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Queensland
Airports LIMITED

ANNUAL REPORT 2010-11

QAL has been operating key regional airports in Queensland for thirteen years and is 100 per cent Australian owned and operated.

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AVIATION GROUND HANDLING

TOWNSVILLE

✈️ 🧳 ★ W

MOUNT ISA

✈️

MACKAY

🧳

ROCKHAMPTON

🧳

SUNSHINE COAST

🧳

GOLD COAST

✈️ 🧳

LEGEND

✈️ Wholly Owned Airport

🧳 AGH Port

★ Northern Australian Aerospace Centre of Excellence (NAACEX)

W Worland Aviation



QUEENSLAND AIRPORTS LIMITED

Queensland Airports Limited (QAL) is a regional airport specialist with an emphasis on creating significant regional airport development in Queensland.

QAL has been operating key regional airports in Queensland for thirteen years and is 100 per cent Australian owned and operated.

Queensland Airports Limited owns and operates Gold Coast Airport, Townsville Airport and Mount Isa Airport, as well as aviation-support businesses of Aviation Ground Handling (AGH), Worland Aviation (an aircraft maintenance and repair company), and the Northern Australian Aerospace Centre of Excellence (NAACEX) at Townsville Airport.

Queensland Airports Limited's principal shareholders are:

- > Hastings Funds Management Limited as responsible entity for the Australian Infrastructure Fund
- > Hastings Funds Management as trustee for Queensland based The Infrastructure Fund
- > Perron Investments Pty Ltd

Queensland
Airports LIMITED



VISION AND GOALS

OUR VISION

QAL's vision is to be known as Australia's leading regional airport investment company.

Our QAL Group plan focuses on:

- › Quality of service
- › Community engagement
- › Business intelligence
- › Development of our people
- › Asset protection and optimisation

Our forward thinking approach to growth in regional airports and aviation support businesses has positioned QAL as regional Queensland's aviation leader for both the communities we serve and our airline partners alike.

OUR GOALS

- › To be a successful regional airport investment company through leadership, partnership and innovation
- › To enhance the economic wellbeing of our customers, our shareholders and the communities we serve
- › To promote the highest levels of integrity and fairness in our dealings with our stakeholders
- › To foster a risk intelligent organisation and to be the employer of choice through systems and people with excellent customer service

STRATEGIES TO DELIVER OUR VISION

- › Provide leadership within a risk intelligent organisation with a strong governance framework and behaviours consistent with the vision
- › Continuous review of all systems, processes and policies to support the business units to provide exceptional customer service and to provide our staff with the tools for success
- › To operate the group in a true partnership which is respected in the community and with all stakeholders and partners
- › Optimise the capital and debt management of the QAL Group
- › Continue to invest in our people and to provide a safe workplace which delivers mutual benefits for QAL, its people and the community

QAL continues to invest in our people and to provide a safe workplace which delivers mutual benefits for QAL, its people and the community.



THE QAL WAY

The 'QAL Way' is at the heart of our organisation and the foundation of value creation throughout our airport businesses:

REGIONAL INVESTMENT FOCUS

Robust, size appropriate and cost effective processes with a focus on simplicity and access to expertise

SUSTAINABLE GROWTH

A sustainable, triple-bottom line reputation to operate only with the community's consent

PARTNERSHIP APPROACH

Empowered local management who actively immerse themselves in the community they serve

PASSION FOR INNOVATION

A focus on challenging the common approach

PEOPLE

Investing in talent and providing a pathway for the development of our people and giving them opportunities to succeed



CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

It is pleasing to note that Queensland Airports Limited has again recorded a strong financial performance for the 2011 financial year. This growth has been achieved despite the many challenges experienced by the Australian tourism and aviation industries during the second half of the year under review.

After a strong first half our airports, Gold Coast in particular, experienced difficult trading conditions arising from factors including:

- > Historical high of the Australian dollar
- > Global financial volatility
- > Cyclones and floods in Queensland
- > Earthquakes in Japan and New Zealand

Earnings before interest, taxation, depreciation and amortisation (EBITDA) recorded growth of 13.2% over 2010. This result was driven by an increase in revenue of 10.1% with expenses held to a 5.4% increase. A significant factor in the continued growth in earnings is the benefits arising from major capital investments over the last five years, particularly on the Gold Coast.

Passenger numbers at all of our airports experienced growth during 2011. Mount Isa Airport demonstrates the strength of the resources boom with a 21.2% increase in passenger movements. Gold Coast Airport recorded growth of 5.3% with a new all-time monthly record of 557,778 passengers achieved in January 2011. Townsville recorded steady growth of 4.7%.

Nearly \$26 million was expended on capital projects including:

- > Upgrade of Mount Isa runway
- > Carpark extensions at Gold Coast and Townsville
- > Upgrade and extension of Mount Isa passenger terminal
- > Rectification of the NAACEX hangars in Townsville

Increasing shareholder value remains a focus of the QAL Board. Increases in equity valuations remained consistent with expectations in the forecast model. Dividends totalling \$24.5 million, or \$39.85 per ordinary share, partially franked were paid for the 2011 financial year.

Considerable effort has been applied during the year in assessing and responding to government initiated reviews and enquiries. Following the finalisation of the Federal Government's White Paper, the review of economic regulation of airport services was undertaken. The draft report by the Productivity Commission reinforced conclusions drawn from earlier enquiries that the existing light handed regulatory regime has served the Australian community well. Under changes arising from the White Paper, Gold Coast Airport is now included in a "second tier airport" self-monitoring regime.

Major planning tasks were undertaken during the year with Townsville Airport's Master Plan receiving ministerial approval following extensive report preparation and public consultation. Gold Coast Airport prepared its new Preliminary Draft Master Plan and had commenced public consultation by the end of the financial year. This Master Plan process is the first one to be undertaken following the implementation of changes to the Airports Act and regulations.

