

Airport Infrastructure Development : Future Outlook in a Changing Market

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Good day and thank you for inviting me. Yes I took off Russell – made a remark to me – can you not afford a tie? And it was not to offend you, but I took my tie off seven years ago Russell, because I want to do business with my head and my heart and a tie splits my head from my heart, so that makes it fairly difficult. But that is the difference perhaps with Sydney Airport as well, so. [Laughter]

Brisbane Airport is privately owned since '97 and is 70 percent owned by Australian Superannuation Funds – so the Australian Mums and Dads own us, and perhaps you own us – so I have to be very polite to you because you might own me.

Now I have to work out how this works, the 'F' will be for 'Forward', so let's go – oh, that is not it, try it again – on the side okay. Good thank you very much.

My first slide, what have we done to date? To date we have invested about \$1 billion already and what we will do, now it is not really working in my heart – sorry. In the future the coming seven to eight years, we will invest another \$2.2 billion. That is in terminals and our roads and of course a new parallel runway. On top of that we are perhaps the largest property developer in Queensland and we have namely, a stock of spare land for commercial development of circa 1,000 hectares – that's bigger than Sydney Airport, that we have spare. So we are quite active at the moment. This is all based upon growth. You heard already before that the growth in aviation is quite substantial and over the last ten years we had a lot of dramas that affected aviation – September 11, but we had first the Asian crisis and the collapse of Ansett, the Iraq War, etc. and SARS, but in spite of that we were growing over 10 years with more than 70 percent in total and that's quite substantial.

Now let's go to each of the projects – we have namely four major projects and each of the projects are based of course, on this growth. Let's start with the first one and I was reading in the BRW on my way here, I was reading this article of Gary Weaven, the Chairman of Industry Funds Management and I quote him, he was making a remark about how we plan and how we discuss and how it goes in the political environment here, 'Frankly' I quote 'if it takes us 20 years to have a full debate about whether or not we can have a second airport in Sydney and at the end of that we conclude that basically we can't or we haven't found a way to do it, while China thinks about how they are going to do 50 airports in the coming five years.' That basically tells you the story basically tells you the story where we are. So if you think it is easy, an easy job to get an approval for a runway, what has basically created the capacity of an international airport, if you achieve that, then I can guarantee you that's very difficult wherever in

the world, perhaps less difficult in China. But here, it is very difficult. But we got approval two weeks ago and I'm very proud of this. The approval was based upon the fantastic support we got from the tourism industry and the business community, but also from all sides of politics and if bring back my memory to our first master plan where we announced the plans for our parallel runway, we got 4,500 people protesting against us. The second master plan, we improved our plans a bit, but still the same parallel runway and we got 2,000 remarks, subscriptions and the like and at the actual major development plan, so the actual plan asking for the approval based upon environmental impact studies, and these studies are about one metre high, you have to understand. So that costs you about \$30 million to do, but based upon that, we got 196 people reacting on it of which 22 were positive, so the rest apparently, was only 170 remarks protesting against the parallel runway. That means that we got a significant support for these ideas. Even in the letter approving this, Mark Vaile, the Deputy Prime Minister made us a lot of compliments. But it is vital of course that we resist now any populist, or simplistic call for curfews. In Brisbane we don't need a curfew and frankly our shareholders could not accept to build it if it was imposed or even if there is a threat that it will be imposed. We have extensive buffer zones of six to seven kilometres between the end of the runway and the first residential areas, and we will be able, especially at night, to use the Moreton Bay, the water, to use that for landing and departing aircraft. Now already at night we are close to 90 percent of operation over the bay, so that can only improve.

Let's go to the next one, okay, this is the international terminal when it is built and it is already half completed. It is a \$350 million investment and remember, it is all private money, not a cent of taxpayers money, but that counts for the more than \$2 billion that we have to invest. It will increase our capacity on several ways and it is of course, based upon sustained record growth – more gates, more check ins, more baggage capacity and of course, more retail. On the top of our concourse, the end, Emirates will have a first and business class lounge that will be directly connected with a separate third bridge to the Airbus 380, what they plan to have in operations, on Brisbane in the future. So if they wouldn't invest this money, if they wouldn't believe that Brisbane is a very vital part of their network, they wouldn't invest extensive money in a lounge directly connected to their Airbus 380 operations. The international terminal you see here is planned to do that in module steps, and this project, the first step of the expansion of the international terminal itself and the concourse, will be ready in September next year and will set new standards despite the fact that perhaps we all think that we set new standards, Russell. But you are invited to the opening and you will be surprised. [Laughter]

The domestic terminal is due as well, it has reached its capacity and you know it is all based on the tremendous growth in Queensland where a lot of people move in still, despite the fact that we have some problem with water but we've got on top of that, the growth is still very solid. We will announce our plans shortly after having discussions in our board of course, and what we are thinking at this very moment, that instead of splitting the roads in two, in an arriving and departing road, we think about to split the passengers, to bring the passenger from the road directly up to a plaza and leave the roads at ground level. We think that adds more capacity to our road infrastructure than the other way around, where you split the roads over two levels. I don't have an artists impression of that, but next time you invite me, I might have it – if you are still interested of course.

The next project is this one, where you see in blue the new motorway and the duplication of the Gateway Bridge – that is a State investment in road infrastructure and the yellow, that is our part. There will be a new access to Brisbane Airport and that brings the opportunity to us, to upgrade our road infrastructure. It will be uninterrupted without any roundabout, uninterrupted traffic from the (in red) State-owned motorway, to (in blue) the motorway on the airport that is invested by us. I have to say also there, this will be the biggest privately owned road in Australia – it's about a project of \$220 million and 60 percent of the cost will be carried by our passengers and 40 percent, investors in the airport, investors in property on the airport.

Last but not least, yes, a bit about privatisation. Privatisation has delivered in our opinion, but airports want to have certainty. I think certainty in policies, in regulations and in the principles of the approval processes. Airports or private owners cannot invest without it. A runway is a good example. Why would we invest if somebody says they may impose a curfew later on? We believe there needs to be a fair and objective set of criteria for things like curfews, which Brisbane Airport would be happy to subject itself, but politicians should not be able to pick and choose airports to score cheap political points by calling for a curfew. Any rational test would show it's unnecessary. We believe we would pass that test of course. We also believe that good integrated planning at a local, state and federal level is necessary. For too long I heard local governments have thrown up their hands and claimed airports are a law unto themselves, rather than reaching out to the hand that is reaching out to them to make good long term planning decisions based upon the best interests of the community and the economy, rather than fighting yesterday's war on airport planning. I cannot believe the federal government will ever give up their authority to plan and they have shown, the federal government, that they have done it very well in the last ten years. But I think there is a model without giving up control where the three levels of government work closely together with the airports in their communities to achieve goals in common interest. The model of Australia Trade Coast, that's the model of South East Queensland, that's the area where the airports and the ports jointly together are used as an area called Australia Trade Coast and where integrated planning is done on a partnership basis and that's quite successful. That model can be used by anybody and it is better than fighting over who wants, or who will have control.

The steady flow of approvals is the last remark – what we need. Until now, I must say compliments to the federal government; they have done a terrific job. They have approved the plans we have thrown to them very quickly, but I hope that will stay into the future.

Thank you very much.

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