

ANNUAL REPORT

2018



Queensland
Airports LIMITED

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OUR VISION

Engaging customers.
Connecting communities.
Exceptional experiences.

We fulfill our vision by:

- Growing our airports through collaboration with our partners
- Providing seamless, high quality experiences for our customers
- Connecting, and being connected to, the communities in which we operate
- Fostering growth within our communities
- Investing in our people and empowering them to help achieve our vision
- Elevating and setting the industry standard through innovation and creative thinking.



Our Values

Integrity

We value honesty, respect and fairness
We do what we say
We act in the best interests

Teamwork

Together we succeed
Everyone is a customer
We are inclusive and support each other

Passion

We are enthusiastic
We care about what we deliver
We take pride in our work

Innovation

We think differently
We are creative and flexible
We share our experience to build new ideas

Accountability

We take responsibility for our actions
We lead by example
Safety and social responsibility are priorities

Excellence

We have high performance standards
We add value and deliver quality
We embrace change and deliver outcomes

Our Strategic Pillars

Shareholder value

Customer experience

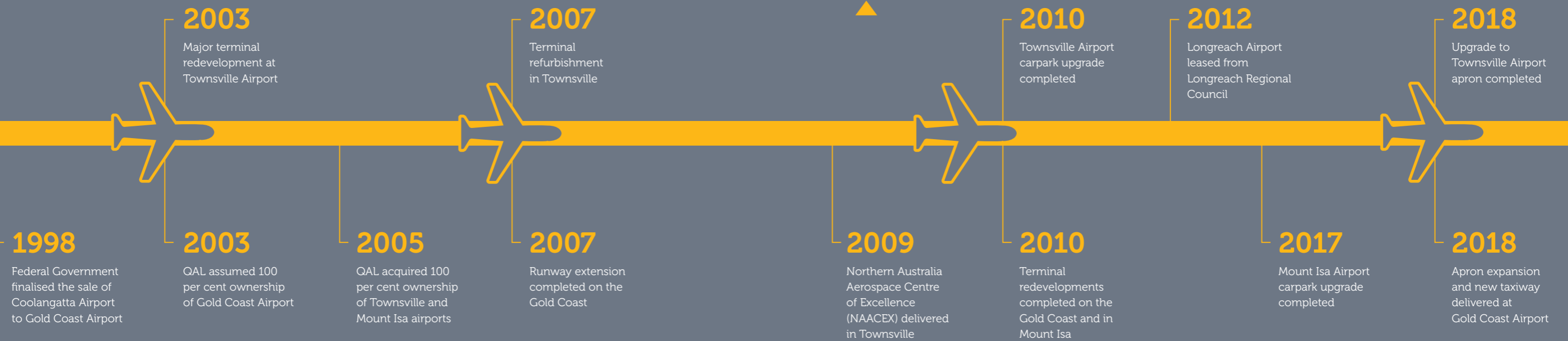
Social responsibility

High performing workforce

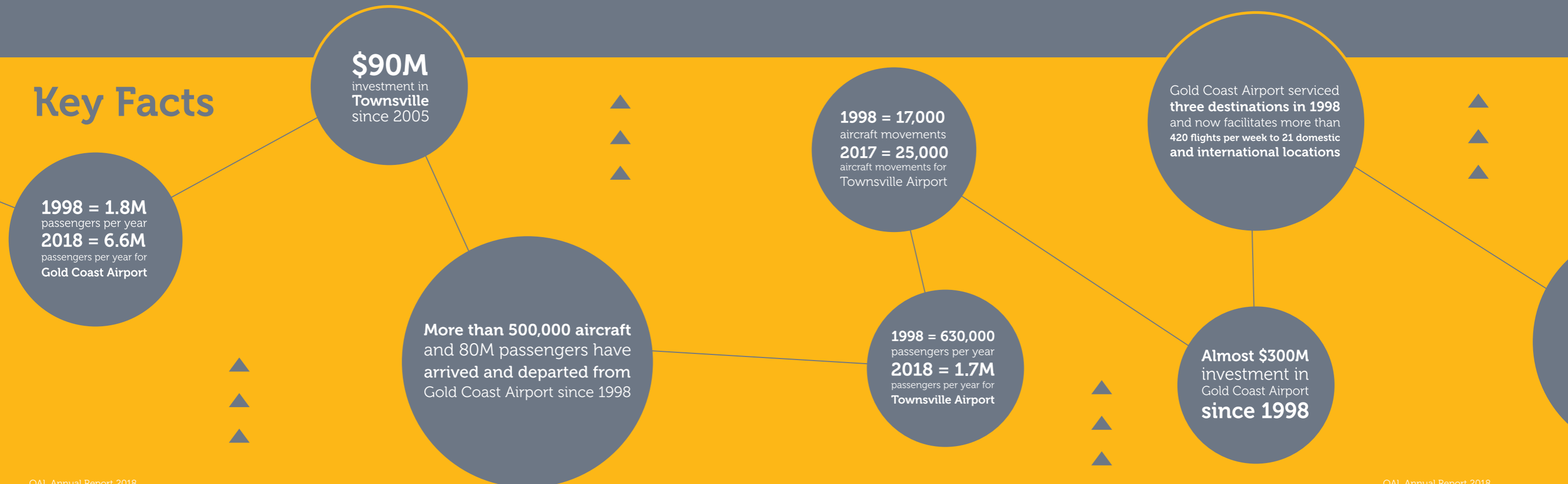
Accomplished operators

Our History

2018 marked an important milestone in the business, celebrating 20 years since privatisation of Gold Coast, Townsville and Mount Isa airports.