QAL now employs 321 staff over six sites across Queensland. Staff development programs are an important feature of our continuous improvement activities. QAL training programs are now well developed and have received acclaim from our airport peers across Australia and internationally. Courses have been developed in administrative, operational and managerial streams and cover levels from Certificate 3 to Post Graduate and international accreditation programs. QAL has led the world with online learning for its staff at more remote locations.

Partnerships with the communities we serve are fostered across all of our sites. QAL, either directly or through its airports, is an active sponsor of state and regional events. Sponsorships include the Queensland Tourism Awards, the North Queensland Tourism Awards and the Gold Coast Airport Marathon. In addition to our noise abatement and environmental advisory committees, Townsville and Gold Coast Airports have established Community Aviation Consultation Groups (CACG) under independent chairpersons.

In closing we would like to pay a special tribute to our staff, our customers, and our industry and financing partners, who have remained loyal and committed to our business during a difficult period. We are confident this commitment will pay dividends in future years. Finally we would like to record our appreciation of the dedication and counsel of our fellow directors over the last year.

We look forward with confidence to the years ahead because of the sound business foundations laid during 2011 and prior years.

QAL FINANCIAL HIGHLIGHTS

2011 has been another successful year for the QAL Group despite the number of environmental and economic adversities plaguing the globe. Total passenger movements within all ports increased from the prior year by 5.5. In total, QAL processed 7,335,583 passengers, a milestone achievement for the Group.

State wide flooding and Cyclone Yasi greatly affected the domestic market with the flow on effects impacting the Gold Coast in particular which has previously prospered from a strong leisure market, and historically displayed significant year on year growth.

With the completion of major capital expenditure during 2010, 2011 was a year for consolidation and review. Some of the larger projects finalised in 2011 included Runway strengthening works and terminal redevelopment for Mount Isa Airport. This introduced a new aeronautical charging regime with QantasLink. In addition to this, the Mount Isa cafe was refurbished and re-opened in May 2011.

At the Gold Coast Airport, capital works on construction of the remote apron were undertaken with completion expected in FY2012. These works will provide an additional standoff bay for an A330 aircraft.

Although an increase in operating revenue was achieved throughout the financial year, there were several offsets relating to net asset reductions. In particular net asset reductions were made on the basis that some assets had reduced in value based on the determination that they are classified as Investment Property. This change applicable under AIFRS related to Investment Property held at Townsville Airport.

TABLE 1: HISTORICAL RESULTS

	06 (\$'000)	07 (\$'000)	08 (\$'000)	09 (\$'000)	10 (\$'000)	11 (\$'000)
Operating Revenue	56,364	64,239	73,757	84,572	106,654	115,236
Operating Expenditure	18,137	20,432	31,544	39,896	47,022	46,344
EBITDA	38,227	43,807	42,213	44,676	59,633	68,892
Interest Revenue (External)	558	966	1,243	325	1,440	1,564
Interest Costs (External)	12,446	13,500	18,717	18,299	22,646	33,048
Depreciation & Amortisation	7,076	6,922	9,948	11,463	21,898	21,718
Other Adjustments	13,308	25,531	29,882	(34,317)	(2,853)	(5,877)
Loan Note Interest	4,764	4,733	3,751	3,751	3,751	3,951
Income Tax Expense	6,070	11,320	10,509	(7,338)	3,679	1,183
Net Profit After Taxation	21,737	33,829	30,413	(15,492)	6,245	4,679
Dividends Declared	15,985	13,310	22,010	15,499	22,999	24,500

QAL BOARD



JAMES LEONARD TOLHURST

B. Comm, MBA, FCPA, FCIS, FAICD

Non-Executive Chairman for 13 years, most recently re-appointed 24 June 2011. Member of the Remuneration Committee. Director of Adelaide Airport Limited, Blair Athol Coal Pty Ltd and Leichardt Coal Pty Ltd.



ARTHUR DENNIS CHANT

B. Tech (Civil), MBA, MIEAust., RPEng, MAICD

Executive Director. Managing Director for 12 years. 30 years experience in airport management and development. Member of World Governing Board of Airports Council International (ACI) and Hon. Secretary/Treasurer for and member of the Board of ACI Asia Pacific Region. Board member of Queensland Events Gold Coast. Board Member of the Commonwealth Games Bid Company.



ROBERT JAMES LETTE

FASFA, MAIST, MAICD, MUDIA

Non-Executive Director appointed 24 January 2005. Chairman of the Risk and Audit Committee. As a former partner and current consultant to the law firm Mullins Lawyers, Mr Lette brings a significant level of legal expertise to the Board. Since his admission to the Supreme Court in 1966, he has specialised in commercial, corporate, liquor, construction, and industrial law, and is a trained mediator. Mr Lette is currently Chairman of BUSS(Q) – the building industry superannuation fund, The Private Capital Group and The Infrastructure Fund. His directorships include Queensland Airports Limited, North Queensland Airports Group, Envirogen Pty Ltd and Racing Queensland Limited. In addition, he is the Vice President of Tattersall's Club Brisbane and is a member of the Australian Institute of Company Directors. He is also a Fellow of Association Superannuation Funds of Australia.



MATTHEW LORBACK

B Comm

Non-Executive Director appointed 21 February 2008. Member of the Risk and Audit Committee. Associate Director of Hastings Funds Management, responsible for asset management, portfolio construction and transaction execution. Director of a number of the entities which own and operate Cairns and Mackay Airports.



DENIS ADAMS

Non-Executive Director appointed 17 February 2006. Member of the Remuneration Committee. Former senior executive for the Qantas Group. Director of Westralia Airports Corporation Pty Ltd.



JEFF POLLOCK

B Acc

Non-Executive Director appointed 23 May 2008. Member of the Remuneration Committee. A member of Hastings' executive management team, holding the dual role of Head of Listed Infrastructure and Chief Executive Officer of Australian Infrastructure Fund. Jeff is also a Director for Perth Airport and Northern Territory Airports.

CORPORATE GOVERNANCE STATEMENT

Queensland Airports Limited (QAL) and the Board are committed to achieving the highest standards of corporate governance with an increased focus on individual responsibility at all levels of the business. QAL is committed to ensuring that appropriate governance practices are embedded within each business unit.

