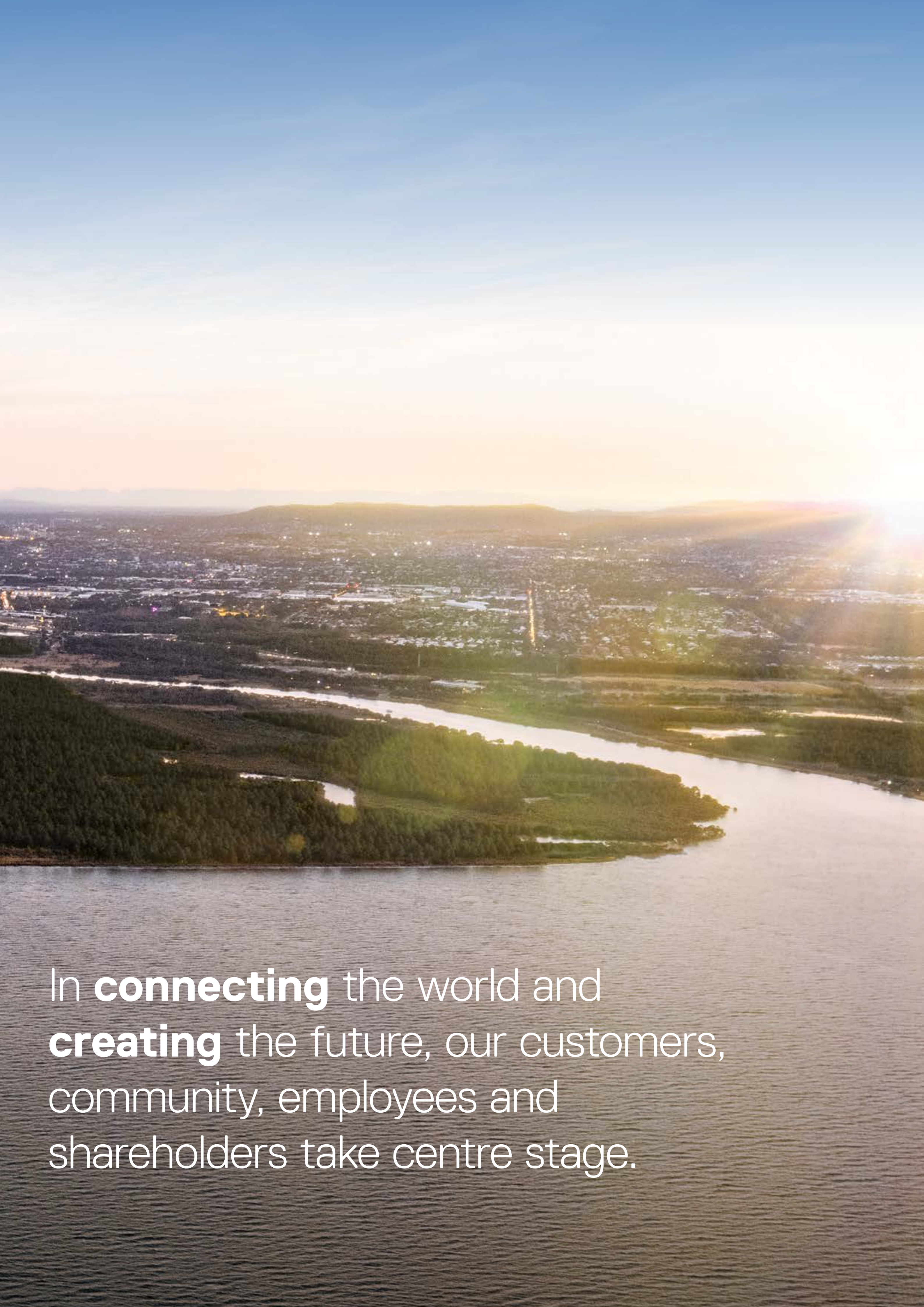
connect the world. create the future.

BRISBANE AIRPORT CORPORATION

ANNUAL REPORT 2019

BAC Holdings Limited ACN 108 568 038



In **connecting** the world and **creating** the future, our customers, community, employees and shareholders take centre stage.

2012-2014

Site preparation and reclamation works commenced 30 July 2012. This involved clearing the 360 hectare site, installing 330,000 vertical wick drains into the underlying soil, and dredging 11 million cubic metres of sand to place on the site.

Acknowledgement of Country

In keeping with the spirit of reconciliation, Brisbane Airport Corporation respectfully acknowledges the Turrbal people, the Traditional Owners of the land on which Brisbane Airport stands and pays respect to their Elders past, present and emerging.

