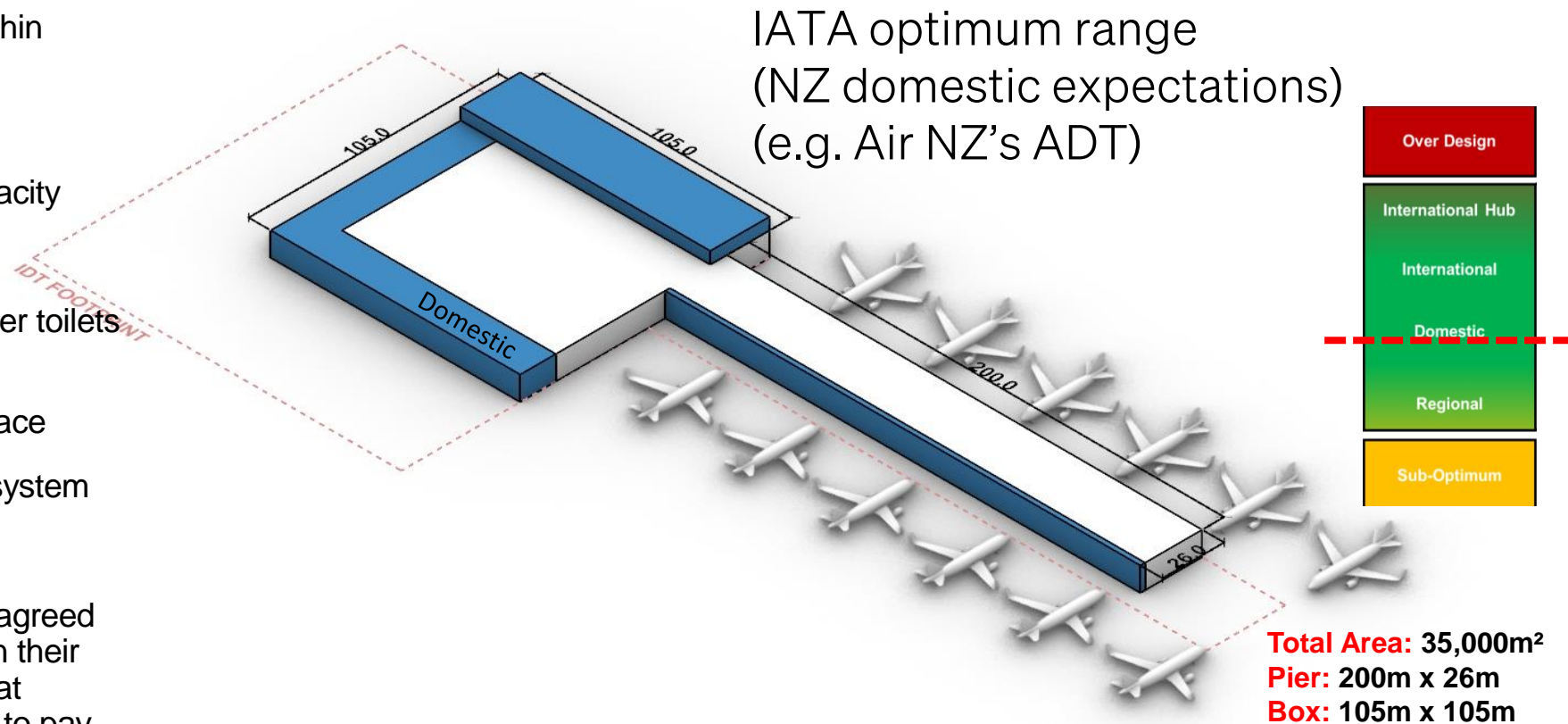


# Through consultation with airlines, a higher LoS may be agreed to meet the carriers' service requirements for their customer base

In this example, a higher LoS (still within optimum range) is provided to add:

- Further retail / dwell space
- Increased security screening capacity
- VIP lounge space
- Above average facilities (e.g. larger toilets bigger dwell space/seating)
- Above average back of house space
- A high-end baggage processing system

The selection of the above would be agreed based on feedback from the airline on their customer requirements, including what customers want and their willingness to pay.