QAL aims to consistently deliver strong financial performance and to maximise long-term shareholder value. We believe that the implementation of appropriate and relevant corporate governance practices will enhance the performance of the Company and allow for stronger relationships with our shareholders, customers, the local community and other relevant stakeholders.

QAL recognises the benefits of best practice corporate governance principles as a benchmark guide for its corporate governance framework. The ASX Corporate Governance Council has developed a set of guidelines entitled Corporate Governance Principles and Recommendations with 2010 Amendments (2nd edition, ASX Corporate Governance Council) (Principles) which are considered in relation to the ongoing development of QAL's corporate governance framework and policies. An overview of compliance with these Principles is listed below:

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ROLES OF THE BOARD AND MANAGEMENT

The Board is responsible for the overall corporate governance framework of the business including approving its strategic direction, reviewing policies for directors and senior executives, establishing and monitoring the achievement of management's goals and reviewing the integrity of the risk management framework and internal control systems. It is also responsible for approving and monitoring financial and other reporting. The Board has adopted a Charter which details the role, composition and responsibilities of the Board. The Board Charter acts as a complementary document to the Shareholders' Agreement.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board's fundamental principle when considering board structure is that the board membership reflects an appropriate mix of skills, experience and expertise in relation to the requirements of the Shareholders' Agreement.

BOARD COMPOSITION

Directors are appointed in accordance with the Shareholders' Agreement by nomination of the shareholders.

The composition of the Board at the date of this report is set out below.

Name	Position	Appointed
Mr Jim Tolhurst	Non-Executive Chairman	19 March 2003
Mr Dennis Chant	Executive Director Managing Director	19 March 2003
Mr Denis Adams	Non-Executive Independent Director	17 February 2006
Mr Robert Lette	Non-Executive Director	24 January 2005
Mr Matthew Lorback	Non-Executive Director	21 February 2008
Mr Jeffrey Pollock	Non-Executive Director	23 May 2008

Jim Tolhurst commenced the role of Chairman in 1998 and Dennis Chant commenced the role of Managing Director in 1999 under the previous entity of Gold Coast Airport Pty Ltd.

The continued tenure of each individual director is subject to the Company's Constitution and the Shareholders' Agreement.

The Board recognises the importance of providing shareholders with assurance that the Board is appropriately fulfilling its role and is diligent in holding senior management accountable for their performance. The Board has delegated authority for the administration and operation of the business to the Managing Director.

BOARD COMMITTEES

To assist in the execution of its responsibilities, the Board has established certain sub-committees. These committees are governed by the duties and responsibilities outlined in the particular committee's Charter, which is reviewed on a regular basis. During the year the Board passed a resolution to disband the Finance Committee and to include those responsibilities in the Board Charter to recognise the significant role the Board has in relation to financial decision making.

The membership of each committee is summarised below.

Risk & Audit Committee

Mr Robert Lette, Chairman

Mr Matthew Lorback, Non-Executive Director

Mrs Stacey Hogarth, Company Secretary

Remuneration Committee

Mr Jim Tolhurst, Chairman

Mr Denis Adams, Independent Non-Executive Director

Mr Jeff Pollock, Non-executive Director

The number of times each committee met during the year and each member's attendance record is outlined in the Annual Financial Report.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

CODE OF CONDUCT

The Company is committed to ensuring directors and personnel maintain a high level of ethical conduct. Directors and employees are required to conduct all business in accordance with all applicable laws and regulations, governance policies and procedures to safeguard the Company's reputation whilst promoting shareholder confidence. All directors, executive and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. These requirements are reflected in the QAL Code of Conduct which was recently updated and approved.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Risk & Audit Committee assists the Board to fulfil its responsibility for the integrity of the Company's financial reporting, risk management and internal audit function. The Committee oversees the financial reporting process, risk management and internal/external audit processes. The Committee's duties and responsibilities are outlined in the Risk & Audit Committee Charter.

The external auditors, internal auditors, Managing Director and relevant senior executives are invited to committee meetings as required.

The Managing Director and the Chief Financial Officer have declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the year ended 30 June 2011 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

QAL actively manages its operations and ensures the timely disclosure of appropriate information to both shareholders and key stakeholders.

In summary:

- › quarterly updates are provided to shareholders in relation to the financial and operational performance of the business;
- › statements are provided to shareholders in relation to interest and dividend payments;
- › QAL's Annual Report is made available to all shareholders;
- › the Company Secretary is responsible for all communications with ASIC;
- › QAL also welcomes open communication with its shareholders and other relevant stakeholders.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

QAL aims to ensure that shareholders are well informed of all major developments affecting the Group. To achieve this, we have implemented the following procedures:

- › the Company operates and makes decisions in accordance with the Shareholder's Agreement and the Constitution;
- › shareholders can gain access to information about the Group, including media releases, financial reports and Charters pertaining to corporate governance and the Company's board committees, via the Company's website;
- › meetings are held with shareholders as appropriate in relation to new business opportunities;
- › the Company encourages full participation of shareholders at the Annual General Meeting and other shareholder meetings to ensure a high level of accountability and discussion of the items of business. Notices of meeting are sent to shareholders in preparation for these meetings.

The Company recognises that it has obligations to a wide range of stakeholders in addition to the Company's shareholders, such as employees, business partners and the wider community.



PRINCIPLE 7: RECOGNISE AND MANAGE RISK

QAL has developed a Risk Management Framework which is based on the international Risk Management Standard ISO31000. Accountability and responsibility for risk management is applicable at each level of the business.

The Board is responsible for the approval of the Risk Management Framework and the Executive Committee is responsible for ensuring that it is embedded in each business unit in relation to the assessment and mitigation of corporate, financial, operational and compliance risks. The Executive and Company Secretary are responsible for ensuring compliance with the Risk Management Framework throughout the Group.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Remuneration Committee seeks to ensure that remuneration levels are competitively set to attract and retain the most qualified and experienced directors and senior executives whilst:

- › motivating directors and senior personnel to pursue the long-term growth and success of the Company within the governance, risk management and internal control framework; and
- › linking remuneration to performance.