Front cover render: Brisbane's new runway

2015-2017

Due to the extremely poor soils of Brisbane's new runway site, the sand was left to settle for three years. Site preparation and reclamation reached completion in May 2017.

2018-2020

The airfield works began to take shape in 2018, with joint venture contractor, Skyway commencing landscaping, lighting, and the pavements for Brisbane's new runway and its supporting taxiways.

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ABOUT US

Brisbane Airport Corporation Pty Limited (BAC), the operator of Brisbane Airport (BNE), is a private, unlisted Queensland company that proudly takes on the challenge of connecting Australia to the rest of the world every day. Our passion and perseverance has cemented BNE as Queensland's most important transport hub, Australia's third busiest airport, and a port that is well on its way to becoming Australia's best gateway.

At BAC, we believe our role extends beyond simply providing effective and efficient aviation services and facilities. It is also about connecting people and building a place where our community can work and play – a precinct that fosters cultural growth and a hub that builds opportunities for our great city and state.

We shape Queensland's future, helping employ thousands of people and creating economic benefit equating to more than $4 billion annually, thriving on the knowledge that we are guiding BNE towards a bright future.

In connecting the world and creating the future, our customers, community, employees and shareholders take centre stage:

Community: what we do impacts our region – and vice versa. By focusing on balancing the benefits of our airport (connecting people and boosting our economy) with the challenges (the impact of growth on our neighbours), we earn our licence to grow. An open and honest relationship with our community is key.

Customers: without our customers we wouldn't be where we are today. By creating and innovating with them in mind, our services can be better, safer, more sustainable and future focused.

Employees: their passion for building the future of BAC is the fuel in our engine.

Shareholders: our shareholders believe in us and want us to succeed. By creating value for our employees, customers, and community, we create sustainable value for our shareholders as well.

OWNERSHIP STRUCTURE

25%	QIC
17%	Colonial First State Global Asset Management
19.8%	ifm Investors
19.6%	Schiphol Group
7.0%	UniSuper
4.9%	mtaa super
3.9%	CommonwealthBank GroupSuper
1.5%	sunsuper
1.3%	equip

VALUES

To deliver our vision we have anchored our culture in four values:

- Collaboration
- Communication
- Courage
- Care

STRATEGY

As a business, BAC is driven by four strategic pillars that help us focus on the important activities that enable us to reach our strategic goals and create value today and in the future.

The pillars of our strategy are:

- GROWING AVIATION MARKETS
- PIONEERING CONSUMER EXPERIENCES
- BOOSTING PROPERTY DEVELOPMENT
- SUPERCHARGING OUR EFFICIENCY

85 DESTINATIONS*

51 DOMESTIC
34 INTERNATIONAL

LESS THAN
20KM
TO BRISBANE CBD

34 AIRLINES*

OPERATING **24/7**
365 DAYS A YEAR

388
BAC **EMPLOYEES**

148 FEMALES
& 240 MALES

MORE THAN
425 BUSINESSES
LOCATED AT BNE
PROVIDING NEARLY
24,000 JOBS

FORECAST OF
JOBS BY 2029 50,000

CONTRIBUTION TO QLD ECONOMY

CONTRIBUTION TO AUST ECONOMY

* **Current at time of printing**

BNE OPENED IN

1988

IN ITS CURRENT LOCATION

BEST AIRPORT

IN AUSTRALIA/ PACIFIC

2019, 2017 AND 2016 SKYTRAX WORLD AIRPORT AWARDS

BRISBANE AIRPORT

IS A SUBURB IN ITS OWN RIGHT

WORLD'S TOP 100 AIRPORTS

RANKED 18TH

LARGEST

CAPITAL CITY AIRPORT

IN AUSTRALIA BY LAND SIZE

23.8M+

PASSENGERS IN FY19

THIRD-LARGEST

AIRPORT IN AUSTRALIA

BY PASSENGER NUMBERS

28

BEEHIVES ON AIRPORT

285

HECTARE BIODIVERSITY ZONE

BRISBANE AIRPORT – CONNECTING THE WORLD

458

Average daily domestic flight movements (excl weekends) in FY19

110

Average daily international flight movements (excl weekends) in FY19

212,301

Total flight movements
3,706 average weekly movements

PASSENGERS

International passengers for FY19:	6,196,078 (+4.5%)
International seats for FY19:	8,324,363 (+2.3%)
Domestic passengers for FY19:	17,586,545 (+0.5%)
Domestic seats for FY19:	22,193,099 (+0.2%)
Total passengers for FY19:	23,782,623 (+1.5%)
Transits/transfers in FY19:	216,191 (-3.2%)

