

Brisbane Airport Corporation

Interactive Annual Report 2010



Brisbane
Airport

Queensland Australia

GREAT FOR QUEENSLAND

Corporate

Brisbane Airport Corporation

BAC Head Office

Chairman's Message

In a year which saw enormous upheaval in the global aviation sector, Brisbane Airport Corporation delivered positive results for its shareholders and for the wide range of stakeholders who depend on an efficient, productive and sustainable capital city airport for Queensland.

It has been tremendously satisfying to have been part of a Board that has overseen a renewed focus on cost efficiencies, improved business processes and a fundamental review of the corporation and its readiness to embrace the challenges of the future.

BAC reported a net profit, before tax and shareholder distributions of \$160 million, up \$20 million on the June 2009 year result, reinforcing the company's stability during a year of financial uncertainty for the aviation industry.

International passengers of 4.1 million were up 1 percent on 2008/09. Domestic passengers of 14.9 million were up 1.1 percent. With a record of over 19 million passengers in total (including transit passengers), Brisbane Airport has continued to grow.

A highlight of 2010 was the highly successful transition of Julieanne Alroe to the role of CEO and Managing Director. Her extensive experience at Sydney Airport, where she led that airport's planning and development of aviation and commercial facilities, was a major advantage for BAC as we entered a critical phase of review, restructure and refocus.

Julieanne has overseen the company's first major corporate restructure, ensuring we are best resourced and positioned to manage the inevitable challenges and capitalise on the valuable opportunities that lie ahead.

As we approach the next phase of development, it is becoming apparent that economic and financial market conditions over the last 12 months have improved and uncertainty and negative sentiment appear to have dissipated. Passenger numbers were positive for the period with growth in June, at 7 percent, indicating a return to consumer confidence and the strength of the Queensland tourism sector.

Against this backdrop, BAC remains in a strong position to respond to the current market conditions, and is well placed in terms of control of its capital expenditure program and funding requirements.

The Board used this period to undertake its own review of the company's past, present and future direction, and the resultant Business Plan has helped refocus the organisation on our key strategic challenges. It refreshed BAC's purpose, vision and values, highlighted the external and internal influences at play, and established exciting new business goals and objectives that will take BAC forward through the next decade, including a renewed focus on the development of BAC's extensive property assets.

This review has led to a major corporate restructure, which has seen the creation of new business units focusing on BAC's key business activities - terminal retail, aviation business development and parking and ground transport.

Importantly, the restructure has led to the elevation of the important development of and investment in Brisbane Airport's strategically significant 1000 hectares of land not required for aviation purposes. The new structure will ensure the company is resourced and positioned to capitalise on the opportunities that strong growth presents to the millions of "mum and dad" shareholders whose superannuation investments have enabled BAC to continue to invest in long term infrastructure that underpins the airport's future.

The Board has been driven by a vision of Brisbane Airport as a fundamental player in the future of the State, city and region, and the importance of ensuring our developments are supportive of and sympathetic with the sustainable growth of Greater Brisbane.

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An oblique image of Brisbane Airport as seen from Brisbane City.

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Managing Director's Message

While the financial year certainly presented its challenges, 2010 ended with a strong sense of optimism and promise.

Brisbane Airport's stakeholders in South East Queensland experienced, literally overnight, the benefits that BAC's investments are delivering to the region. Our \$220 million privately funded Moreton Drive was met with widespread community acceptance, not the least because of its seamless integration with the road networks being developed by our partners in Brisbane City Council and the Queensland Government.

The year also saw the first major steps in the challenging Domestic Terminal development program, potentially our most momentous project to date, and one which is attracting an unprecedented level of community interest.

BAC's focus on sustainability, energy efficiency and caring for our airport environment continued to be a priority, and is delivering tangible benefits across all aspects of our airport operations, our commercial activities and our corporate reputation.

In order to deliver these benefits BAC has reviewed and updated its enterprise risk management framework to identify any potential constraints and areas of opportunity that will ensure BAC increase the effective use of our human and capital resources thus ensuring on time project delivery.

On the aviation front, 2010 saw Brisbane Airport expand its network and seat capacity, including new services from V Australia, China Southern, Tiger Airways and Qantas. We continue to work closely with our airline partners and the city and State authorities to promote Brisbane as a destination and to grow Queensland's share of the tourism and aviation market.

Following the Federal Government's 2009 Aviation White Paper, BAC has led the way in rolling out a comprehensive Community Engagement Program, including Australia's first fully integrated planning forums that bring together the Brisbane City Council, the Queensland Government and the Federal Government.

Under our commitment to engagement, BAC now runs a series of Brisbane Airport Community Forums across Brisbane and we continue to invest significantly in the artistic, cultural, environmental and community life of Greater Brisbane.

At the community level, we saw the opening of Australia's first Airport Experience Centre, a world-class facility enabling residents, investors, developers and planners to gain a clearer understanding of Brisbane Airport, its future development, and how this will impact on the lives of the community. The centre is proving popular and is seen as a benchmark in community engagement.

In the critical area of airport planning, the approval of the 2009 Master Plan elevated our engagement with the Federal Government to a new level, helping to ensure the highest levels of consultation on the objectives, outcomes and regulatory implications of the White Paper process to ensure the long-term safeguarding of Brisbane Airport as a critical piece of national infrastructure.

Despite weaker than expected passenger growth, BAC's performance for the financial year ended June 2010 was nevertheless resilient. Strong revenue growth of 11 percent was achieved due to the solid performance of our car parking and property businesses, combined with aeronautical price increases agreed with airlines. Operating costs grew by four percent resulting in EBITDA growth of 14 percent.

Through strong management and a focus on value, operating expenditure came in well below expectations. Capital and investment expenditure was also tightly controlled, with a number of projects prudently deferred in line with slower than expected growth in passenger demand. As a result, debt drawdown and interest expenses were managed well below forecast levels.