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the directors and senior executives of the Company. The committee is also responsible for making recommendations regarding incentive performance packages.

Non-executive directors are paid an annual fee for their service to the Board and Board Committees. There are no termination payments to non-executive directors on their retirement from office other than payments accruing from superannuation contributions arising as part of their remuneration.

Passenger movements

The three airports owned and operated by QAL collectively recorded more than 7 million passenger movements during the 2010/2011 financial year, an increase of 5.5% on the previous year.

With an international throughput for the year in excess of 780,000, Gold Coast Airport retained its position as the fifth busiest international airport in Australia. With a total of 5,440,657 domestic and international passengers, it is Australia's sixth busiest airport overall. International passenger growth was 4%, domestic growth was 5.6% and the total growth was 5.3%.

Townsville Airport has remained a largely business-driven market although the region's growth as a tourist destination is continuing. Townsville recorded a 4.6% increase in passenger movements this year to 1,677,481, buoyed by the strong resources sector in North West Queensland.

Mount Isa Airport continued to enjoy strong growth during the 2010/2011 financial year, recording a significant 19.5% increase to 217,445 passenger movements.

The results for the year largely reflect the status of the Australian economy. With two of our three ports influenced by the mining industry, their passenger numbers have remained strong. QAL's largest airport, Gold Coast, is primarily driven by tourism and has been subject to an overall softening of the tourism industry in Australia. This is reflected in their passenger numbers.

Infrastructure investment

QAL has a long-standing history of being committed to the sustainable development and operations of each of our airports and associated businesses. In the period since privatisation QAL has invested heavily in our three ports, reflecting continued growth in capacity. QAL spent \$25 million on capital projects across its three airports this financial year.

This financial year Southern Cross University commenced construction on "Building B" at Gold Coast Airport, with an expected completion in late 2012. 'Building B' is the largest of the planned buildings on the site.

Construction on a new, long-term open-air 950 space car park on the Gold Coast was completed in August 2010. This long-term car park provides an additional car parking option for passengers and joins the short-term and long-term undercover car parks to provide over 2,500 car parking spaces on site.

Mount Isa Airport also completed an expansion to the existing terminal facilities and runway in October 2010. This is the most significant investment at this port in recent history.

Legislation, community involvement and people

Environmental legislation

All QAL Group airports operate under the Airports Act 1996 and Airports (Environmental Protection) Regulations 1997 (administered by the Department of Infrastructure, Transport, Regional Development and Local Government).

Planning and Development

The **Airport Master Plan (MP)** is a forward-thinking land use plan which covers a 20 year period with a mandate to review every five years in line with the Airports Act and must be submitted to the Federal Minister for approval. The current Gold Coast Airport MP was approved by the Minister in December 2006, with the next MP due in late 2011. The current Townsville MP was approved in June 2011.

A **Major Development Plan (MDP)** is a submission regarding any major development onsite, in line with the Airports Act. The latest approved MDP for the QAL group is the Southern Cross University Building B development at Gold Coast Airport.

Airport Environment Strategy (AES) is a strategy providing the management of environmental aspects on airport, with a mandate to review every five years in accordance with the Airports Act. It is required to be submitted to the Federal Minister for approval. As a result of changes brought about by the Aviation White Paper the AES is now required to form part of the Master Plan, and Gold Coast Airport will be the first airport in Australia required to submit a Master Plan that includes the AES. The current AES for Townsville Airport was approved in early 2010.

Community support

QAL and its individual businesses continue to be recognised as responsible employers and community members through ongoing consultation, sponsorship and employee services.

Sponsorship

In the 2010/2011 financial year QAL invested more than \$675,000 in support of local community, business, environmental and tourism events in each of our regions, as well as Queensland-wide initiatives. QAL continues to be the presenting partner of the Queensland Tourism Awards, and remains a project partner of the Airports of the Future Research Showcase in conjunction with Queensland University of Technology (QUT).

Community Aviation Consultation Groups

During 2010/2011 QAL established the Community Aviation Consultation Group (CACG) at both Gold Coast and Townsville to help facilitate greater community consultation, particularly on planning and development activity at both airports. Both groups comprise members of the local community with an active interest in the future of the airports. QAL has appointed an independent Chairperson to each of these groups.

Passengers with special needs

QAL Group airports strive to ensure their passengers with special needs are able to travel as comfortably as possible.

The Disability Access Facilitation Plan details the services and facilities available to passengers with special needs at each of our airports. These plans are published on each airport's website.

Quality of service monitoring

The QAL Group is committed to providing quality customer service at our airports. Gold Coast and Townsville Airports both take part in the Airports Council International (ACI) Airport Service Quality (ASQ) benchmarking program. In addition to this, QAL also conducts passenger surveys annually at its three airports.

Our people

QAL and our associated businesses pride ourselves on being an employer of choice in the communities we serve.

We are committed to investing in our talent by providing individual development pathways for our staff to expand their employment and development opportunities within the Group.

QAL provides a wide range of employment opportunities throughout the group from aviation operations through to commercial and asset management, property development, planning and engineering, environment, IT, finance, human resources, business development, research, communication and marketing. QAL is committed to a philosophy of strong corporate health, building our corporate culture and promoting an optimum work-life balance.

This financial year QAL has invested heavily in the development of our people, successfully implementing the following training programs:

- Certificate IV in Business
- Diploma of Management
- Certificate III in Aviation (Ground Operations and Services)
- Graduate Certificate in Management – Accelerated Management Program (AAMP)
- Airport Management Professional Accreditation Program (AMPAP)

In addition, QAL staff are encouraged to attend various conferences and training programs throughout the year to enhance their skills.



GOLD COAST AIRPORT PTY LTD

As the gateway to Australia's premier tourist destination, Gold Coast Airport is the fifth busiest international airport in Australia and sixth busiest airport overall. The largest of the QAL Group airports, Gold Coast Airport now welcomes in excess of 5.4 million passengers per year.