Key Facts





FY18 Highlights

Key highlights for the QAL group

Strategic Pillar	Highlights
Shareholder Value	A record year for passenger numbers with a 2.7 per cent increase to 8.5 million passengers
	Record EBITDA of \$94.9M
	Long term capital and refinancing strategy achieved
Customer Experience	Property strategy underpinned by Gold Coast Airport hotel planning
	Successful delivery and facilitation of Gold Coast 2018 Commonwealth Games, with a Games lounge created and entertainment program launched
	Gold Coast Airport's WiFi ranked as the fastest airport WiFi in Australia
Social Responsibility	Therapy dog initiative introduced in Townsville
	Distributed \$650K in sponsorship funds and community and charitable support to more than 63 organisations and initiatives
	Achieved level two carbon accreditation under Airports Council International's (ACI) airport carbon accreditation program in Townsville and level one in Mount Isa and Longreach
High Performing Workforce	Mount Isa won the Australian Airport Association (AAA) award for innovation and excellence in environmental management
	Record levels of employee engagement and participation in annual staff survey
	QAL internal mentoring program launched
Accomplished Operators	Diversity and inclusion embedded as part of our culture journey
	Successful delivery of multiple infrastructure projects across the business
	Data strategy driven implementation of new passenger flow tracking system
	Safety outcomes above Australian airport average



201 staff employed across the QAL group



Highest ever employee participation in Annual Staff Survey



Achieved level two ACI Carbon Accreditation in Townsville



ABOUT US

Queensland Airports Limited (QAL) is the largest regional airport operator in Australia. The Gold Coast, Townsville, Mount Isa and Longreach airports are all part of the QAL group.

Welcoming 8.5 million passengers per year, QAL is connected to the communities in which it operates.

Our Shareholders

QAL is a privately-owned company and its shareholders include superannuation and investment funds:

- The Private Capital Group Pty Ltd as trustee for The Infrastructure Fund
- Perron Investments Pty Ltd
- QAL Investments No.2 Pty Ltd as trustee for QAL Investments Trust
- STC Funds Nominee as trustee for the Project Cricket State Super Unit Trust
- State Street Australia Ltd as custodian for Sunsuper Superannuation Fund
- Allan Moss
- Lipno Investments Pty Ltd



Chairman's Message

QAL has great assets, a strong management team and an engaged workforce across our regional communities.

The 2018 financial year saw the nation's eyes on the Gold Coast, as the largest event staged in the country this decade arrived. Extended planning across the city, and the state of Queensland, culminated in the delivery of the 2018 Commonwealth Games of which we were all proud. The spotlight that shone on the city was bright at Gold Coast Airport, and had the potential to expose both achievements and any challenges associated with GC2018. There was a strong focus by the airport team on expanding capacity, improving efficiency and enhancing the passenger experience to ensure that, as the gateway to the host city, Gold Coast Airport provided a warm and welcoming first and last impression for the thousands of competitors, VIPs, spectators and media who passed through the doors during that period. Townsville Airport also played its part in the Games, with the city hosting the preliminary basketball rounds.

In the meantime, it was a busy year of planning and consultation for the delivery of improvement works across the four airports. In particular, redevelopment projects for Gold Coast Airport and for Townsville Airport will underpin passenger growth and improved customer experience for years to come providing suitable capacity for Townsville as the gateway to the North and for the Gold Coast, a globally recognised tourism destination for both domestic and international visitors.

The property strategy has continued to gain momentum this year on the Gold Coast. This strategy outlines a future development footprint for business both onsite at Gold Coast Airport and off-site land parcels, complementing our aspirations highlighted in the airport Master Plan. Of particular note is the hotel Major Development Plan (MDP), which was subject to community consultation this financial year and received strong support.

This development will be a significant catalyst for the transformation of the airport precinct.

We continued to foster our relationships with partners in the education sector this year. Collaborative working relationships with Griffith, Bond and Southern Cross universities on the Gold Coast, and with James Cook University in Townsville, have resulted in great outcomes. Work experience placements continued, and innovative collaborations took place in both locations providing students with real-world experiences while driving positive business outcomes for both Gold Coast and Townsville airports.

Employee engagement and development continues to be a key focus for QAL. We are committed to the ongoing development of our people, and consistently strong levels of engagement and enablement across the business reflect this intent and pleasing cultural change.

QAL's annual Community Benefit Fund continues to provide our local communities with the opportunity to gain funding for grassroots initiatives. It has been pleasing to see this fund go from strength to strength, providing support each year to a broad range of initiatives and groups in the community. Examples of support in 2017 included health and wellbeing initiatives in local schools, sound mixing equipment for the Mount Isa Theatrical Society, and grand stand seating at the Longreach show grounds.

I would like to take this opportunity to acknowledge my fellow board members for their efforts throughout the year. QAL has a very able management team, led by Chris Mills, and I look forward to continuing to support them in our pursuit of long-term value creation for our shareholders. I thank you for your continued support.

Annabelle Chaplain



CEO's Message

It is pleasing to report another record-breaking year for our business, with 8.5 million passengers passing through our airports. Gold Coast Airport recorded its best year ever, welcoming 6.6 million passengers. Townsville Airport benefited from stronger economic conditions, with a record 1.7 million people passing through the doors. The increasing strength of the resources sector assisted growth in Mount Isa, and Longreach Airport also reported increased numbers on the previous year.

The 2018 Commonwealth Games were staged on the Gold Coast in April. Several years of planning culminated in more than 3,500 athletes, officials and accredited media from 50 countries and territories across the Commonwealth travelling through Gold Coast Airport and tens of thousands of spectators. About 1,000 Games Family were processed through the airport on one day alone. The GC2018 Airport Lounge was designed and created to improve the experience for athletes, officials, sponsors and accredited media. In addition to this space, our Games ambassadors worked closely with GC2018 volunteers to welcome and assist passengers on arrival and departure. The airport also designed and delivered a lively entertainment program during this period.

Major projects were completed during the year to assist in managing the continual growth in passenger numbers. The largest project was an \$86 million airside upgrade, involving construction of a new apron and taxiway to expand capacity and improve efficiency. This included a 20,000sq m expansion of the apron area to facilitate parking for up to four additional aircraft. The Taxiway Charlie project has created a full parallel taxiway to the runway—reducing potential delays by allowing aircraft to reach parking positions more efficiently.

In Townsville, a \$10 million upgrade has expanded and resurfaced the airport's apron. The new apron provides parking for an additional two aircraft and a 33 per cent increase in capacity during peak periods. This project was jointly delivered by Townsville Airport and the Queensland Government's catalyst infrastructure program.

The major redevelopment projects at Gold Coast and Townsville airports, Project LIFT and Project Alive, remain a key focus for QAL. It is pleasing to see our passenger numbers at both airports continue to rise, but this in turn places pressure on significantly undersized terminals. Both projects are designed to improve efficiency and capacity, and enhance the passenger experience.

During the year we celebrated an important milestone for the Gold Coast, Townsville and Mount Isa airports—20 years since privatisation. Hundreds of millions of dollars have been invested by shareholders in these airports since then to provide critical infrastructure for communities, facilitate growth in passenger numbers and improve the customer experience.