On a personal note, I have been fortunate to have so many supportive partners in business, government and community, who quickly made me feel welcome back to my hometown of Brisbane, which is truly the place to be in this exciting era.

BAC underwent its first major corporate restructure, which is never an easy process. However, I was very pleased at the level of engagement, enthusiasm and passion of staff and stakeholders that continue to be a hallmark of this dynamic company.



Aerial image of Brisbane Airport



Brisbane's International Terminal



Premier Anna Bligh and BAC CEO and MD Julieanne Alroe at the opening of Moreton Drive on 3 December 2009

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A Year in Review

BAC's vision is for Brisbane Airport to be world-class and the preferred choice for passengers, airlines and businesses. Underpinning this vision is a commitment to the responsible management and development of Brisbane Airport built on the four pillars of sustainability - economic, environmental, operational and social.

With economic uncertainty across the globe in 2009 causing slower-than-expected passenger growth, BAC's prudent management of capital and investment expenditure, coupled with positive signs of returning growth in 2010, is cause for a renewed sense of optimism.

Brisbane Airport broke its record of 19.4 million passengers, ending the financial year on a high note with seven percent passenger growth in the month of June. The number of routes served by Brisbane Airport is also at an all-time high, with 72 international, domestic and regional destinations now available through 31 airline partners.

Brisbane Airport was listed as Australia's best performing Airport by the Australian Competition and Consumer Commission (ACCC) in March 2010, and named among the top 25 airports across the globe by travellers in the 2010 Skytrax World Airport Awards.

In early July BAC welcomed the opening of the first stage of the Gateway Upgrade Project: 7 kilometres of new motorway north of the Gateway Bridge and adjoining airport land. This project helped ease congestion and was the first stage of several road improvements in and around the airport.

In a further effort to ease congestion, BAC and the Queensland Department of Transport and Main Roads joined forces to establish Brisbane Airport Tripper (BAT), the first program of its kind at an Australian airport to encourage carpooling and sustainable travel and to cut emissions and congestion.

There have been significant changes at BAC in the past 12-18 months. In July 2010 Julieanne Alroe was appointed CEO and Managing Director of BAC, bringing a wealth of airport knowledge and experience. Just a few months later, former South Bank Corporation CEO Bill Grant was appointed as Chairman of the BAC Board. A major restructure of the company is nearing completion, designed to position the company to meet the opportunities and challenges that lie ahead.

September 2009 also saw the approval of the 2009 Brisbane Airport Master Plan by the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon. Anthony Albanese. The Minister specifically highlighted the importance of community engagement to ensure the impacts and benefits of BAC's investments were clearly articulated, and that the community, local and State Governments were actively involved in the airport's future development.

Following the Master Plan approval, BAC initiated a Brisbane Airport Community Engagement Program, including the already successful Brisbane Airport Community Forums (BACF), a supplementary online forum, an independently chaired community consultation group, an integrated planning forum and the innovative Brisbane Airport Experience Centre.

Former Queensland Governor Major-General Peter Arnison (AO) was appointed as Independent Chair of the Brisbane Airport Community Aviation Consultation Group (BACACG) bringing extensive experience in community relations after working as Chairman of the Traveston Crossing Dam Community Futures Taskforce.

BAC's multi-billion dollar, privately funded infrastructure program continued at a steady pace with the opening of the \$220 million, five-kilometre, Northern Access Road and the commencement of the first stage of construction in the Domestic Terminal Expansion Project.

With domestic passenger numbers at Brisbane Airport predicted to increase from around 15 million in 2010 to around 34 million by 2028/29, BAC is committed to ensuring the necessary infrastructure and capacity is in place to cope with forecast demand.

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Brisbane Airport as seen from the Airservices Australia Control Tower



The new Moreton Drive with Brisbane City in the background

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Human Resources

From the top down, BAC strives for the highest standards of staff development. While only a relatively small team of just over 230, BAC is nevertheless one of Queensland's most successful companies, with an estimated enterprise value of over \$4 billion.

The dynamic, uniquely-skilled and highly motivated team at BAC is focussed on the delivery of high-quality services and products at Brisbane Airport, in a work environment that can be both enjoyable and challenging.

With an ambitious 2010 Business Plan and a new purpose, vision and values statement for BAC, the structure of the organisation came under review. The new structure for BAC will mean new business goals and objectives, a renewed focus on developing BAC's extensive property assets and making the best use of current infrastructure assets.

A series of new business units were progressively rolled out throughout 2010, focusing on BAC's key business activities - assets, property, terminal retail, aviation business development and parking and ground transport.

Despite great change, the core values of the organisation remain the same. BAC recognises its staff are its most valuable asset, and seeks to provide experiences and opportunities that will further develop our people personally and professionally. Staff are encouraged to become involved in not just their day to day duties, but also the many community activities of the organisation, including the Brisbane Airport Community Engagement Program, as well as safety and environmental awareness programs.

In September 2009 BAC staff got their hands dirty on a BACyard blitz across the north side of Brisbane. As part of BAC's annual team building 'Passion Days' the company partnered with the local north side charity, Australian Community Safety and Research Organisation (ACRO), which operates social justice programs for people in need. BAC staff visited a number of homes over two weeks providing free yard and house cleaning and in some cases home and yard makeovers.

Passion days have been running at BAC for seven years and are a great opportunity for busy staff to make a difference in the community and to become inspired to make a difference in their own lives, both at work and at home.