Gold Coast Airport now boasts a host of domestic and international services to destinations including Sydney, Melbourne, Canberra, Adelaide, Newcastle, Perth, Hobart, Cairns, Townsville, Mount Isa, Darwin, New Zealand (Auckland, Christchurch and Queenstown), Asia (Tokyo, Osaka and Kuala Lumpur) and beyond.



KEY FIGURES

Runway length:	2500 metres
Annual passenger movements:	5,440,657 (FY)
Average flight movements (per year):	133,290 flight movements
Number of direct flight destinations:	16
Airlines utilising the airport:	Jetstar, Jetstar International, Virgin Australia, Tiger Airways, AirAsia X, Pacific Blue, Air New Zealand and Airnorth
Benefits to airlines:	Quick turnarounds, common-user terminal, low-cost facilities and ground handling services, financial incentives and marketing support for new route development, no bilateral service restrictions on many routes

Chief Operating Officer's Review

Paul Donovan

This financial year was met with mixed fortunes for Gold Coast Airport as we dealt with the fallout of a series of world shocks in early 2011.

Gold Coast Airport recorded 5.3% overall growth (5.6% domestic and 4% international), resulting in a total of 5,440,657 passengers passing through our doors, ensuring we maintained our position as Australia's sixth busiest airport overall.

On the back of Gold Coast Airport's record month in January 2011, welcoming in excess of 550,000 passengers, we experienced a softening in passenger numbers from February through to June. This softening can be attributed to various factors including the Queensland floods, Cyclone Yasi, Christchurch earthquake, Japanese earthquake, subsequent tsunami and nuclear emergency and the Chilean volcanic ash cloud. Of these events, both the Christchurch earthquake and Japanese disaster had an immediate impact on airline capacity to Gold Coast Airport.

Media coverage of the Queensland floods and cyclone contributed to an attitude that tourists should 'steer clear' of Queensland for anything other than essential travel. Whilst Gold Coast Airport was physically unaffected by the floods or the cyclone we experienced a drop in passenger numbers as a result.

More generally, Gold Coast Airport has also felt the effects of weaker retail economic conditions and the strong Australian dollar exchange rate, prompting some level of travel substitution from traditional domestic destinations, such as the Gold Coast, to offshore markets. From an international perspective it also dampened demand for Australian tourism product.

Gold Coast Tourism, Tourism Queensland and Tourism Australia have all played a crucial role in the industry's recovery efforts by mounting a series of domestic and international campaigns aimed at re-affirming that Queensland is indeed open for business and ready to welcome visitors. Events Queensland has also come to the industry's aid, securing additional events that will encourage visitation. We thank them for their continued efforts.

This financial year Gold Coast Airport has experienced an increase in Chinese passengers, resulting in the employment of a Chinese Liaison Officer to assist these passengers within the terminal and also work with our business development team to build relationships with potential Chinese carriers.

Construction at Gold Coast Airport has continued this year, with the commencement of a remote apron to provide an additional standoff bay for an A330 aircraft, and the continued development of the Southern Cross University site with 'Building B' receiving government approval.

The Tower Road project also commenced and comprises a commercial site for a new JUHI aviation fuel storage and distribution facility, a roadway connecting landside to the airside security restricted area via a new security check point, a services corridor to supply the Airservices site, and the relocation of the General Aviation tie-down apron parking area.

We have continued to support our community through our ongoing sponsorship of the Gold Coast Airport Marathon, the Quiksilver Pro and Swell Sculpture Festival to name just a few, and were strong supporters of the Commonwealth Games 2018 Bid.

This financial year Gold Coast Airport established the Community Aviation Consultation Group (CACG) to help facilitate greater community consultation, this is chaired by Air Marshall Les Fisher AO.

A highlight of the year for Gold Coast Airport was being named as the 2010 Major Airport of the Year by the Australian Airports Association (AAA) and the Best Regional Airport Asia/Pacific 2011 by Skytrax.

As always, I'd like to thank our airline partners, federal, state and local government, and all our stakeholders for their ongoing support.

Finally, thank you to my great team of staff. It's been a challenging year that has seen us work closely together toward the common goal of regaining lost capacity and I am confident that next financial year will see us achieve that.

Aviation

- › Airnorth launched an additional weekly service from the Gold Coast to Mount Isa and Darwin which increases this service to twice weekly
- › Gold Coast Airport maintained its position as sixth busiest Australian airport overall and fifth busiest international airport in Australia
- › Sydney - Gold Coast services – Up to 182 per week
- › Melbourne - Gold Coast services – Up to 133 per week
- › Jetstar commenced a daily Perth – Gold Coast service in April 2011
- › Jetstar commenced a daily Hobart – Gold Coast service in December 2010
- › Jetstar commenced a daily Queenstown – Gold Coast service in December 2010
- › Gold Coast Airport employed a Chinese Liaison Officer to provide assistance to Chinese passengers within the terminal and to develop relationships with potential Chinese carriers
- › Air Asia commenced a fly thru service for passengers in December 2010, to offer seamless connectivity for passengers travelling from Gold Coast to Kuala Lumpur and onto selected destinations in Asia
- › An additional Smartgate facility was installed (an increase from 2 to 3)
- › Gold Coast Airport launched a new website with the inclusion of a Japanese microsite to assist Japanese passengers

Commercial

- › Completion of a new open-air long-term car park accommodating an extra 950 car park spaces
- › Commencement of the master planning process which is due to be submitted to the Federal Minister for Infrastructure, Transport, Regional Development and Local Government in mid December 2011
- › Commercial negotiations completed on a new lounge to service Virgin Australia's passengers

Property

- › Construction of the new Southern Cross University Gold Coast Airport campus continued, with the development of 'Building B' commencing in June 2011
- › 17 General Aviation tenants including flight training schools, charter flight operators, flight catering and rescue services
- › 10 hire car operators
- › 3 fuel operators
- › Completion of new Corporate Jet facility in the General Aviation area