I would like to thank the QAL Board, executive team and all employees for their continued support and dedication to our business.

Chris Mills



QAL Board



Annabelle Chaplain

Independent chairman, member of remuneration committee

- Non-executive chairman appointed January 2014
- Experienced company director with a strong background in financial services, infrastructure and mining-related companies
- Non-executive director of Downer EDI Ltd and of Seven Group Holdings Limited, chairman of Canstar Pty Ltd, director of Credible Labs Inc and The Australian Ballet



Ashley Kilroy

Non-executive director, member of the risk and audit committee

- Joined QAL in October 2012
- Former airline executive with more than 40 years' aviation management experience with TAA/Australian Airlines and Qantas
- Aviation Australia Pty Limited chairman, and non-executive director of Mildura Airport Pty Ltd



Nigel Chamier AM

Non-executive director, chairman of property development committee

- Joined QAL in April 2014
- 46 years' experience in property and infrastructure
- Director of South Bank Corporation, chair of Anzac Square restoration committee and Griffith University business advisory board member



Steven Fitzgerald

Non-executive director, member of the remuneration committee

- Joined QAL in March 2018
- Morrison and Co head of asset management, chair of Perth Energy, director of TransGrid and Perth Airport
- Previously held senior positions at Wellington International Airport, Infratil's European airports and Sydney Airport



Robert Lette

Non-executive director, chairman of the risk and audit committee

- Joined QAL in January 2005
- Consultant to and former partner of Mullins Lawyers
- Previously a director of Gardior Pty Ltd, chairman of The Infrastructure Fund and BUSS(Q) Building Super



Alan Mulgrew

Non-executive director, chairman of aeronautical and related infrastructure committee

- Joined QAL in March 2013
- More than 30 years' experience as a senior executive in Australia and overseas, including Perth and Sydney airports.
- Non-executive director of Adelaide Airport Ltd and CBH Group. Chairman of Western Power, Western Carbon, Australian Renewable Fuels Pty Ltd and Tourism Western Australia



Amanda McMillan OBE

- Joined QAL in August 2018
- Chair of Hobart International Airport since April 2018 and former chief executive officer AGS Airports Limited (United Kingdom)
- Awarded OBE for services to business and tourism in 2013

QAL Management



Chris Mills

Chief Executive Officer

- Joined QAL in 2014
- Almost 30 years' experience across tourism, leisure, retail, finance and property planning and development sectors
- Board member of the Tourism and Transport Forum, Australian Airports Association and Tourism and Events Queensland



Amelia Evans

Chief Financial Officer

- Joined QAL in 2016
- 20 years' experience across aviation, telecoms, FMCG and property development sectors
- Griffith University governor-in-council, chair of the Queensland National Trust audit and risk committee and board member of Currumbin Wildlife Sanctuary



Marion Charlton

Chief Operating Officer, Gold Coast Airport

- Joined Gold Coast Airport in 2008
- Domestic and international aviation experience, including Irish Airport Authority and Atlanta and Sydney airports
- Southern Cross University business school advisory board member, Currumbin Wildlife Hospital Foundation board of trustees member, Study Gold Coast advisory board member



Kevin Gill

Chief Operating Officer, Townsville, Mount Isa and Longreach airports

- Joined Townsville Airport in 2008
- More than 26 years' experience in the aviation industry in Australia and New Zealand
- Townsville Enterprise Limited chair and Queensland Futures Institute councillor



Adam Rowe

Executive General Manager Business Development and Marketing

- Joined QAL in 2017
- More than 11 years' experience in the aviation industry, holding senior management and executive positions with Virgin Australia and Tigerair Australia



Hamish McKellar

General Counsel and Company Secretary

- Joined QAL in 2014
- More than 20 years' experience as a corporate lawyer and company secretary



Carl Bruhn

Executive General Manager Property and Infrastructure

- Joined QAL in 2016
- More than 25 years' experience in the property industry, including senior roles with Lendlease and Villa World

SHAREHOLDER VALUE

- ▶ Growing market share
- ▶ Developing our non-aero business
- ▶ Focus on cost and yield



Shareholder Value

Financial Results

	2010	2011	2012	2013	2014	2015	2016	2017	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue	106,654	115,236	120,749	126,316	125,278	129,830	127,018	130,428	136,109
Operating Expenditure	47,022	46,344	44,122	48,366	45,588	45,646	38,911	39,033	41,188
EBITDA	59,633	68,892	76,627	77,950	79,690	84,184	88,107	91,395	94,921
Interest Revenue (External)	1,440	1,564	1,602	805	854	376	420	368	362
Interest Costs (External)	22,646	33,048	35,388	33,257	32,496	32,326	32,958	32,178	30,426
Depreciation, Impairment & Amortisation	21,898	21,718	22,267	29,449	31,535	28,595	29,364	23,788	33,741
Other Adjustments	(2,853)	(5,877)	1,740	17,821	858	8,331	13,838	(10,136)	1,541
Loan Note Interest	3,751	3,951	4,569	5,051	5,079	5,079	5,093	5,079	5,079
Income Tax Expense	3,679	1,183	1,161	5,314	4,317	6,429	9,805	6,039	8,129
Net Profit After Taxation	6,245	4,679	16,584	23,505	7,975	20,462	25,145	14,543	19,449
Dividends Declared	22,999	24,500	31,501	33,008	35,509	34,642	16,531	35,611	40,010

Market Share

Gold Coast Airport grew domestic market share compared to Brisbane in FY18—24 per cent of Gold Coast and Brisbane passengers now come through Gold Coast Airport.

Land Holdings – Gold Coast and Townsville

The long-term property strategy is designed to expand Gold Coast Airport's role as an economic and aviation hub in south east Queensland and northern New South Wales. This strategy seeks to complement the airport's primary aviation function, with high-quality business, education and lifestyle offerings.

Planning has progressed for the two prime parcels of land—Wollemi Place (5.1ha) and Border Park (11.2ha)—and the groundwork has been laid for future development.

In Townsville, property master planning of the Northern Enterprise Precinct has commenced. The property Master Plan seeks to take advantage of Townsville Airport's unique location in the middle of a growing North Queensland region.

Gold Coast Airport Hotel

Central to the property strategy is delivery of a high-quality hotel, located at the heart of the airport precinct.