Passion Days



Passion Days



Passion Days

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Board of Directors



William (Bill) Grant
ALGA, FAICD
(Chairman)



David Gray
BSc, AICD, FRAS, HonDPhil



Julieanne Alroe
BEc, MAICD
(Chief Executive Officer & Managing Director)



David Harrison
FAICD

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Chris McArthur
BE, MBA, GAICD



Pieter Verboom
PhD



Matina Papathanasiou
BCom, LLB



John Ward
BSc, FAIM, FAICD, FAMI, FCILT



Jill Rossouw
F Fin, B Com, M Phil (Finance)



John Allpass
FCA, FCPA, FAICD

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Senior Management



Stephen Goodwin
General Manager Operations



Jim Carden
Executive Manager Corporate Relations



Gert-Jan de Graaff
General Manager Commercial Services



Brad Bowes
Company Secretary



Julieanne Alroe
CEO and Managing Director



Mark Willey
Executive Manager Airport Planning



Gwilym Davies
Executive Manager Human Resources



David Gunning
Acting Executive Manager Major Projects



Tim Rothwell
Chief Financial Officer

Social

Experience Centre

Community Engagement Program

It has been a landmark year for Brisbane Airport's partnerships with the local community, built on a newly formalised community engagement program. The program includes the long running Brisbane Airport Community Forum (BACF) supplemented by a new online forum, an independently chaired community consultation group involving a wide range of members drawn from Greater Brisbane communities, an integrated planning coordination forum comprising Federal, State and Local government planning authorities, and the unique Brisbane Airport Experience Centre.

Following the approval of the 2009 Brisbane Airport Master Plan and the release of the Aviation White Paper in December 2009, BAC has sought to meet and in many cases exceed the Federal Government's expectations of more intensive engagement with the local community, particularly concerning the airport's operations and its community impacts.

BAC's philosophy is that the growth of Brisbane Airport, particularly the future operations of a runway system that will cater for a doubling of passenger numbers over the next 20 years, requires strong and sustainable links with the community, and a commitment to transparent and accessible information. This can only occur if there is a genuine and sustained engagement between the airport, its stakeholders and the community at large.

Airport operations are the focus of the newly formed Brisbane Airport Community Aviation Consultation Group (BACACG), which includes six Community Interest Monitors from relevant federal electorates within the 15-kilometre zone around Brisbane Airport, as well as representatives of the Queensland Premier and the Brisbane Lord Mayor, and nominees from the major airlines, Air Services Australia and BAC itself.

In 2010 former Queensland Governor, Major-General Peter Arnison (AO) was appointed as Independent Chair of the Brisbane Airport Community Aviation Consultation Group (BACACG) bringing extensive experience in community relations after working as Chairman of the Traveston Crossing Dam Community Futures Taskforce.

BAC recognises that our capital city airport has a wide range of impacts on many people, whether from an economic and business point of view, servicing the tourism industry, facilitating safe and reliable passenger and freight air travel, or contributing to the liveability of our growing communities.



The Brisbane Festival 2010 Are We There Yet? travelling road show as sponsored by Brisbane Airport

Local Community

Our Neighbourhood

In an exciting first for Australian airports the Federal Minister for Transport the Hon. Anthony Albanese opened the innovative Brisbane Airport Experience Centre at Airport Village, giving strength to BAC's core commitment in the 2009 Brisbane Airport Master Plan. Located on Ninth Avenue in the booming Airport Village, the centre incorporates information displays on the airport's operations, multimedia presentations, interactive maps and a unique Australian-designed software program enabling the community to understand the current and future operations of Brisbane Airport and forecast aircraft noise patterns across Greater Brisbane.

Brisbane Airport is committed to supporting cultural and community activities that help make South East Queensland one of the world's great places to live, work and visit. In addition to BAC's corporate partnerships program, BAC supports the local community through a dedicated fund, providing the necessary flexibility and responsiveness to support many one-off local events and the special needs of the local community that can arise at any time.



Morningside Festival 2009

Royal Flying Doctor's Base

Partnerships

A highlight of the 2010 sponsorship program was the start of a new partnership between BAC and Brisbane Powerhouse, which saw Brisbane Airport coming onboard as the celebration partner for the Powerhouse's 10th birthday. The partnership illustrates BAC's commitment to promoting Brisbane to the world as a city that values excellence and culture, and recognises the Powerhouse as symbolising Brisbane's reputation as an emergent, vibrant, progressive and creative city.

With the support of Brisbane Airport and other sponsors, Brisbane Powerhouse is emerging as a world class cultural centre in the same way that Brisbane Airport, with our recent expansion of the International Terminal and planned upgrade of the Domestic Terminal, is emerging as a world class facility and gateway airport.

Another celebration of the cultural life of Brisbane came as the sounds of jazz, pop and a big brass band filtered through the International Terminal and outside the Direct Factory Outlet (DFO) in July for Airport City Music. The collaboration between Brisbane Airport and the Queensland Music Festival resulted in a unique musical experience for airport users, under the banner of the Music in the Streets campaign.

In a different twist, 2010 also saw the inauguration of the Cribb Island Boardriders Club, with the Federal Treasurer and Member for Lilley, the Hon Wayne Swan MP, accepting an invitation to be the Foundation Patron. The Cribb Island Boardriders was established by staff at Brisbane Airport, honouring the former township of Cribb Island, which was relocated to make way for the airport in the 1980s. While predominantly made up of workers from the airport and related industries, the Club is open to all members of the local community, and features surf competitions, learn-to-surf programs, ski trips, social events and Clean-Up Cribb Island days and promotes healthy lifestyle and environmental awareness, while raising funds for charity.

In recognition of the critical role the Royal Flying Doctors Service (RFDS) plays in Queensland's regional and remote communities, Brisbane Airport signed on as a new Principal Sponsor. Brisbane Airport has seen tens of thousands of RFDS flights over the years, and since 1995 has been home to the RFDS Head Office. There has always been a close working relationship between Brisbane Airport and the RFDS, but this unprecedented partnership takes the relationship to a new level.