FREIGHT

52,635 tonnes international imports in FY19 (+7.2%)

76,585 tonnes international exports in FY19 (+4.9%)

NEW AIRLINES IN FY19

Samoa Airways (Apia)

Thai AirAsia X (Bangkok)

NEW DESTINATIONS IN FY19

Munda, Solomon Islands

Uluru

Dubbo*

Wollongong*

*Caveat *resumed*

BRISBANE AIRPORT –
CONNECTING THE WORLD (CONTINUED)

Brisbane Airport has a geographical advantage over other major Australian state capital city gateways, being closer to the USA and several major Asian ports. From an import and export perspective, Brisbane is the shortest flight between an Australian state capital city and the major freight distribution hubs of Hong Kong, Guangzhou and Shanghai.

As a gateway, Brisbane sits at the fulcrum of Polynesia and Melanesia, enabling Asian businesses to access Australia's broadest network in the South Pacific, from Port Moresby in Papua New Guinea to Apia, Samoa and as far south as Dunedin in New Zealand.

BNE is Australia's most domestically connected airport, with 51 Australian ports on its network and in extraordinary proximity to some of Australia's best tourism spots located within two hours or less of flying time, including the Great Barrier Reef, the Gold Coast, the Sunshine Coast, and outback Queensland.

34 INTERNATIONAL PORTS

North Asia

- Beijing (PEK)
- Guangzhou (CAN)
- Hong Kong (HKG)
- Seoul (ICN)
- Shanghai (PVG)
- Shenzhen (SZX)
- Taipei (TPE)
- Tokyo (NRT)

South-East Asia

- Bangkok (BKK)
- Denpasar (DPS)
- Kuala Lumpur (KUL)
- Manila (MNL)
- Singapore (SIN)

Middle East

- Abu Dhabi (AUH)
- Dubai (DXB)

America/Canada

- Chicago (ORD)
- Honolulu (HNL)
- Los Angeles (LAX)
- San Francisco (SFO)
- Vancouver (YVR)

South Pacific

- Apia (APW)
- Espiritu Santo (SON)
- Honiara (HIR)
- Munda (MUA)
- Nadi (NAN)
- Nauru (INU)
- Noumea (NOU)
- Port Moresby (POM)
- Port Vila (VLI)

New Zealand

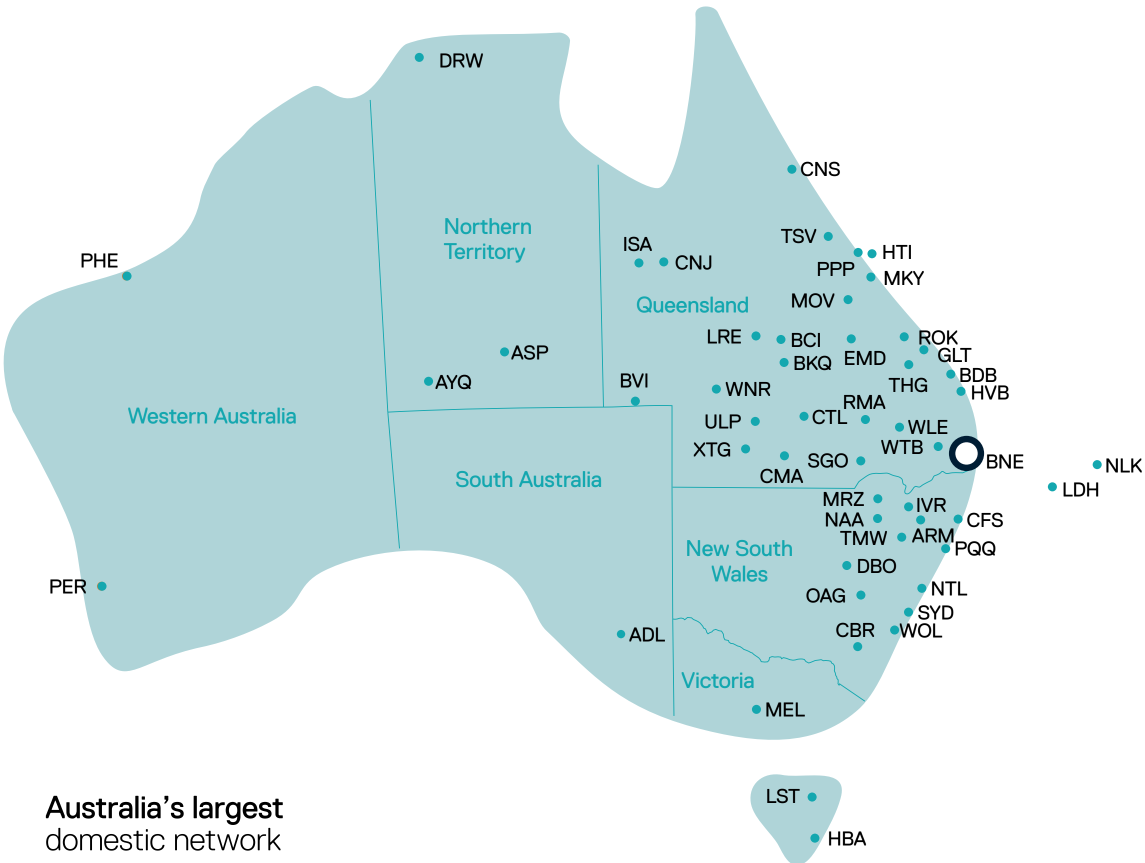
- Auckland (AKL)
- Christchurch (CHC)
- Dunedin (DUD)
- Queenstown (ZQN)
- Wellington (WLG)