A Major Development Plan (MDP) for the proposed project details plans to build a \$50 million Rydges-branded hotel with a rooftop bar and viewing deck. The MDP was lodged with the Minister for Infrastructure and Transport for assessment in May 2018.

Airport Central Commercial Leasing

Airport Central commercial hub, within the Gold Coast Airport precinct, has recorded growth in occupancy, with new tenancies including:

- Edge Early Learning child care centre (for 122 children)—1,686 sq m tenancy
- InTechnology Distribution—a 300 sq m tenancy

Airport Central is located on Eastern Avenue, adjacent to the Gold Coast Highway, and is home to Queensland Airports Limited and Gold Coast Airport's management office.

Financial year passenger numbers

	2018	2017	Growth
Gold Coast	6,596,784	6,484,678	1.7%
Townsville	1,670,143	1,576,500	5.9%
Mount Isa	195,799	182,208	7.5%
Longreach	33,747	32,231	4.7%
Total passengers	8,496,473	8,275,618	2.7%

\$

Cyber Risk Management

QAL's technology and innovation team led a deep and dark web scanning trial across several Australian airports. This trial involved the utilisation of a tool to search the internet for compromised accounts and vulnerabilities within company assets. The trial identified opportunities to strengthen QAL's protection against significant security breaches.

In FY19, we will continue to work with the other airport peers on a collaboration to identify and mitigate cyber security risks within the aviation industry.

Data

QAL has executed phase one of the data strategy this year as a key enabler in unlocking new insights. The desire to understand how we can use and interpret datasets we already have access to, along with the identification of new data needs, has seen the business accelerate its data strategy.


Data Domain	Use
<p>Airport Operating System (AOS) flight data is driving operational efficiency across Gold Coast and Townsville airports</p>	<p>The system manages the core operations of an airport including bay planning, resource allocation, flight management and flight information displays.</p> <p>The AOS platform provides single view real-time data, enhancing our decision-making ability.</p> <p>AOS enables new levels of automation based on direct data feeds from the airlines, Airservices Australia, ground handlers and airport management.</p>
<p>Investment in passenger flow technology at Gold Coast Airport is helping improve our customer experience by facilitating a seamless journey through key checkpoints (check-in, security and LAGS)</p>	<p>Passenger flow technology predicts queue length, waiting times and overall volume of passenger flow. This enables Gold Coast Airport managers to receive real-time notifications and can inform future terminal design.</p>



CUSTOMER EXPERIENCE

- ▶ Enhancing customer service quality
- ▶ Upgrade facilities
- ▶ Range of products and services



30  **65**
 AMBASSADORS IN 2016 AND IN 2018

ACROSS A FIVE-WEEK PERIOD COVERING BOTH EASTER HOLIDAYS AND GC2018, AMBASSADORS FILLED A TOTAL OF

405 SHIFTS

BETWEEN 19 MARCH–18 APRIL 2018



IN THAT PERIOD THE AMBASSADORS DEDICATED

100

VOLUNTEER HOURS IN THE GC2018 LOUNGE

Gold Coast Airport Ambassador Program

Gold Coast Airport launched its ambassador program in 2016, with 30 ambassadors on board to provide a welcoming experience to passengers traveling through Gold Coast Airport.

During FY18, the program more than doubled in size to 65 volunteers as the airport both prepared for, and facilitated, the thousands of international and domestic visitors converging on the city for the Gold Coast 2018 Commonwealth Games (GC2018). The Gold Coast Airport ambassadors were integral to the successful delivery of the Games.

The Gold Coast Airport ambassador program is made up of a diverse group of individuals, ranging in age and experience, with the collective desire to deliver outstanding customer service and be passionate advocates for the tourism industry.

Ambassador numbers continued to grow in FY18, with a clear focus on ensuring we had a robust team to assist in welcoming our 2018 Commonwealth Games visitors. The airport ambassadors played a key role in the delivery of exceptional customer experience during the Games period.



2018 Commonwealth Games

Gold Coast Airport welcomed more than 3,500 athletes, officials and accredited media from 50 countries and territories across the Commonwealth during GC2018, and tens of thousands more spectators. About 1,000 Games Family members were processed at the airport on one day alone—the 'mass departure' day, April 16 2018.

Gold Coast Airport designed and delivered a dedicated lounge space for Games athletes, officials, VIPs and accredited media. This lounge space was purpose-built and allowed Gold Coast Airport to manage passenger numbers in the terminal effectively during the Games period. The space look and feel was representative of the Gold Coast as a destination, with a beach and rainforest theme, and live entertainment was staged to create a memorable welcome and farewell for visitors.

The GC2018 Airport Lounge featured roving entertainment from local performers, Australian wildlife presentations from Currumbin Wildlife Sanctuary and music, as well as food and beverage options. It also boasted a big screen with live streaming of Games events.

A lively entertainment schedule was created for the Games period, providing a party atmosphere for all passengers travelling through Gold Coast Airport during the Games.

The feedback received by VIP guests experiencing the GC2018 Airport Lounge was overwhelmingly positive, with many saying they had never experienced such a warm welcome.

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About 1,000 Games Family members were processed at the airport on one day alone.

65 VOLUNTEER AMBASSADORS PROVIDED

1,500



HOURS OF CUSTOMER SERVICE

250 HOURS OF



LIVE
MUSIC



POP-UP
THEATRE



WILDLIFE
ENCOUNTERS

THROUGHOUT THE AIRPORT



Therapy Dog Introduced at Townsville Airport

For nervous flyers, time spent at a terminal can be a less than enjoyable experience—unless they meet Tink at Townsville Airport. Tink, an Alaskan Malamute therapy dog, has been lending a helping paw at the airport this year.

Townsville Airport teamed up with Sensitive Companions in April 2018 to launch the initiative aimed at improving the customer experience for passengers during peak times. The initiative provides therapy dogs to assist members of the traveling public who may be nervous flyers, or suffer from PTSD and anxiety. The initiative was born out of a review of the airport's customer experience strategy.

When Tink came to Townsville Airport, Sensitive Companions was the first therapy dog program within an Australian regional airport. Due to the initiative's success, there are now other dogs currently in training with Sensitive Companions, which will share the workload with Tink as the program grows.

Following on from the success of this program, the Gold Coast Airport team is working toward the introduction of a similar program during FY19.