BAC and Queensland University of Technology (QUT) celebrated 10 years of partnership and innovation in 2009. The partnership - unique in Australia - has led to more than 30 valuable research projects, ranging from energy efficiency programs to improvement in security practices, passenger processing and environmental management. The BAC - QUT partnership has been recognised nationally for not just helping deliver world-class airport facilities for Queensland's airport gateway to the world, but for developing innovative policy and practice to enhance future airport management and development at airports across Australia and internationally.



Airport City Music as part of the 2009 Queensland Music Festival



The Royal Flying Doctors and BAC form a new partnership

Operational

Brisbane Airport Terminals

Aeronautical Review

Aviation Industry

Aviation is a resilient industry and in 2010, despite a period of economic uncertainty, BAC and its airline partners have emerged stronger and more sustainable than ever before.

BAC has continued to work with international and domestic airlines building a network of connections to Australia and the world.

In July 2009, Strategic Aviation joined the Brisbane fleet to offer charter flights, utilising their first aircraft, an Airbus A330-200.

With great celebration, Air New Zealand marked its 50th anniversary in Australia, having made its first trip to Brisbane on 2 July 1959. Air New Zealand is now Brisbane Airport's third largest airline partner, with over a half a million passengers flying through Brisbane each year.

In September 2009 QantasLink commenced services between Brisbane and Moranbah in Queensland's Bowen Basin coal fields, expanding the regional network and helping secure the future of growth industries such as mining that are vital to the diversification and sustainability of the Queensland economy.

V Australia's inaugural service to Phuket took off in November, linking with Virgin Blue's extensive network. As part of this network, Pacific Blue further increased their Brisbane services, adding Hamilton and Dunedin to recently introduced flights between Brisbane and Denpasar, Apia, Port Moresby and Honiara. These additional services have provided 28 percent more seats than the previous year and have been a key driver for 2009-2010 international passenger growth at Brisbane Airport. In 2009/2010, Pacific Blue was the second largest international airline at Brisbane Airport (as measured by passengers carried), and the second largest international airline (as measured by available seat capacity).

Later in the year, BAC welcomed the Federal Government release of the Aviation Policy White Paper helping to foster investment certainty for airports and ensuring the delivery of billions of dollar in private sector-funded infrastructure.

In addition to the noise abatement measures already voluntarily undertaken at Brisbane Airport, to minimise the impact of aircraft operations, in March 2010 the Federal Government announced that there would be a complete ban on older marginally compliant jet aircraft. BAC was instrumental in campaigning for a modern, quiet and fuel efficient fleet.

Pointing to a stronger year ahead in domestic services, Tiger Airways introduced flights from Brisbane to Melbourne, Adelaide and Rockhampton bringing choice, diversity and competition to the market.

In a further sign of an emerging recovery in international aviation, Philippine Airlines recommenced services on the Manila-Melbourne-Brisbane route, providing up to 1,200 additional passengers per week. The new service indicates the growing popularity of the region and Brisbane Airport's emerging role as a hub for the Asia Pacific.

In further regional developments, Thai Airways now fly daily non-stop from Brisbane to Bangkok. With the Sydney stopover dropped from the route, passengers now have more time in their destination and less time travelling. Malaysian Airlines made a similar improvement to their schedule and now fly five times a week non stop to Kuala Lumpur.

In a significant boost for Queensland's future business and investment ties with China, one of Asia's largest airlines, China Southern, announced flights from Guangzhou to Brisbane, providing long overdue non-stop access to one of the state's fastest growing markets.

Tourism will be the big winner, with more than 153,000 Chinese visitors to Queensland last year making China one of Queensland's largest inbound tourist markets. This number is forecast to grow at over 10 percent per annum in the coming years. China is also high on the list of destinations for Brisbane residents with more than 23,000 making the trip last year. The new flights, using Airbus A330 aircraft, will provide 1,700 additional seats each week into Brisbane.

Brisbane Airport's huge catchment area and extensive domestic airline network, with over three million people residing within two hours drive of Brisbane Airport, is an important factor when airlines are looking for outbound passengers as well as inbound. Brisbane Airport is unique because it serves 42 domestic destinations, all non-stop, more than any other Australian capital city.



Tiger is welcomed to Brisbane Airport



Qantas plane coming in to land with Brisbane City in the background

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BAC CEO and MD Julieanne Alroe and Air New Zealand CEO Rob Fyfe celebrate a long and successful partnership

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Fast Facts

	2008	2009	2010
PASSENGERS			
International	4,074,225	4,100,024	4,139,522
Growth	2.5%	0.6%	1.0%
Domestic	14,350,225	14,757,398	14,912,788
Growth	6.1%	2.8%	1.1%
Transits	265,481	205,590	187,962
Growth	14.4%	-22.6%	-8.6%
AIR CARGO (tonnes)			
International			
Import	39,479	31,286	35,265
Growth	4.4%	-20.8%	12.7%
Export	37,428	40,799	41,367
Growth	-1.3%	9.0%	1.4%
Total International	76,907	72,086	76,632
Growth	1.5%	-6.3%	6.3%
LANDINGS			
Aircraft Landings	87,672	89,687	88,777
Growth	4.5%	2.3%	-1.0%
Landed Tonnes	6,757,689	6,833,588	6,789,602
Growth	6.9%	1.1%	-0.6%
FULL TIME EMPLOYEES			
Employees	224	232	232

Airline Partners

- Cathay Pacific
- China Airlines (Taiwan)
- Emirates
- Etihad
- EVA Airways
- Japan Airlines
- Korean Air
- Malaysia Airlines
- Philippine Airlines
- Royal Brunei Airlines
- Singapore Airlines
- Thai International
- Aircalin
- Air New Zealand
- Air Niugini
- Air Pacific
- Airlines of Papua New Guinea
- Air Vanuatu
- Our Airline (Air Nauru)
- Pacific Blue
- Polynesian Blue
- Alliance Airlines
- Brindabella Airlines
- Jetstar
- Norfolk Air
- Qantas
- Skytrans
- Strategic Airlines
- Tiger Airways
- V Australia
- Virgin Blue

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Scheduled Network

	Destinations	Frequency*
Direct Destinations 2010		
International		
Asia	12	95
New Zealand	6	101
Pacific	9	51
North America	1	9
Middle East	2	9
Total	30	275
Domestic		
Total	43	1,369

*frequencies per week

Runway

Airport Operations

Safety and Security

BAC is committed to security and incident management practices that not only exceed compliance requirements but result in a safe, secure, efficient and quality travel experience at Brisbane Airport.