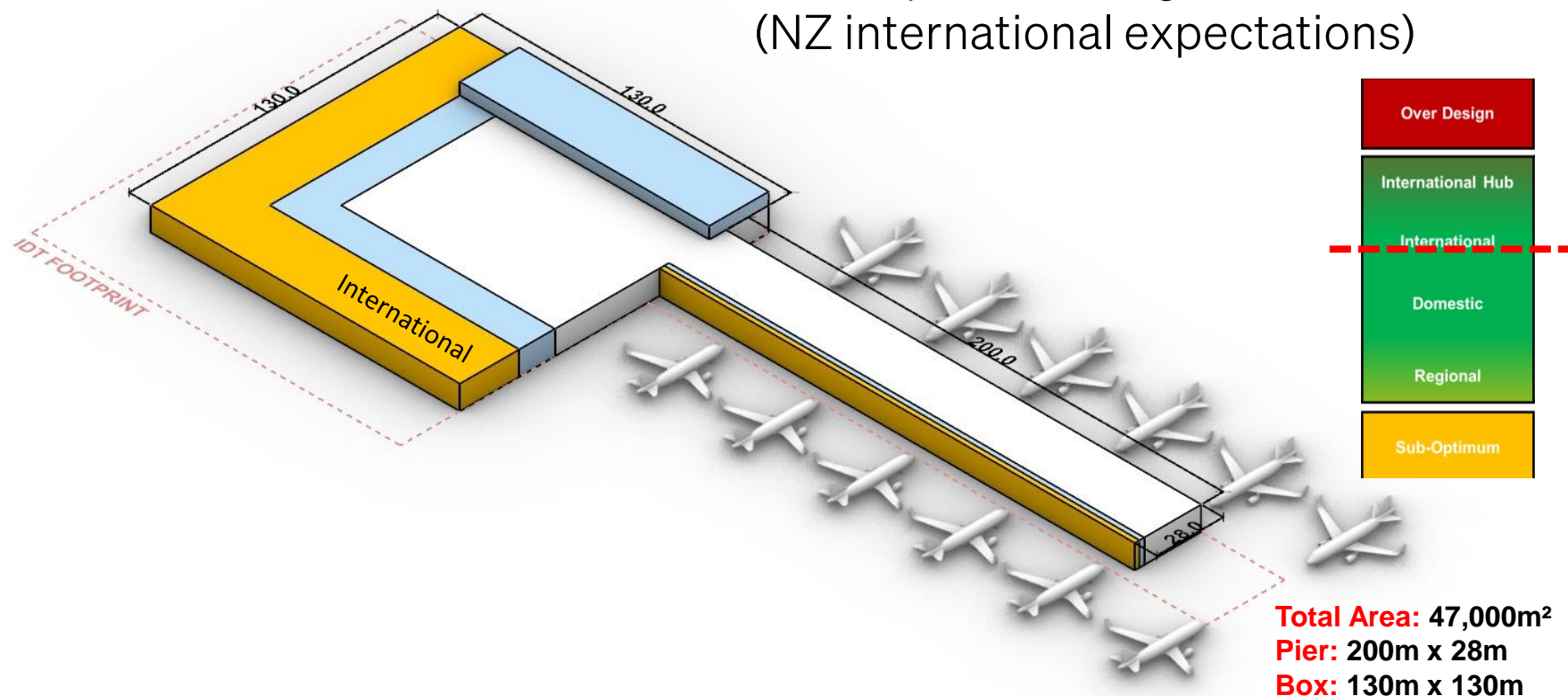
# If the same process was applied to an international terminal, a higher LoS may be agreed to accommodate complexity/dwell space

An international terminal would require a higher LoS for the same number of pax, due to:

- Extra complexity (customs, MPI, baggage screening)
- Higher dwell time, requiring extra facilities and retail space to meet customer service expectations
- Different mix of customers (e.g. more premium = more VIP lounges, greater choice of duty free shopping)

Similarly, the selection of the above would be based on consultation with airlines.