AirAsia
Air Canada
Air Niugini
Alliance Airlines
China Airlines
China Southern Airlines
Etihad
Fiji Airlines
Aircalin
Air New Zealand
Air Vanuatu
Cathay Pacific
China Eastern Airlines
Emirates
Eva Air
Fly Corporate
Hainan Airlines
Jetstar
Malaysia Airlines
Nauru Airlines
Qantas/ QantasLink
Royal Brunei Airlines
Singapore Airlines
Thai Airways
Virgin Australia
Hawaiian Airlines
Korean Air
Malindo Air
Philippine Airlines
Rex
Samoa Airways
Solomon Airlines
Tigerair

51 DOMESTIC PORTS

Queensland (27 ports)

Barcaldine (BCI)
Biloela (THG)
Blackall (BKQ)
Birdsville (BVI)
Bundaberg (BDB)
Cairns (CNS)
Charleville (CTL)
Cloncurry (CNJ)
Cunnamulla (CMA)
Emerald (EMD)
Gladstone (GLT)
Hamilton Island (HTI)
Hervey Bay (HVB)
Longreach (LRE)
Mackay (MKY)
Miles (WLE)
Moranbah (MOV)
Mount Isa (ISA)
Proserpine (PPP)
Quilpie (ULP)
Rockhampton (ROK)
Roma (RMA)
St George (SGO)
Thargomindah (XTG)
Toowoomba (WTB)
Townsville (TSV)
Windorah (WNR)



Australia's largest
domestic network

New South Wales (14 ports)

Armidale (ARM)
Coffs Harbour (CFS)
Dubbo (DBO)
Inverell (IVR)
Lord Howe Island (LDH)
Moree (MRZ)
Narrabri (NAA)
Newcastle (NTL)
Norfolk Island (NLK)
Orange (OAG)
Port Macquarie (PQQ)
Sydney (SYD)
Tamworth (TMW)
Wollongong (WOL)

Northern Territory

Alice Springs (ASP)
Ayers Rock (AYQ)
Darwin (DRW)

South Australia

Adelaide (ADL)

Australian Capital Territory

Canberra (CBR)

Western Australia

Perth (PER)
Port Hedland (PHE)

Tasmania

Hobart (HBA)
Launceston (LST)

Victoria

Melbourne (MEL)

CHAIRMAN'S MESSAGE

Financial Year 2019 was, once again, a successful one for BAC Holdings Limited. The performance of the airport, and broader business, reflects the continued investment made in the people, infrastructure, and services that contribute so much to the Queensland economy and community.

Financial Results

On the back of strong passenger numbers, our financial performance continued its growth trajectory, ending the year with great results:

- Total revenue of $840.5 million, which grew 8.2 per cent, or $63.9 million, on FY18
- EBITDA of $618.3 million, which represents a $46.6 million, or 8.2 per cent increase, on the prior year; and
- Profit before tax totalling $394.1 million, representing a very healthy $65.2 million, or 19.8 per cent, increase on FY18.

Workplace Health and Safety (WHS)

The safety and security of our staff, and the people who visit Brisbane Airport every day, remain the Board's highest priorities.

In FY19, whilst the number of injuries decreased, the company's commitment to safety is evidenced by a 52 per cent increase in reporting, thanks to the introduction of new WHS technology systems.