BAC continues to work closely with the Federal Government in the implementation of the National Aviation Policy outcomes and Strengthening Aviation Security initiatives, which respond to emerging international threats and challenges. Much of this work compliments the ongoing continuous improvement approach by BAC for the delivery of passenger screening, protection of critical infrastructure and - most importantly - the safety of the people who work, visit and patronise the airport.

A key to Brisbane Airport's success is the spirit of cooperation within the airport community of over 17,000 people, who work across the aviation industry, government agencies and airport businesses to ensure a secure and safe airport for almost 20 million passengers.

Aviation safety continues to be the priority for BAC's airfield operations, with the Safety Management System at its core. In fact, safety is a priority in all areas of the airport business and is fully integrated into every aspect of the enterprise.

Areas of particular focus are wildlife control to effectively manage the risk of bird/wildlife hazards both on airport and within a 13km radius of the airfield. Paying particular attention to sites close to the airfield and the approach and departure corridors, the control program includes habitat management to deter wildlife, identifying the attractive features of the airport habitat and implementing changes to either remove the attraction altogether, or to make it less attractive for wildlife.

The process of continuous improvement includes all Airside Officers and Supervisors being trained in Aviation Ground Operations. It is a process of continually managing and assessing risks around safe operations, implementing policies to prohibit vehicles crossing runways and taxiways and undertaking programs to decrease the amount of Foreign Object Debris (FOD). The BAC Airside Operations Centre has recently been awarded the (AAGSC) Australasian Aviation Ground Safety Council - Annual Safety Award for the implementation of such safeguards, which have resulted in a decrease of 99 percent of FOD on runways and taxiways.

The strategy included increased runway inspections, limiting runway crossings and tighter controls on open top trailers and utility trays, which further enhanced the reduction of FOD on apron areas that can quite often be the cause of slips, trips and falls - one of the major contributors to injuries of staff working "on the ramp".

In addition to aviation and security risk management systems, BAC operates a comprehensive occupational health and safety management system (OHSMS) that has recently been realigned to comply with AS 4801:2001. BAC is currently pursuing certification of the system under this Standard and has successfully passed a Stage 1 (preliminary) audit by an external party.

BAC is further revising the compliance framework to ensure the system continues to comply with additional "due diligence" requirements arising from the national OHS harmonisation process. These system improvements will be an area of focus in the coming year.



BAC Airside Officer on duty



ISS Security at the Brisbane International

NPR Update & Video

BAC is currently preparing detailed design and tender documentation for the first phase of construction of the New Parallel Runway project. Phase One construction is expected to commence in early 2012 and be complete by 2014. Essentially, Phase One of the project involves the clearing, filling and compaction of the site to provide a stable platform on which to construct the runway and taxiway pavements in the next construction phase programmed to commence in 2018 and to be operational by late 2020.

The four year time delay between Phase One and Phase Two is to allow the poor quality soils to adequately settle to ensure the stability of the high strength pavement required for aircraft. In addition to preparing the land platform, Phase One works includes construction of major new drainage, services and access for the site. Environmental management is an extremely important part of this phase of construction and BAC is also preparing a Project Environmental Management System to ensure construction impacts are minimised through this phase.

BAC established the Aviation Industry Working Group (AIWG) to consider the implications that would flow from differing runway lengths on potential capital cost savings, airspace management and the proposed parallel runway operating plan.

The aim of the group was to determine the optimal outcome for the industry overall.

The AIWG first met in October 2009 and then regularly up to June 2010 with representatives from BAC, major airlines including the Qantas Group, Virgin Group, Air New Zealand, Singapore Airlines, Emirates and a number of Australian Government agencies. The AIWG concluded that the runway should be built to an initial length of 3,300m and width of 60m (Code F), whilst also endorsing that the Draft Airspace Operating Plan, included in the Environmental Impact Statement and Major Development Plan, is the best in terms of operational costs and runway capacity.

Moreton Drive

Infrastructure

BAC continues to roll out a multi-billion dollar infrastructure program, including the recently delivered International Terminal Expansion Project and Northern Access Road Project as well as major terminal extensions, a new runway system and the development of aviation-related industry precincts.

The Northern Access Road Project, comprising Moreton Drive and Nancy-Bird Way was opened by Queensland Premier Anna Bligh in December 2009, virtually eliminating a major source of airport congestion. The new, privately funded road is a major boost in capacity for Brisbane Airport's road network, resulting in savings in time, congestion, fuel use, and emissions for the tens of thousands of vehicles using the Airport's roads every day. Forty percent of vehicles that were travelling on Airport Drive are now using Moreton Drive, representing a major relief to the notorious Airport Drive-Gateway Motorway Roundabout while construction continues on the Airport Link Project.

Moreton Drive links the Gateway Motorway with the Domestic Terminal in a seamless, uninterrupted flow, while Nancy-Bird Way services the International Terminal. The road network provides airport users and businesses with a second major access route to terminals and airport businesses, delivering efficiencies to the entire Australia Trade Coast region - one of the fastest growing employment and investment locations in Australia.