IATA Optimum range  
(NZ international expectations)

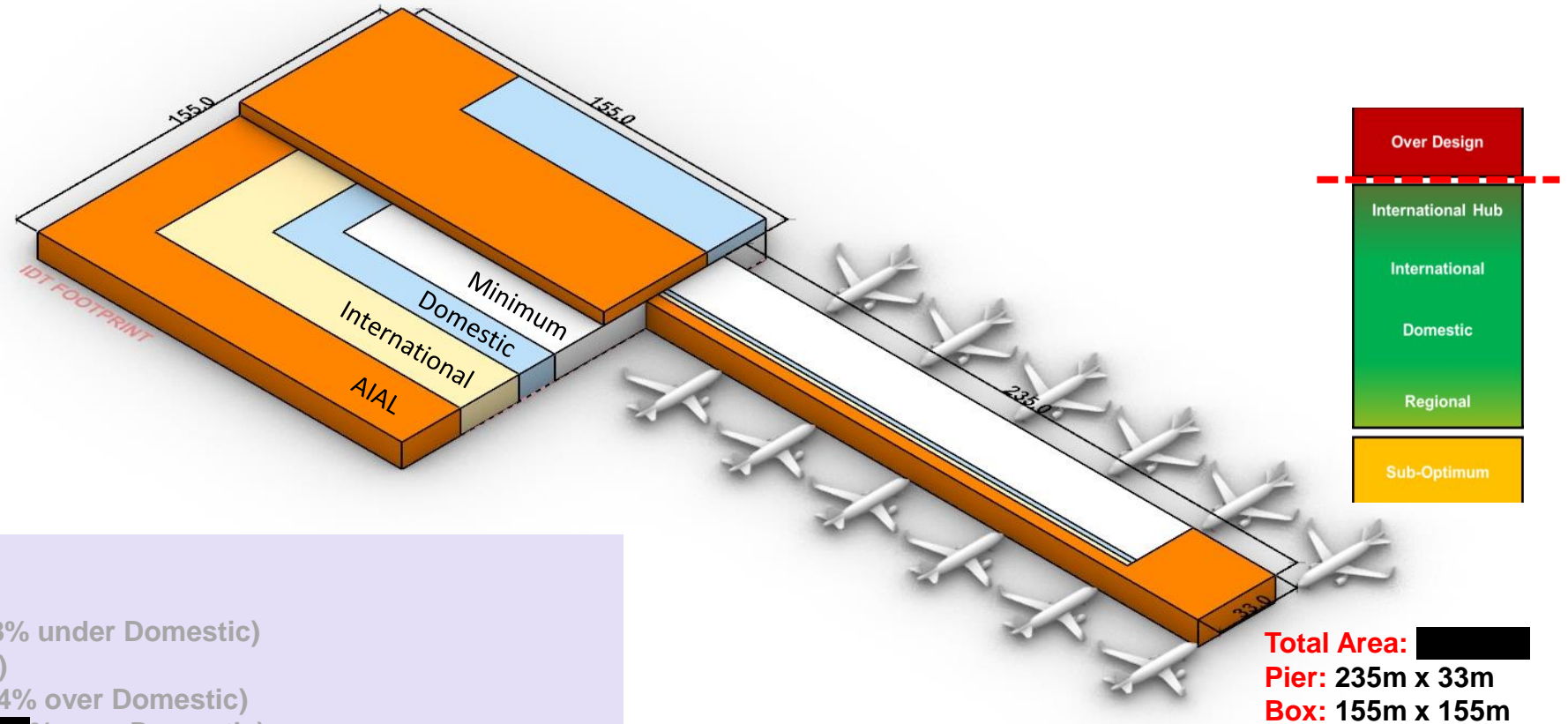




# AIAL's Domestic Processor and Pier, however, is sized as a high-end international terminal

The additional space (orange) has been predominantly provided as:

- Very high provision of retail and f&b
- Very high provision of gate lounge, dwell space, circulation space and supporting additional facilities



Minimum:	25,000m <sup>2</sup> (-28% under Domestic)
Domestic:	35,000m <sup>2</sup> (-%)
International:	47,000m <sup>2</sup> (+34% over Domestic)
AIAL's Design:	[Redacted] (+ [Redacted] % over Domestic)

# AIAL's Domestic Processor provides more airside retail space than its international terminal

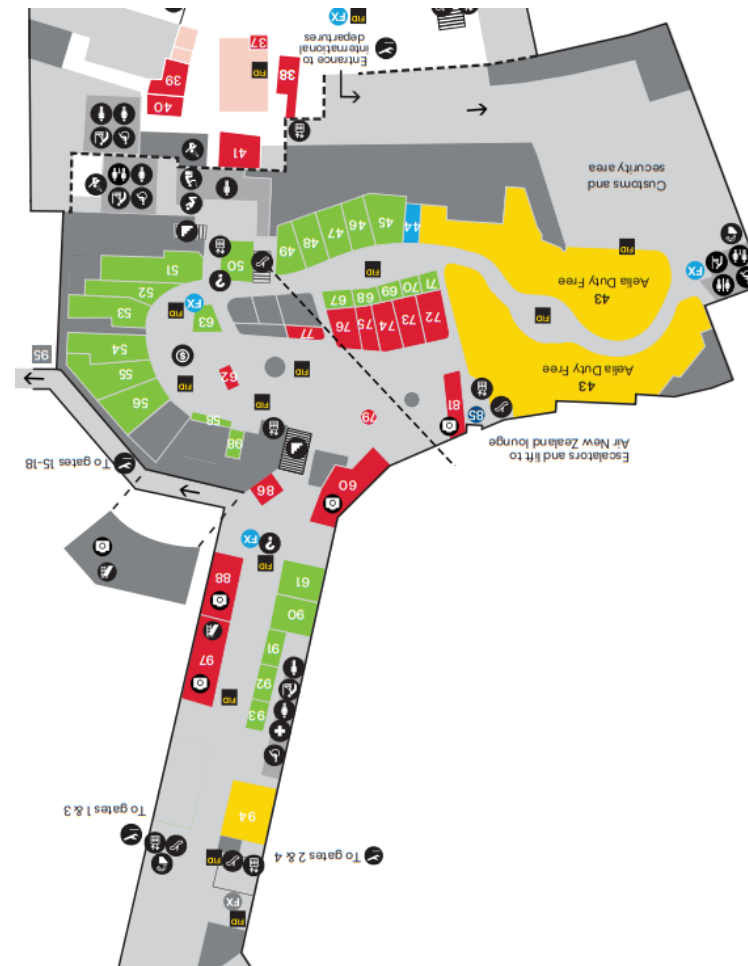


- Existing international retail space (green and red) is **5,400m<sup>2</sup>**
- Proposed Domestic Processor retail space (orange) is [REDACTED]
- AIAL plans to allocate [REDACTED]% of the cost of the IDT to the aeronautical till
- Passengers per hour per sqm of retail floorspace drives leasing values:

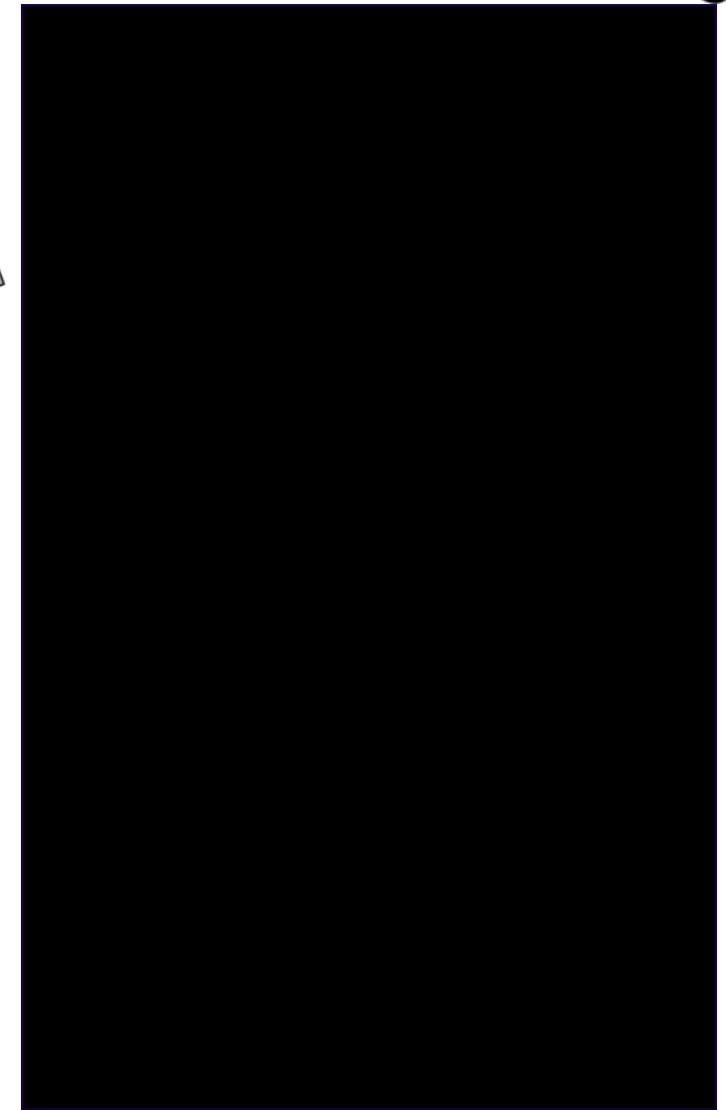
Existing International terminal  
= [REDACTED]/hour/sqm