Other Highlights

- The first GC2018 Official Shop was opened at Gold Coast Airport in August 2017. The opening coincided with the airport's announcement of Gold Coast 2018 Commonwealth Games sponsorship. The store remained open until the Games concluded and people came from across the Gold Coast to buy merchandise
- Townsville Airport, in collaboration with Lagardère Travel Retail and the Townsville Brewery, opened the doors to a new café and bar in the terminal, aptly named 'The Bar'. The venue, which has been styled similarly to The Brewery's Flinders Street site, offers delicious local brews, coffee and fresh breads and pastries by a local artisan baker
- The first stage of a new Public Address (PA) system was successfully rolled out into the departure areas of the Gold Coast Airport terminal. Combined with a new intelligent artificial voice system, the new PA system provides a high quality and reliable platform for airline announcements, which are delivered with high intelligibility and in multiple languages
- Gold Coast Airport appointed Heinemann to take over as duty free concessionaire for a seven-year term

Data

Improving our customer experience and value proposition at the airport terminals continues to be a key driver for our data strategy. FY18 highlights include:



Boarding pass data

Is identifying onward travel destinations and delivering new routes like Tigerair to Hobart.



New routes

Can be suggested based on travel patterns and behaviour of our passengers.



Immigration data

Is providing insight on the nationalities being processed through Gold Coast Airport.



Retailers

Can profile passengers to ensure their product offering is aligned with passenger preferences and demand.

Connectivity



Airline Highlights:

- AirAsia X celebrated its 10th anniversary in Australia, recognising Gold Coast–Kuala Lumpur as the first Australian route
- Tigerair celebrated its 10th anniversary in Australia, recognising Melbourne–Gold Coast as its first Australian route
- Tigerair launched four times per week seasonal services between Hobart–Gold Coast
- Scoot added a fifth weekly service between Singapore–Gold Coast
- Jin Air from South Korea operated four charter flights to the Gold Coast from Seoul Incheon in April 2018

SOCIAL RESPONSIBILITY

- ▶ Sustainable activities
- ▶ Collaborating with the community
- ▶ Economic drivers in our regions



Our Stakeholders



Local

- Domestic and international airlines
- Passengers
- QAL Group staff and contractors
- Ground handlers
- Retail operators
- Ground transport operators
- General aviation tenants
- Destination Gold Coast
- Townsville Enterprise
- Destination Tweed
- Destination Byron
- Southern Cross University
- Bond University
- Griffith University
- City of Gold Coast
- Tweed Shire Council
- Townsville Council
- Mount Isa Council
- Longreach Shire Council

State

- Queensland Government
- New South Wales Government
- Tourism and Events Queensland
- Tourism New South Wales
- Queensland Tourism Industry Council
- Destination North Coast
- Queensland Police Service
- New South Wales Police Service

National

- Federal Government
- Australian Federal Police
- Airservices Australia
- Aircraft Rescue and Fire Fighting Service
- Civil Aviation and Safety Authority
- Border Force
- Tourism Australia
- Australian Airports Association
- Tourism and Transport Forum
- Department of Infrastructure, Regional Development and Cities
- Committee for Economic Development Australia
- Financiers
- Shareholders

Community

- Community groups
- Business groups
- Local residents
- Media
- Social media followers

Our Communities

As the largest regional airport operator in Australia, QAL is committed to being part of, and contributing to, our local communities.

To that end, QAL is a dedicated supporter of local charity, community, tourism, arts and sporting organisations, distributing about \$650,000 in sponsorship funds and charitable support throughout Queensland and northern New South Wales each year.

Current sponsorships, partnerships and charitable support within each of our communities includes:

- 2018 Commonwealth Games
- Queensland Tourism Awards
- North Queensland Tourism Awards
- Gold Coast Business Excellence Awards
- Home of the Arts (HOTA)
- Tweed Business Excellence Awards
- Gold Coast Marathon
- Gold Coast Eisteddfod
- Bleach* Festival
- SWELL Sculpture Festival
- Gold Coast Media Club Awards
- Murwillumbah Festival of Arts
- Margaret Olley Arts Centre
- Glendi Festival
- Mount Isa Rodeo
- Townsville Running Festival
- Currumbin Wildlife Hospital Foundation
- Magnetic Island Race Week

QAL Community Benefit Fund

The QAL Community Benefit Fund, established in 2016, provides financial assistance to community-based initiatives in each of our regions.

The introduction of the Community Benefit Fund provides QAL with a vehicle to work closely with, and support, small initiatives that benefit the local communities. This assists the business to build brand awareness and reputation.

The fund provides cash grants to community groups and not-for-profits who provide health and wellbeing, safety, arts and culture, education, environment or other community benefit initiatives.

In 2017 there were 45 successful applicants including:

- Tugun Surf Life Saving Club
- Story Dogs
- The Sanctuary Women and Children's Refuge
- Australian Air Force Cadets
- North Barrier Branch Surf Life Saving Club
- Hervey Range Community Association
- Healy State School
- Dajarra State School
- Longreach Show Society
- Longreach State High School

Other Support

- QAL has long supported calls for reduced airfares in regional Queensland. During this financial year we supported airline partners Qantas and Rex (Regional Express) to each deliver community fare schemes for Mount Isa locals. These initiatives were designed to deliver airfare price reductions for locals, which QAL supported by reducing airport charges for each community fare sold in FY18
- Townsville Airport donated more than \$10,000 of airport landing charges to the NRL Cowboys House, after waiving landing fees for all additional services airlines added to their schedules to accommodate travel demand. Cowboys House provides supported accommodation for young Aboriginal and Torres Strait Islander students from some of North Queensland's most remote and educationally disadvantaged communities, allowing them to access education opportunities available in Townsville. A total of 15 additional flights were added to accommodate demand for North Queensland fans to attend the 2017 NRL Grand Final in Sydney.
- In addition to our sponsorship and charitable support, QAL is committed to ongoing engagement with our local communities, particularly those directly impacted by aircraft noise. The Airport Noise Abatement Consultative Group (ANACC) and Community Aviation Consultation Group (CACG) are well-established for this purpose. The ANACC is established at Gold Coast Airport only, due to the airport's proximity to residential property, and is focused solely on noise abatement discussion. The group is made up of representatives endorsed by local community groups, airport officials and aviation and government representatives. A CACG is established at both Gold Coast and Townsville airports, aimed at ensuring an effective exchange of aviation information between various parties. Membership is made up of airport officials, aviation and government officials, tourism and business leaders and local community representatives