The new road network also benefits the many hundreds of businesses that rely on efficient Airport access and egress. It is also, notably, a major benefit to the sustainability of Brisbane Airport resulting from more efficient traffic flows, less fuel consumption and emissions.

Further relief for motorists will come with the completion of the State Government's Airport Roundabout Upgrade Project and the completion of the Gateway Upgrade Project in 2012. In fact, Brisbane Airport will be one of the most accessible and efficient airports in Australia when the final pieces of the puzzle are put in place, with a highly-efficient road network linking the city, the airport and the Gold and Sunshine Coasts.

A new taxi call forward area for Brisbane Airport was completed in mid 2010, providing more than 350 bays for taxis servicing one of the state's most important facilities. The taxi call forward area features state-of-the-art facilities for drivers, including fully shaded parking a cafe, prayer rooms, flight information display monitors, CCTV security, a parkland eating area, and toilet and shower facilities.

Construction of the staged Domestic Terminal expansion project commenced in 2010 and includes a \$130 million new multi-level short term car park, a \$30 million Common User Satellite Upgrade, and \$60 million Stage Two Northern Domestic Terminal Apron Expansion.

When complete, the new Domestic Terminal short-term multi-level car park will be the spectacular canvas for an eight-storey kinetic public art project designed by internationally renowned artist Ned Kahn.

Viewed from the exterior, Kahn's concept for one side of the car park will appear to move with Brisbane's subtropical breezes and create the impression of waves due to the wind passing behind 250,000 aluminum panels. Inside the car park, intricate patterns of light and shadow will be projected onto the walls and floor as sunlight passes through this kinetic facade. In addition to revealing the ever-changing patterns of the invisible wind, the artwork has many environmental benefits, including providing ventilation and shade for the interior of the car park.

The car park, due for completion in 2011, will also feature a number of environmental initiatives, such as rainwater harvesting from the roof. As part of this car park project BAC will be Brisbane City Council's first customer to receive recycled water from Luggage Point, to be used for irrigation and waste water.

The new car park will provide 5,300 undercover car spaces across nine levels, state-of-the-art way-finding technology, and innovative safety and security measures significantly improving the experience for passengers.

The Common User Satellite upgrade will increase the number of passenger gate lounges from two to seven; provides two additional aircraft parking bays; offers new food and beverage facilities close to the new passenger lounges; improves the energy efficiency of the satellite building; and provides space for new airline offices.

Stage Two of the Northern Domestic Terminal Apron Expansion, expected to be complete by early 2012, will provide an additional eight aircraft bay, taking the total to 19. Stage Three of the apron expansion, due for completion in early 2014 will provide a further 12 bays.

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History shows that even in an economic downturn it is important to prepare for the future and that innovation and sustainability in design will only increase in importance.

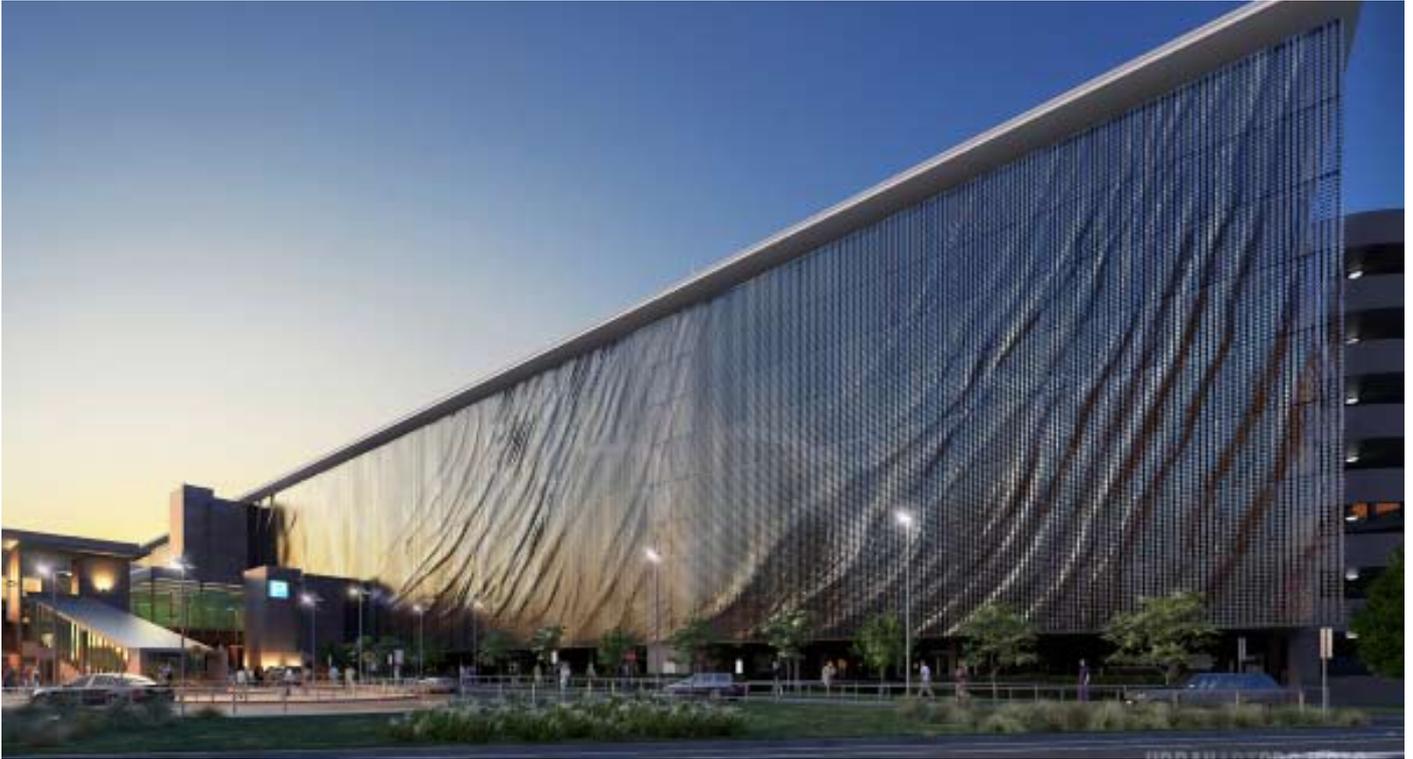
A seamless blending of the old and new, enveloped in a contemporary Queensland theme, has seen Brisbane Airport's new International Terminal, opened in December 2008, awarded the prestigious Art and Architecture Prize at the 2010 Queensland Architecture Awards.