Proposed comparable figure  
= ~[REDACTED]/hour/sqm

i.e. too much retail, not enough people

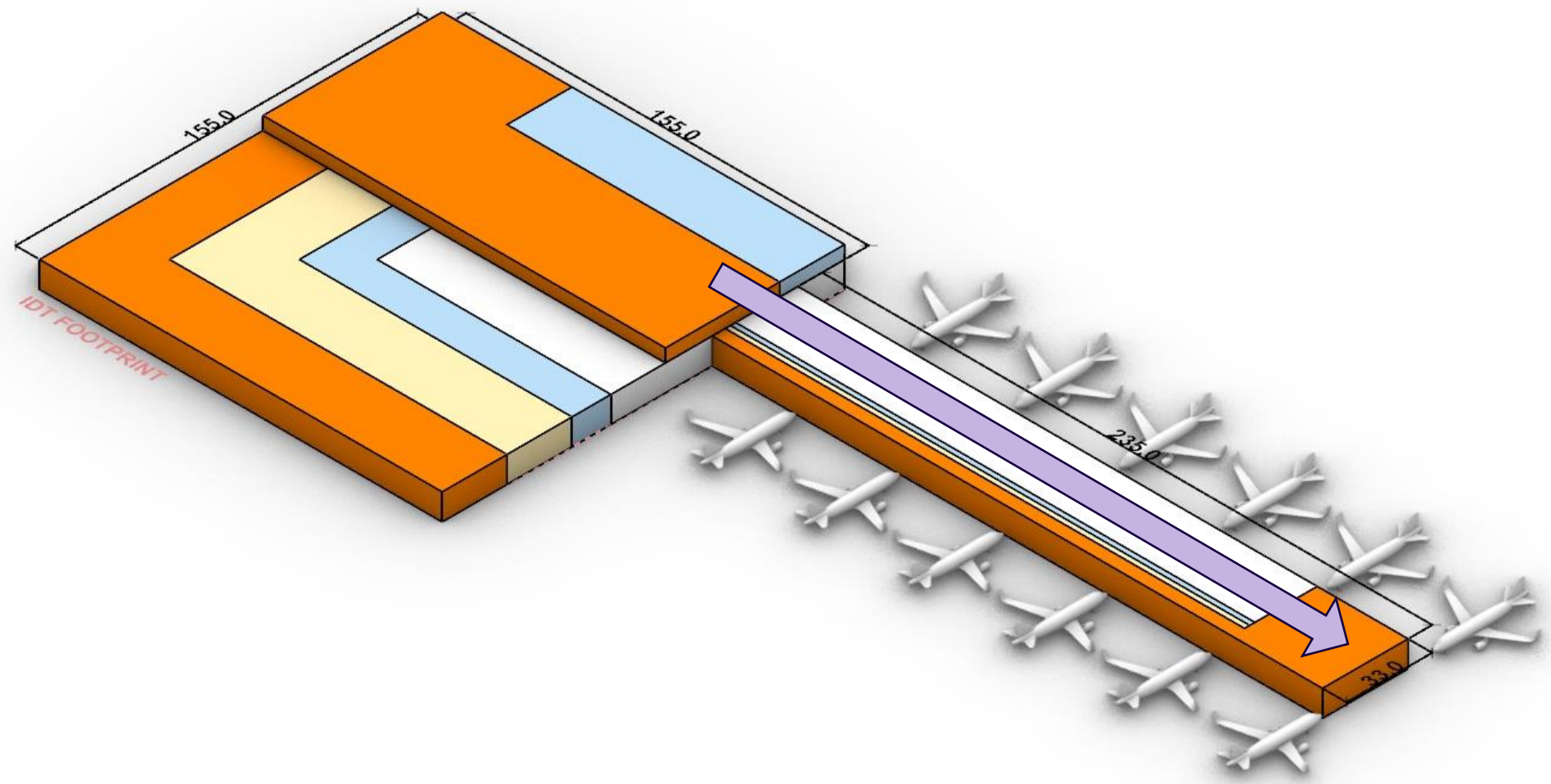


Existing International Terminal  
**(5400m<sup>2</sup> of retail)**





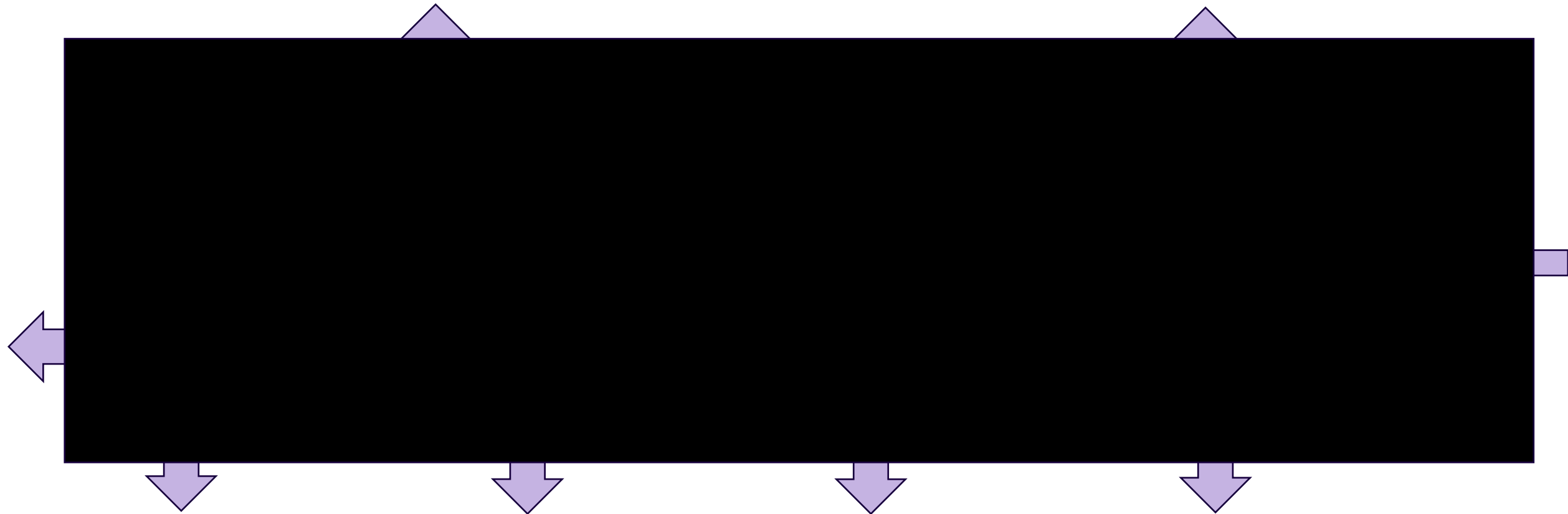
# AIAL's Domestic Pier is oversized by 50%