Our Environment

Partnerships

- A focus on collaboration with local high schools has resulted in an increase in the facilitation of school tours and work experience across the diverse range of functions with the business
- Our proactive relationships with universities continued in FY18, offering internships across a broad section of the business. As a company with four generations within its workforce and a philosophical belief that education and development enhances sustainable employment, QAL is proud of the strong partnerships it has forged with key educational partners. QAL offers experiences and contribution opportunities to our educational partners and their student cohort, which can be tailored to their unique requirements
- QAL has become a partner of the Aerospace Gateway Schools Program. This program supports the growth and development of the aviation industry by providing opportunities for students to undertake workplace learning, school-based apprenticeships and traineeships, and full-time employment
- Southern Cross University (SCU) Hackathon was held this year, providing students with the opportunity to develop solutions to existing challenges at Gold Coast Airport. QAL secured significant industry support through a partnership agreement with Salesforce. 50 students across Southern Cross University, Bond University and TAFE Queensland took part
- Townsville Airport held its second annual Design Sprint event at Townsville Airport, in conjunction with James Cook University, with more than 170 students participating. The result of this event enabled Townsville Airport to implement a water-metering project resulting in significant operational savings
- University students and staff can now connect to their campus networks from both Gold Coast and Townsville airports following an agreement with AARNet (Australia's Academic and Research Network), the Australian operator of the Eduroam global wireless network access service for the research and education sector
- QAL partnered with Bond University to develop predictive data modelling
- MOUs continued this year with Griffith, Bond, James Cook and Southern Cross universities, and Gold Coast TAFE.

- Townsville Airport achieved level two airport carbon accreditation under Airports Council International (ACI) carbon accreditation program in October 2017, and after achieving level one in FY17 Gold Coast is working towards level two accreditation
- Mount Isa and Longreach airports achieved level one Airport Carbon Accreditation under ACI's Carbon Accreditation Program in February 2018
- A Magflow waste meter in Townsville, providing an annual rates saving of \$25,000, was installed in December 2017
- Installation of remote terminal water metering in Townsville was completed in April 2018, representing a projected annual saving of up to \$100,000
- Gold Coast Airport's rainwater harvesting system continued to supply approximately 40 per cent of the terminal's water needs
- In the first full year of operation for the solar panels at Mount Isa Airport approximately 41 per cent of the airport's power needs were provided
- In FY18 the solar panels at Longreach Airport provided approximately 74 per cent of the airport's power needs

Award Win

Mount Isa Airport won an Australian Airports Association (AAA) Innovation and Excellence award in environmental management for the solar array and ground transport enhancement project completed in FY17. The project delivered an increase in carparks, shade structures for the carpark and associated walkways, changes to front-of-terminal traffic flow, access control gates and the installation of 820 solar panels. The project represented an investment of \$3.5 million by QAL.

HIGH PERFORMING WORKFORCE

- ▶ A common mission
- ▶ Supporting success and being accountable
- ▶ A diverse, skilled and capable team





During FY18 QAL focused on strengthening our internal foundation programs, processes, and implementing new initiatives and process improvements.

Highlights include:

- Establishing a learning environment where we partner with the community, including offering our employees development opportunities
- Launched *Mentoring@QAL* program, designed to foster inter-department relationships and provide mentor and mentee opportunities for all staff. This program will allow QAL to harness and transfer the extensive wealth of knowledge, skills and experience we have within the business
- Introduction of the *Breakfast Club*, a monthly gathering of middle management aimed at assisting and equipping individuals to be effective managers. The meeting is held over breakfast and includes a different management topic each month with guest speakers
- Launch of the *Live Well* program, providing staff with flexible work opportunities, along with the implementation of paid maternity and top up paternity leave
- *Going for Gold* reward program was launched successfully in the lead up to the 2018 Commonwealth Games, acknowledging staff who went above and beyond the requirements of their role to support co-workers and the business. The monthly acknowledgment involved provision of tickets to the Commonwealth Games
- Diversity and inclusion is becoming a key focus and driver of cultural change, and QAL is committed to supporting a culture of equity, inclusion and diversity
- QAL participated in the annual WGEA (Workplace Gender Equity Agency) survey in 2016/2017. The 2017 report showed an improvement in closing the overall gender pay gap by 2.5%.

Award Win

QAL's Corporate Relations team won the Best Social Media Campaign award at the 2018 Gold Coast Media Club awards. The Corporate Relations team captured all the colour and movement as tens of thousands of athletes, officials and spectators travelled to and from the 2018 Gold Coast Commonwealth Games via the Gold Coast Airport GC2018 Airport Lounge.

QAL people demographics					
Company	EMP Numbers	Male	Female	Avg Tenure Male	Avg Tenure Female
QAL	78	40	38	3.25	4.50
Gold Coast	88	49	39	7.49	6.24
Townsville	23	15	8	5.51	4.91
Mount Isa	8	5	3	5.03	5.20
Longreach	4	3	1	4.24	6.16
Totals	201	112	89	5	5.4

UNDERSTANDING OUR EMPLOYEES PROVIDES VALUABLE INSIGHTS



ENGAGEMENT INCREASED TO **75%**

81% HIGHEST EVER EMPLOYEE SURVEY PARTICIPATION

ENABLEMENT INCREASED TO **74%**

ACCOMPLISHED OPERATORS

- ▶ Capacity management
- ▶ Safe and secure places
- ▶ Efficient and effective operations



Workplace Health and Safety

A group-wide workplace health and safety audit to evaluate current practices and procedures and identify areas for continuous improvement was conducted this year.

Security and Emergency Planning

Townsville Airport's annual emergency exercise was held in October, involving the simulated crash of an aircraft into water. Dubbed Exercise Titan, it was the largest emergency exercise ever staged by Townsville Airport. The exercise represented eight months of planning and involved more than 150 participants, representing more than 15 organisations.

The Aviation and Maritime Security division conducted an annual audit of Townsville Airport, assessing compliance to the Aviation Transport Security Act and associated regulations. The audit reported zero non-compliances.

Gold Coast Airport participated in and led several tabletop exercises with onsite partners this year. A field exercise will take place in FY19.