The new Moreton Drive with Brisbane City in the background



The Airport Roundabout Upgrade project makes progress



Artist impression of the Domestic Terminal Multi Level Car Park facade.



The newly expanded International Terminal

Economic

Airport Village

Airport Town Centre

At 2700 hectares, Brisbane is Australia's largest airport - three times the size of Sydney. While this means the airport can grow sustainably for decades to come, it also opens a new world of property development, with around 1000 hectares available for a wide range of non-airfield uses.

While the property market in Queensland has experienced slow progression during recent times, there is still demand and room for growth at Brisbane Airport - especially Airport Village.

From an empty 60 hectare site only six years ago, Airport Village is one of Brisbane's best planned mixed business locations with the creation of a thriving retail, leisure, amenity and commercial precinct.

The precinct boasts four and a half star accommodation, a Woolworths supermarket; a Dan Murphy liquor outlet; Queensland's largest Direct Factory Outlet (DFO); two child care centres; a pharmacy, butcher, tavern and cafes. New additions to the Village Markets include award winning hair salon Bossy Hair, Beauty Stop beauticians; and food outlet, Magical Rice, to further meet the shopping, dining and socialising needs of more than 17,000 local staff from 420 businesses airport businesses and neighbouring communities such as Eagle Farm and Pinkenba.

A Brisbane Airport Service Centre, designed to process the security requirements of airport workers and an occupational medical centre also recently opened, with a 24 hour gymnasium and bakery are planned to open soon.

The four and a half green star accredited Australian Customs and Border Protection Service building at Brisbane Airport was officially opened by the Minister for Home Affairs, the Hon. Brendan O'Connor, MP on 22 December 2009. This modern building offers staff easy access to both the sea and air ports coupled with the amenity that only a quality master planned precinct such as Airport Village can provide.

Opposite the Village Markets, the new Brisbane Airport Experience Centre incorporates information displays on the airport's operations, multimedia presentations and interactive maps.

Novotel Brisbane Airport also opened its doors in December 2009 and welcomed visitors to make use of its 157 four and a half star guest rooms and stunning cantilever rooftop pool. The hotel and its gourmet Catalina restaurant have worked steadily to gain a good reputation and are trading well since opening.

As part of this master planned precinct, public space and art is being created throughout. As Airport Village evolves into a business and services district for the airport and the wider community, there have been many opportunities to inject colour and vitality into the built environment and to create an atmosphere that ensures visitors want to return.

A welcoming green leafy haven just outside Novotel's Catalina Restaurant is the new home to an artwork created by emerging local artist Gemma Smith, while the first of a number of dedicated recreational parkland areas have been established around the new Australian Customs and Border Protection Service building.

Although much of the focus has been on the wide range of commercial and retail offerings at the Village, the office buildings in the Airport Village Precinct are in fact 100 percent leased by aviation related business, including Aergo International, a specialist in Aircraft Charter Operations. Aero-care, an organisation that provides outsourced ground handling services has also recently moved in to the Village Markets.



Bossy Hair at the Village Markets



Beauty Stop at the Village Markets



Villa and Hut at DFO, Airport Village.



The Parklands and Gemma Smith installation outside Brisbane Airport Novotel

Da Vinci Precinct

Innovation

Brisbane Airport's Da Vinci Precinct - the Aerospace Training and Technology Campus - continues to gain a reputation for fostering innovation and cutting edge educational facilities.

The Precinct has been master planned to ensure the future of Queensland aviation research can be accommodated for now and into the future and is fully supported by the State Government. Likewise, the Da Vinci Precinct supports the Government's Smart State Strategy ensuring economic growth and a prosperous economy through education and innovation.

The Da Vinci Precinct consists of 44 hectares and is already home to Virgin Blue Boeing Flight Simulators, Aviation Australia, and now welcomes the new \$6 million Australian Research Centre for Aerospace Automation (ARCAA) which is Australia's first airport-based Uninhabited Aerial Vehicle (UAV) R&D facility and has the potential to position Australia at the forefront of this emerging industry.

The ARCAA will conduct research into breakthrough UAV technology, which has countless applications ranging from military functions, including combating terrorism and improving bio-security measures, to an agricultural focus through crop dusting, not to mention the impact UAVs will have on fire fighting efforts for major bush fires, all using pilotless aircraft.

The 800sqm facility, which was recognised in the 2010 AIB Building Awards, houses up to 35 research, technical support and administrative staff, and comprises a main workshop, laboratories and collaborative open plan office spaces.

Aviation Australia is a world recognised official educator for the workforce of tomorrow in the aviation industry. Already students from as far as Abu Dhabi, England, Taiwan, Germany and the United States have gained qualifications here and have a natural connection to the supply of workforce for the Aerotech Park Precinct which is fast becoming Asia Pacific's emerging aviation maintenance hub.

This continued success of the Da Vinci Precinct demonstrates the holistic approach undertaken by BAC in addressing the needs of a modern airport.



Export Park

Freight Faster

Export Park is one of nine master planned precincts within the airport bounds and is designed to facilitate air cargo operations such as freight forwarding, logistics and warehouse distribution facilities.