Environment

- › Environment Management System for Gold Coast Airport Pty Ltd achieved recertification to the ISO 14001:2004 standard
- › Terminal One's rainwater harvesting system has continued to deliver approximately 70% of the terminals water needs, reducing the draw on the town water supply by over 17ML in the 2011 financial year
- › Regular site visits from the Department of Infrastructure and Transport (Airport Environment Officer) to ensure compliance with environmental regulatory requirements
- › Environmental inspections of airport tenants to promote environmental awareness and monitor compliance across Gold Coast Airport
- › Ongoing engagement of environmental consultants including Ecosure, Greening Australia and Avisure to provide advice and assistance with environmental management requirements
- › Bird and wildlife management plan to minimise aircraft strike risks
- › Construction Environment Management Plans prepared for relevant construction projects
- › Water Efficiency Management Plan in place
- › Involvement in the Ibis Management Coordination Group for the southern Gold Coast and northern NSW area
- › Ongoing management of weeds and pest species including dedicated vegetation management staff maintaining natural bushland areas
- › Regular liaison with local environmental and community groups
- › Monitoring and management programs for surface and groundwater, aquatic ecology, flora, fauna and natural resource consumption

Gold Coast Airport recorded 5.3 overall growth, ensuring we maintained our position as Australia's sixth busiest airport overall.

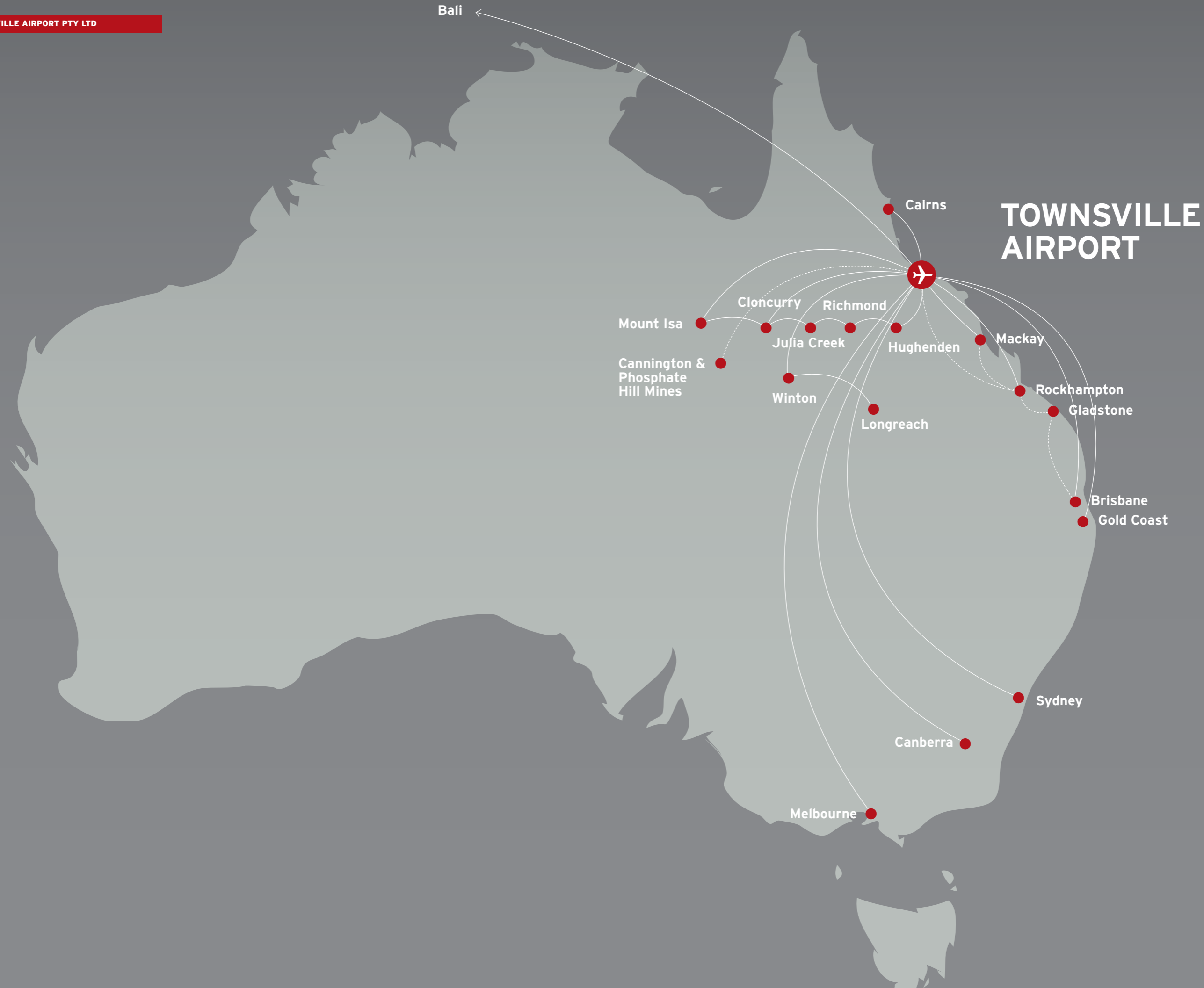
People

- › 63 staff directly employed by Gold Coast Airport Pty Ltd
- › Winner of World Skytrax Award for Staff Service Excellence Australia/Pacific 2011
- › Staff participation in the Accelerated Airport Management Program, in conjunction with Southern Cross University
- › Staff participation in Diploma of Management and Certificate IV in Business
- › Active staff participation in Clean Up Australia Day
- › Ongoing support of bi-monthly staff morning teas with all proceeds raised going to a different charity each month

Community

- › Continued commitment to the Aviation Noise Abatement Consultative Committee (ANACC)
- › Establishment of the Community Aviation Consultation Group (CACG) to help facilitate greater community consultation, particularly on planning and development activities on airport

- › Presentations to various local community groups around the Gold Coast and Northern Rivers regions, such as Probus, Rotary and Chambers of Commerce
- › Hosted Miami High School students on an airport tour as part of GCAPL's ongoing sponsorship of Miami High's aviation studies program
- › Continued to commit more than \$390,000 to local community-orientated sponsorships including:
 - › Gold Coast Airport Marathon
 - › Currumbin Wildlife Sanctuary Animal Hospital
 - › Swell Sculpture Festival
 - › Miami State High School's aviation studies program
 - › Surf Lifesaving's tourism education campaign
 - › Careflight Rescue Helicopter Service
 - › Quiksilver Pro
 - › Scenic Rim Tourism
 - › Northern Rivers Symphony Orchestra



TOWNSVILLE AIRPORT PTY LTD

Townsville Airport is North Queensland's regional hub, welcoming more than 1.67 million passengers annually. Townsville's industry make-up is diverse, providing a sustainable economic environment for the region. The airport is a jointly shared facility with the Department of Defence.