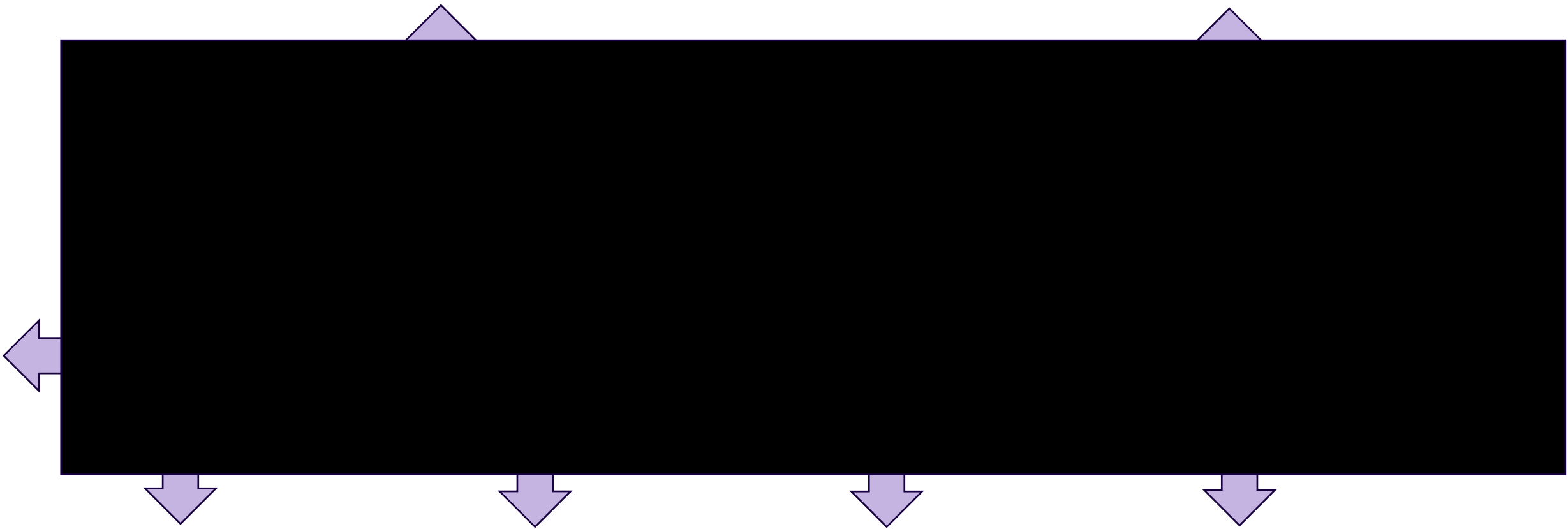


# AIAL's Domestic Pier is oversized by 50%





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- AIAL measured Gate Lounges based on seating only = 1.1 sqm per passenger (Table 4.4 of Commerce Commission's Consultation Paper)