The precinct focuses on speed to market with world class infrastructure including road, air and data, providing the point of difference from all other estates. Stages One and Two are closing in on full development with BAC continuing to invest in Stage Three during the next financial year. This development includes the creation of approximately 14 hectares of logistic land including some parcels with uninterrupted airside access.

Due to the estates unparalleled infrastructure, 2009 saw the completion of Australia's most efficient data centre, signalling a new era of sustainable design for this growing industry. With one of the lowest energy efficiency ratings in Australia, the new \$44 million Data Centre, operated by iSeek, sets a new industry standard for next-generation green data centres in Australia.

The Data Centre measures 1.3 using the Power Usage Effectiveness (PUE) benchmark developed by The Green Grid, a global consortium that recommends a maximum 1.5 PUE rating for data centres and is capable of transferring the equivalent of 10 full sets of the Encyclopaedia Britannica in and out of the facility every second.

Looking forward, BAC will continue to grow the commercial real estate portfolio with the immediate future looking bright. The continued development of master planned precincts such as Export Park, coupled with additional urban planning, will ensure that Brisbane Airport continues to deliver world class, well planned facilities for Queenslanders.



The new iSeek Data Centre

Environmental

Biodiversity Zone

Protecting our flora and fauna

Maintaining biodiversity values is a key component of Brisbane Airport's sustainability program. BAC has developed a Biodiversity Management Strategy to guide our management of biodiversity, focusing on the implementation of an ecological health monitoring program of key habitats to better understand how they function. Improvements to tidal flows of key mangrove areas have been completed to improve the ecosystem health of those important areas.



The lake at Airport Village

Moreton Bay

Caring for our local surrounds

Brisbane Airport's location next to Moreton Bay and the Brisbane River means that it is important that the water quality leaving our site has no negative impacts on the environment of these key waterways. The inclusion of water-sensitive urban design into new developments allows the Airport to treat stormwater runoff at its source and retaining mangrove lined drainage channels provides additional benefits to the water quality in those channels.

BAC's longstanding water quality monitoring program incorporates many locations across Brisbane Airport's vast site. The program encompasses both surface and ground water monitoring where water leaves the airport through tidal drains as well as at locations where tidal water enters the airport site. The program provides valuable information on our overall water quality across the airport. Brisbane Airport's location next to Moreton Bay and the Brisbane River means that it is important that the water quality leaving our site has no negative impacts on the environment of these key waterways. The inclusion of water-sensitive urban design into new developments allows the Airport to treat stormwater runoff at its source and retaining mangrove lined drainage channels provides additional benefits to the water quality in those channels.

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Water monitoring at the Airport Village lake

The Lakes

Conserving our natural resources

The past year has seen BAC maintain its water management program which was recognised as the best sustainable water management program of its type in the world in the 2008 International Water Association awards. Water management initiatives include the airport's own freshwater lakes, innovative efficiency devices in buildings and terminals, building a recycled water supply to cooling towers and the design and implementation of a comprehensive, airport-wide drought tolerant landscaping program that also creates an attractive and welcoming natural landscape.

Improving energy efficiency remains a high priority, with the completion of an energy auditing program in buildings across Brisbane Airport and the identification of options for improved energy efficiency for lighting and air-conditioning.

Brisbane Airport is a busy commercial, retail and transport hub, and the wide range of waste materials generated site include quarantine, liquid, general office and general waste. BAC is acutely aware of the environmental impacts associated with waste management and has implemented a number of recycling programs. Most notably, over 200 tonnes of paper and cardboard have been recycled from the International Terminal in the past year, while the terminal itself has become Australia's first plastic bag-free airport terminal.



The lake at Airport Village

Airtrain

Sustainable Transport

In 2009 / 2010 BAC continued to work closely with the relevant agencies to maintain and improve public and active transport options to the airport. The past year has seen an increase of public transport use by up to 100 passengers per day which equates to at least 80 less on the road.

BAC has actively promoted a bus interchange with Airtrain which provides convenient access to Airport Village and Export Park from the Domestic Terminal and the International Terminal. This service has proven popular with staff and visitors.

A roll out of additional cycle ways will see active transport more accessible by early 2011, with cycle lanes built into the Airport Roundabout upgrade project, safely linking East West Arterial with Airport Drive.

The four pillars of sustainability

The four pillars of sustainability - Economic, Operational, Environmental, Social.

BAC is committed to to manage, operate and develop Brisbane Airport in a sustainable manner and to ensure that the demands of development align with our principles of sustainability.

The four pillars of sustainability identified for airports underpin this approach:

Economic Sustainability

- * As a privatised airport, shareholder value creation is a primary driver of business decisions.
- * By continuing to deliver strong financial results and investing in the future, the airport will boost regional wealth and employment.
- * Innovation and continuous improvement in all activities also allows Brisbane Airport to build revenues and contribute to the region's economy.

Operational Sustainability

- * BAC strives to maintain excellence in service delivery in terminals and across the airport.
- * For Brisbane Airport, business continuity is tied to maintaining regulatory compliance and ensuring that the necessary capacity and critical assets are available to operate and expand the airport.
- * The safe, secure and continuous operation of the airport is both a goal and a necessity.

Environmental Sustainability

- * BAC is committed to an active response to the long- term impacts of climate change and minimising adverse environmental impacts of aviation and property development activities.
- * BAC's sustainability goals are to maximise energy, water and waste efficiencies, manage noise impacts, balance the built environment and biodiversity values and achieve best practice in urban and built design.

Social Sustainability

- * Corporate social responsibility and partnership building have been long-standing philosophies of BAC.
- * BAC fosters and respects diversity, promotes health and safety on airport and a work life balance.
- * BAC will continue to improve airport amenities, access and connectivity.
- * BAC supports sustainable transport solutions of which a key element is to encourage growth of public transport.
- * BAC is committed to ongoing stakeholder engagement.