Townsville Airport has played a significant role in the growth of the aviation sector in the North Queensland region, and is home to the Northern Australian Aerospace Centre for Excellence (NAACEX).

Townsville Airport has direct services to Brisbane, Melbourne, Sydney, Gold Coast, Cairns, Bali, Mackay, Mount Isa and Rockhampton as well as various mining destinations.



A Queensland Airports Limited Company

KEY FIGURES

Runway length:	2438 metres
Annual passenger movements:	1,677,481 (FY)
Aircraft movements (per year):	29,327 flight movements
Number of direct flight destinations:	14
Airlines utilising the airport:	Qantas, QantasLink, Jetstar, Virgin Australia, Regional Express (REX), Strategic Airlines, Alliance Airlines, West Wing and various mining charters
Benefits to airlines:	Quick turnarounds with short taxiing time, fast passenger processing, common-user terminal, no curfew restrictions, IT simplicity, financial incentives and marketing support for route development, onsite aircraft maintenance and painting facility, high yield market

Chief Operating Officer's Review

Kevin Gill

Townsville Airport has enjoyed an increase of 4.6% in passenger numbers this financial year, welcoming a record 1,677,481 passengers through our doors.

TAPL's uplift in passengers is marked by an increase in aircraft across our airline partners as well as sustaining current frequency across our route network. The strength of the regional mining boom and associated services has grown the fly-in, fly-out (FIFO) and regional market segments.

The front of terminal enhancement project was completed this year. The project has improved the external aesthetics of the terminal, improved traffic flow and increased the size of the long-term car park.

The Airport's Master Plan was approved by the Department of Infrastructure in June 2011.

The Master Plan's identified development opportunities will ensure that the airport can facilitate safe, efficient regular air transport services into the future and continue to deliver a world-class aviation precinct. It will also assist to develop a robust aviation community for North Queensland.

Townsville Airport established its Community Aviation Consultation Group (CACG) and appointed former District Court Judge Rob Pack as the Group's Chairperson. This initiative formed part of the Federal Government's Aviation White Paper recommendations and subsequent Airports Act Amendment Bill and further strengthens our dedication to community consultation.

Our team continues to embrace our various community-orientated sponsorships and fundraising activities, and we were thrilled with the overwhelming response to our initiatives in support of the South East Queensland Flood Appeal.

The airport and our wider North Queensland region suffered from the devastation of Cyclone Yasi. I would like to take this opportunity to congratulate our team for their outstanding performance during, and in the aftermath of the cyclone.

Thank you to our airline partners, federal, state and local government, various industry stakeholders and the wider community, for your ongoing support throughout the year.



Aviation

- › Strategic Airlines commenced a direct international service between Townsville and Bali
- › The Townsville Airport Master Plan was approved by the Minister for Infrastructure, Transport, Regional Development and Local Government the Hon Anthony Albanese on June 14th 2011
- › Townsville continues to strengthen its hub position growing capacity to both the regional and metropolitan markets

Commercial

- › Front of terminal enhancement works were completed in November 2010 to improve traffic flow in the drop off/ pick up zone and additional car parking bays in the long-term car park

Property

- › Ten general aviation tenants currently onsite including charter flight operators, in-flight catering, refuelling agencies, aircraft maintenance and flight training

Environment

- › Integration of the approved Airport Environment Strategy into all airport business units
- › In collaboration with Ergon Energy, a Solar Shade Sail was installed in the short-term car park to provide shade for the disabled car park bays and generate power for the grid
- › Continued focus on sustainability across all business units focusing on energy reduction and waste management
- › Introduction of Public Place Recycling into the terminal
- › Expansion of the Storm Water Quality monitoring program

People

- › 35 staff directly employed by Townsville Airport Pty Ltd
- › Continued participation and support of QAL's learning and development opportunities
- › Participation in fundraising activities for a variety of local and national charities

Community

- › Establishment of the Community Aviation Consultation Group (CACG) to help facilitate greater community consultation, particularly on planning and development activities on airport

- › Committed more than \$175,000 to local community-orientated sponsorship programs including:
 - › Townsville Enterprise Limited (TEL)
 - › North Queensland Tourism Awards
 - › V8 Supercar's Townsville 400 Ambassador Program with Townsville City Council
 - › Townsville State High School aviation program



MOUNT ISA AIRPORT

As the mining capital of North Queensland, Mount Isa is a major source of the world's lead, zinc, silver and copper and home to one of the world's largest underground mines.

In recent years, Mount Isa Airport has serviced the huge growth in the local mining sector, as well as welcoming an increasing number of leisure travellers.

Mount Isa Airport provides services to and from Brisbane, Townsville, Cairns, Darwin and the Gold Coast as well as the outback ports of Cloncurry, Normanton, Mornington Island, Burketown, Doomadgee, Hughenden, Richmond and Julia Creek.