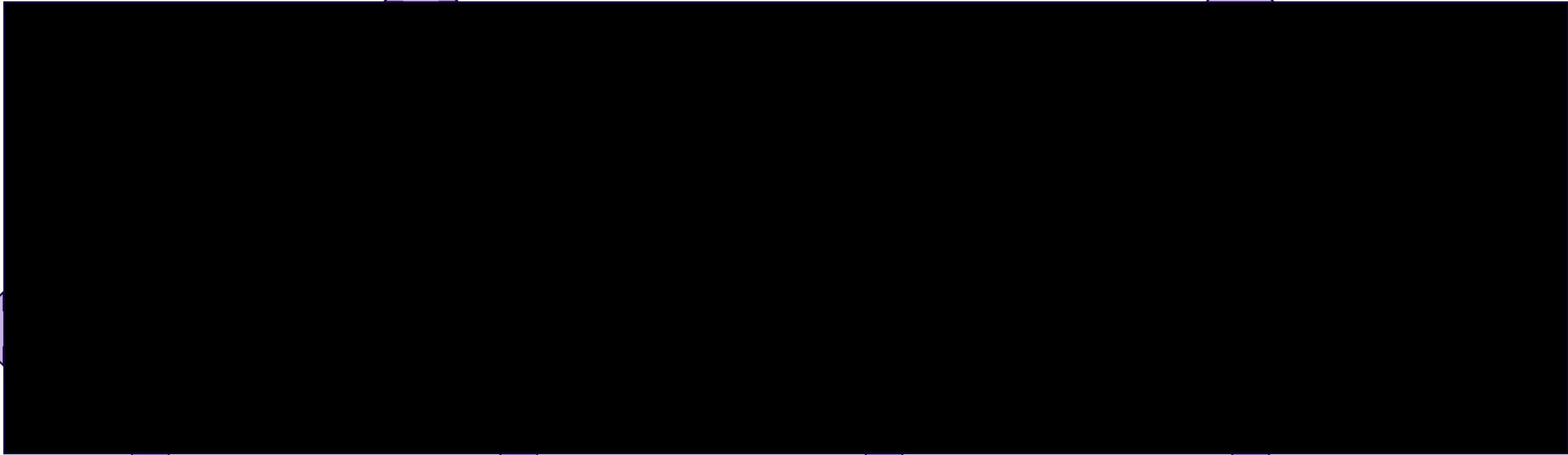
## AIAL's Domestic Pier is oversized by 50%



- AIAL measured Gate Lounges based on seating only = 1.1 sqm per passenger
- Correctly measured Gate Lounges (seat/counter/queue) = **1.8 sqm per passenger (avg peer airport 1.2sqm)**



## AIAL's Domestic Pier is oversized by 50%



- Significant additional unaccounted pier space shown as seating and waiting areas adjacent to gates



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- When included, this additional seating and waiting space = **2.75 sqm per passenger (avg peer airports 1.2sqm)**



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- Significant additional unaccounted pier space shown as seating and waiting areas adjacent to gates
- When included, this additional seating and waiting space = 2.75 sqm per passenger (avg peer airports 1.2sqm)
- **The pier can also be shortened and narrowed while meeting full capacity for 12 domestic gates**



# Air NZ was supportive of spend on the new terminal until the costs spiralled well beyond what Air NZ had been consulted on

Initially Air NZ supported the design at a substantially lower cost to passengers however became increasingly concerned about cost escalations

Between agreeing 'Paheko East' and first sight of CP1, indicative per pax pricing increased [XXX] %

Domestic Terminal Capex    Other capital plan and terminal enabling works    High case capital plan

Indicated per pax pricing (FY32) nominal from AIAL