Gold Coast Airport Carpark Upgrades

Gold Coast Airport's equipment upgrade included the replacement of all entry and exit terminals and gates, upgrading all credit card readers and completing an operating system upgrade. The upgrade was required to ensure the airport's carpark equipment remained effective and efficient by replacing end of life equipment, however the upgrade also improved the customer experience with a faster and more streamlined payment device. The upgrade was completed in October 2017.

Gold Coast Airport's premium and terminal carparking offerings were both expanded, with premium growing from 63 to 92 spaces and the terminal carpark expanded from 959 to 1082. These works were completed in October 2017 and the additional space was quickly utilised, with both carparks reaching capacity several times soon after opening.

SkyBus Launched Services at Gold Coast Airport

SkyBus launched its transport services from Gold Coast Airport in December 2017—ready for the peak holiday season demand.

The airport provided a kerbside rank within the taxi rank for SkyBus to operate their distinctly branded fleet of purpose-built airport transfer buses.

Investing in Tomorrow

Project LIFT

The civil works component of Gold Coast Airport's Project LIFT (southern terminal expansion) was completed in March 2018. These works involved the clearing of vegetation to accommodate the new terminal footprint, bulk earthworks, redirection of a major surface water drain and construction of a new construction access road off the Gold Coast Highway.

A 20,000 sq m expansion of the apron area to facilitate up to four additional aircraft was completed in April 2018. This work was part of stage one Project LIFT works. The addition of these positions was essential to accommodate the future terminal expansion.

As part of this project, work has also commenced this financial year on ground transport infrastructure. These works will ensure the airport is equipped to facilitate the future growth of ground transport activities for the next 20 years. The construction commencement of a new access road between the LIFT expansion area and the future hotel will provide access to the proposed ground transport interchange facility. Once complete, this facility will become the new passenger pickup location for buses, taxis, ride share operators and other ground transport operators.

Sustained passenger growth over recent years underpins the need for Project LIFT, with the existing terminal facility now undersized to adequately facilitate growth. Gold Coast Airport passenger numbers are projected to grow to 16.3 million passengers per annum by 2037, and Project LIFT is designed to meet the capacity and efficiency requirements over the coming years.

Project Alive

The Townsville Airport terminal redevelopment, called Project Alive, saw an early works package completed which included the refurbishment of amenities in the baggage claim area and relocation of the car rental booths.

The last significant terminal upgrade in Townsville occurred in 2003. The future stages of the project will see the capacity of the departure lounge area doubled and innovative check-in and automatic bag-drop facilities installed, ensuring the airport has the capacity to accommodate passengers in peak times and grow passenger numbers into the future.

The need for this Townsville Airport project has only intensified recently, with passenger numbers increasing 5.9 per cent to 1.7 million in the past financial year.

20,000 SQM
EXPANSION OF THE APRON AREA
AT GOLD COAST AIRPORT
TO FACILITATE UP TO
FOUR 
ADDITIONAL AIRCRAFT
WAS COMPLETED IN APRIL 2018

CONSTRUCTION OF THE
 **FOUR STAR**
HOTEL
IS EXPECTED TO COMMENCE IN LATE 2018



\$10M

upgrade that expanded
and resurfaced Townsville
Airport's apron



The expansion
provides up to
33% more capacity
during peak times



Instrument Landing System (ILS)

Preliminary civil works on the ILS project were completed in April 2018 by Gold Coast Airport, on behalf of Airservices Australia.

During this period Airservices Australia progressed with the procurement of the ILS equipment and the preparation for the delivery of foundations and associated infrastructure to enable the installation and commissioning in FY19.

Taxiway Charlie

A full parallel taxiway to the Gold Coast Airport runway has been delivered this year—Taxiway Charlie.

Taxiway Charlie has reduced potential delays by allowing aircraft to reach parking positions more efficiently. Construction on the taxiway commenced in September 2017 and was completed in March 2018, in time for the 2018 Commonwealth Games.

Joint Use Hydrant Installation (JUHI)

Continued growth at Gold Coast Airport over time has resulted in the facility outgrowing the aircraft refueling infrastructure, and taxiway widths have restricted the ability to implement a more efficient layout of aircraft parking.

Delivered in two stages, the JUHI project will increase the current aircraft parking capacity by four Code C spaces. Given the size and extent of the Project LIFT footprint, it was necessary to have these additional spaces to facilitate the anticipated passenger growth. Stage 1 was constructed and commissioned in March 2018, with Stage 2 completion anticipated in November 2018.

Townsville Airport Apron Expansion

A milestone in the redevelopment of Townsville Airport was reached, with the delivery of a \$10 million upgrade that expanded and resurfaced the airport's apron.

The upgrade included an 18,000 sq m expansion of the apron area to facilitate parking for up to two additional aircraft, providing up to 33 per cent more capacity at peak times.

The apron project was jointly funded by Townsville Airport and the State Government, with the airport contributing \$1 million and the balance funded by a loan under the Queensland Government's catalyst infrastructure program.

Technology and Innovation

Gold Coast Airport installed the first 360-degree CCTV camera in the country during FY18. This improves visual surveillance of the terminal and results in an operational cost reduction due to less cameras being required.

Development of internal systems was also progressed as a key priority. The adoption of Security Data System (SDS) and Visitor Management System (VMS) are two examples of QAL's commitment to enhance the management of airport security operations.

The introduction of Fixx asset management software at both Gold Coast and Townsville airports has assisted with the streamlining of maintenance schedule workflows. Based on this success, there are plans to roll out further in Mount Isa and Longreach in the future.