A Queensland Airports Limited Company

KEY FIGURES

Runway length:	2500 metres
Annual passenger movements:	217,445
Average flight movements (per week):	5,326 flight movements
Number of direct flight destinations:	8
Airlines utilising the airport:	Qantas, QantasLink, Regional Express (REX), Airnorth, Skytrans, Westwing, Alliance and various mining charters
Benefits to airlines:	Financial incentives and marketing support for route development, only airport in the North Queensland mining region that has scheduled jet aircraft services, gateway to one of the world's richest mineral deposits, high frequency of travel per passenger, high yield passengers, runway overlay and terminal redevelopment completed



General Manager's Review

Sean Golar

Mount Isa's passenger throughput grew by 19.5% to reach 217,445 passengers. This is the first time the airport has reached over 200,000 passengers. The boom in the mining sector coupled with the completion of the runway overlay, which has enabled unlimited aircraft operations, have been the triggers for growth.

The terminal and runway overlay projects were completed bringing an increase in passenger throughput and heightened customer satisfaction with the airport product. Our independent annual passenger survey results show a marked increase in customer satisfaction, now sitting at 95%.

Mount Isa Airport continued to support key initiatives within our region such as the North Queensland Helicopter Rescue Service, the 'Bush Children's' program, Mount Isa Rotary Rodeo and the Filipino Fiesta.

We would like to thank our Mount Isa Airport staff for their ongoing commitment to the business, our airline partners and the federal, state and local governments for their continued support in the Mount Isa region.



Aviation

- › Airnorth increased their Gold Coast to Mount Isa and Darwin service to twice weekly
- › Qantas commenced full time double daily 737-800 services to Mount Isa following completion of the runway overlay project

Commercial

- › Terminal redevelopment was completed, including an upgrade of the cafe facilities

Property

- › 20 general aviation tenants currently operate at Mount Isa Airport including charter operators, aircraft maintenance, refuelling agencies and welfare/community helicopter operations

Environment

- › Energy efficient lighting and Building Management System incorporated into new terminal design
- › Ongoing bird and wildlife management
- › Upgrade of sewerage treatment plant

People

- › Mount Isa Airport directly employs 17 staff
- › A number of Mount Isa staff are involved in training programs such as the Diploma of Management and the Accelerated Airport Management Program (AAMP)

Community

- › Mount Isa Airport committed more than \$60,000 this financial year to local, community-orientated sponsorship programs:
 - › Mount Isa Rodeo
 - › The North Queensland Cowboys in the Community 'Bush Children's' program
 - › The North Queensland Helicopter Rescue Service
 - › Mount Isa Filipino Fiesta
 - › Mount Isa Cultural Festival
 - › Howard Stern Art Exhibition with Outback at Isa (with proceeds going to the Royal Flying Doctor Service)

WORLAND AVIATION PTY LTD

Worland Aviation is North Queensland's premier maintenance repair and overhaul business (MRO).

Worland Aviation's highly trained technicians perform maintenance duties from minor and major repairs to extensive aircraft rebuilds for key regional airlines, along with avionics repairs and installations, specialised engineering services and an extensive range of manufactured aircraft parts and accessories.

With a vision to be Australia's premier aircraft maintenance facility providing personalised solutions to our aviation partners, we will deliver our customers measurable value by creating true partnerships that enhance growth, efficiencies and sustainability.

Worland Aviation's key markets include full service and low cost carriers, emergency services, private jet and charter operations, regional airlines, government contracts and emergency services.

People

- > 30 staff employed by Worland Aviation
- > Types of roles within the company include:
 - > Licensed aircraft engineers
 - > Aircraft maintenance engineers
 - > Trade assistants



Worland Aviation Services

Aircraft maintenance and repair overhaul services

Worland Aviation is a specialist provider of commercial and general aviation aircraft line maintenance, understanding the importance of punctuality, reliability and flight safety. These key components of maintenance are our top priority when providing a level of line service that is unprecedented.

Graphic design services

As an added service Worland Aviation is able to develop colour schemes, layout and coordination, using the latest computer technology. Any corporate logo can be reproduced exactly to any scale.



AVIATION GROUND HANDLING

Aviation Ground Handling (AGH) is a leading aircraft ground handling company operating in Australia with operations at Gold Coast, Sunshine Coast, Rockhampton, Mackay and Townsville Airports.

As one of the leading ground handling companies in Australia, AGH supplies a full range of ground support services for passenger, cargo and military aircraft in the Asia Pacific region.

Our success lies in our ability to consistently deliver services that are efficient, safe and on time. Our management team takes a 'hands-on' approach to the business and pride ourselves on promoting a partnership approach to our stakeholders, clients and suppliers.



People

AGH employs 115 staff who consistently deliver high quality ground handling services to our airline partners.

- > 25 AGH staff employed at Gold Coast Airport
- > 15 AGH staff employed at Townsville Airport
- > 30 AGH staff employed at Mackay Airport
- > 22 AGH staff employed at Rockhampton Airport
- > 21 AGH staff employed at Sunshine Coast Airport

Operational highlights

Gold Coast

- > AGH services at Gold Coast Airport account for 19 per cent of business, servicing seven Air New Zealand flights per week and approximately 350 hours per week controlling Gold Coast Airport's baggage system

Townsville

- > AGH services at Townsville Airport account for 12 per cent of the business, servicing between 16 and 21 Jetstar flights per week and one weekly Strategic Airlines service
- > December 2010 saw Strategic Airlines commence weekly services to Bali

Mackay

- > AGH services at Mackay Airport account for 29 per cent of the business, servicing 76 Qantas services and 28 Jetstar services per week
- > Continuing growth in services for Jetstar and QantasLink

Rockhampton

- > AGH services at Rockhampton Airport account for 22 per cent of the business, servicing 76 Qantas services
- > Purchased new GSE to further enhance operational efficiencies



Sunshine Coast

- > AGH services at Sunshine Coast Airport account for 18 per cent of the business, servicing between 35 and 45 Jetstar flights per week
- > Sunshine Coast experienced increased schedules in line with school holidays

AGH services

- > Aircraft handling
- > Safety officer capability
- > Airline ticketing services
- > Passenger check-in
- > Baggage and cargo loading and unloading
- > Aircraft cleaning
- > Toilet and water servicing
- > Air charter operations
- > Contract passenger and cargo charters
- > Ground handling training



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