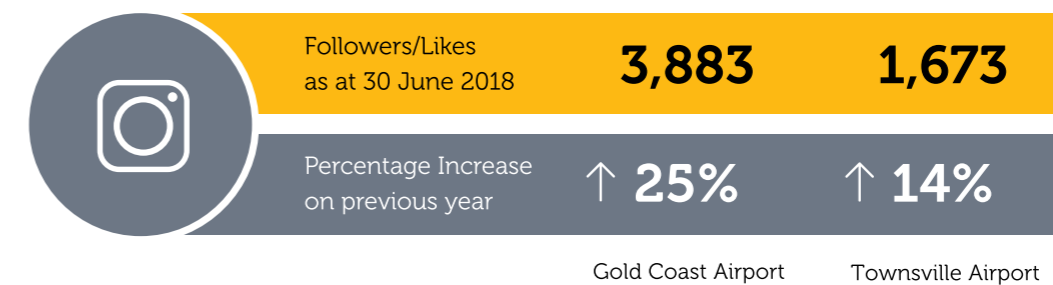
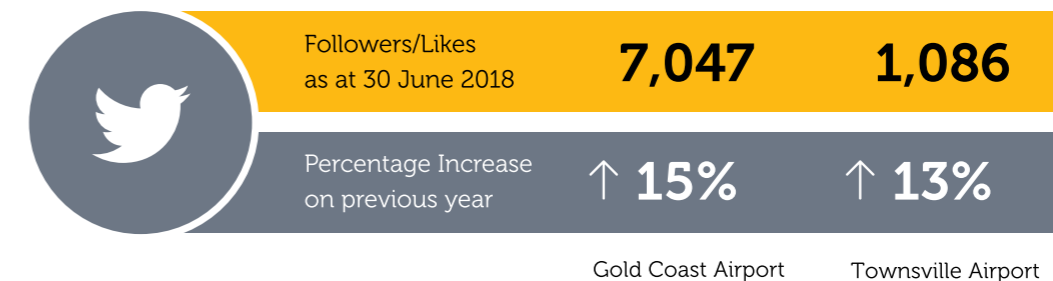
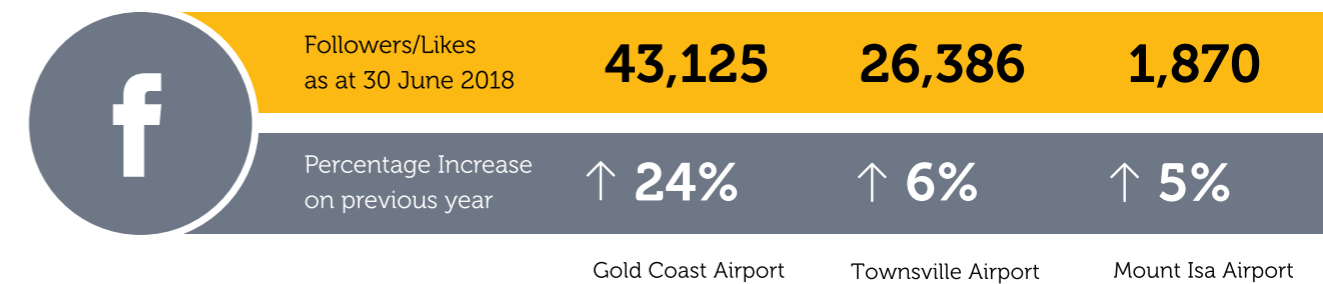
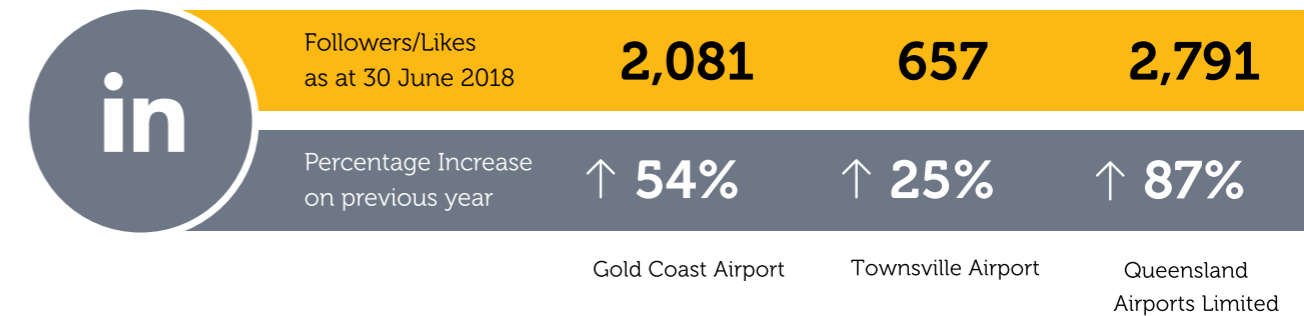


Media Highlights

Traditional Media

Media Coverage					
Airport	FY 17 Volume	FY18 Volume	Increase YoY	Content Highlights	Sentiment
Queensland Airports Limited	162	406	201%	Strong monthly passenger numbers	Positive 61%
				Support for lower regional airfares	Neutral 28%
				Townsville Airport redevelopment (Qantas and QAL discussion)	Negative 11%
Gold Coast	1938	2230	15%	2018 Commonwealth Games sponsorship	Positive 34%
				2018 Commonwealth Games passenger facilitation	Neutral 42%
				Strong monthly passenger numbers	Negative 24%
Townsville	848	2517	29%	Townsville Airport redevelopment	Positive 28%
				Passenger numbers	Neutral 56%
				Apron upgrade	Negative 16%
Mount Isa	90	331	75%	Passenger numbers	Positive 51%
				Airport supports discount airfares for locals	Neutral 48%
				Carbon accreditation	Negative 1%
Longreach	84	145	73.8%	Passenger numbers	Positive 57.5%
				Airport supports lower airfares	Neutral 42.5%
				Carbon accreditation	Negative 0%

Social Media



Looking Ahead

Key priorities for the QAL group in FY19

Strategic Pillar	Key Performance Indicator
Shareholder Value	Grow domestic and international market share
	Secure new routes
	Optimise commercial revenue opportunities
	Deliver property strategy
	Optimise capital strategy
Customer Experience	Data analytics transformation
	Project LIFT development
	Project Alive development
	Improve ASQ survey results
	Introduction of Aviramps at Gold Coast Airport
Social Responsibility	Introduction of a therapy dog at Gold Coast Airport and expansion of the initiative in Townsville
	Introduce terminal entertainment program at Gold Coast Airport
	Execute on Innov8 CX related initiatives
	Level two ACI carbon accreditation for Gold Coast Airport, including the development of an emissions reduction plan
High Performing Workforce	Level three ACI carbon accreditation for Townsville Airport
	Improve social media and media sentiment
	Expand innovation partnerships
	Continued improvement in staff engagement
Accomplished Operators	Culture programs of work
	Diversity and inclusion philosophy and action
	Enterprise bargaining agreement
	Deliver major projects on time and on budget
Accomplished Operators	Ongoing Civil Aviation Safety Authority (CASA) compliance
	Enhance reputation as an accomplished operator
	Asset Management System



Queensland
Airports LIMITED