Most notably, our annual survey revealed a positive increase in BAC's WHS maturity revealing that our ongoing commitment to a proactive health and safety culture across the BAC community is building strong and consistent momentum.

Investment Program

Since 1997, BAC has invested more than $4 billion in essential aviation infrastructure and is currently investing $1 million a day on capital projects.

This investment, comprising debt and equity, is, of course, entirely without contribution from government. Since the privatisation of Australia's major airports more than 20 years' ago, a stable regulatory regime has enabled a massive increase in investment in the nation's airport infrastructure, facilitating the entry of new airlines and driving airline competition which has enabled more people to travel to more parts of the world faster, cheaper and easier than ever before.

A continuation of that stable, light handed regulatory regime is essential for the future investment that the people, and businesses, of Australia need.

Job Creation and Economic Contribution

BAC's own ongoing investment ensures Brisbane Airport remains a vital economic generator for Australia, accounting for approximately 1.3 per cent of Queensland's Gross State Product and contributing an estimated $4.7 billion per annum to the Australian economy, a figure expected to grow to A$8.7 billion by 2040-41.

With nearly 24,000 people currently working at businesses located at BNE, Brisbane Airport is one of Queensland's most vibrant employment locations with one in every 100 jobs in Queensland located at the airport.

It is estimated that around 125,000 jobs in Queensland are enabled by Brisbane Airport being a major transport hub and facilitator of economic activity through the movement of goods and people, contributing to approximately five per cent of all the employment in Queensland.

Organisational Health

Our company's strength and performance is built on the opportunities we create for our people. This year, more than 80 per cent of BAC's employees took part in our first Organisational Health Index survey and the result was extremely positive.

Most importantly, there has been significant progress in BAC's diversity and inclusion rates in FY19, with a 50 per cent increase in female representation in executive roles, and a three per cent increase in female representation at manager level. The advantages of a diverse workforce are proven, and this will continue to be a key focus for the business in the years ahead.

Community

The continued growth of Brisbane Airport is dependent on the goodwill and support of the people of Queensland, and most particularly our neighbours across the city of Brisbane. BAC's Community Engagement Program is multi-faceted and far reaching.

Over FY19 our focus on the benefits and impact of the new runway saw the team roll-out the final phase of its multi-year engagement program that has helped inform the people of Brisbane about the runway's construction, the benefits it will bring, and, of course, the new flight paths that will be introduced when the runway opens. Initiatives to deliver these messages include a digital Flight Path Tool, and a Mobile Information Centre.

At the time of writing, more than 11,000 people have visited the Mobile Information Centre and more than 100,000 people have logged on to the Flight Path Tool. Recent surveys have shown that through these endeavours, runway and new flight path awareness currently stands at around 66 per cent of Brisbane residents, and well over 80 per cent across key demographics aged 45+.

Importantly, support for the project is strong. 68 per cent of respondents agree that the runway project will deliver economic benefits for the community, and 80 per cent agree it will be beneficial for passengers through the ability to increase the number of flights and destinations.

This year, BAC's philanthropic program delivered more than $600,000 in donations and a further $500,000 in sponsorships.

Environment and Sustainability

As we build for the future, we continue to lead the industry in environmental best practices, with BAC's carbon emissions continuing to decline from a peak in 2013.

The benefits of embedding eco-efficiency initiatives and values into the business are significant cost savings and the guarantee of supply as the airport grows.

Looking ahead, 2020 will be major milestone year in the history of the airport as Brisbane's new runway, the biggest construction project the company has ever undertaken, achieves ultimate completion.

In closing, I would like to acknowledge the guidance and contribution of my fellow Directors and express my appreciation for the hard work and commitment of CEO Gert-Jan de Graaff and every team member at BAC whose enthusiasm and dedication are reflected in our continued strong results.

David Peever
Chairman of the Board

CEO'S MESSAGE

The 2019 financial year was one of change and growth for Brisbane Airport Corporation.

When I returned to Brisbane Airport in June 2018 to assume the role of CEO, I was keen to ensure the business and our 388 team members were best positioned to take advantage of its enormous growth potential.

Over the last 12 months we've refreshed our thinking about the company and the culture including updating our vision and values, and re-positioning our business strategy, so the team remains focused on achieving its purpose of creating value for our customers, community, shareholders and employees.

From this work came our new vision – Connect the world. Create the future. That's what we believe we are absolutely here to do. To connect the people of Australia with the world, and the world with them. And to shape the future of our city and state through building the capacity and performance of the airport.

People

Our strategy can never be delivered however, if our culture is wrong. As the Chairman mentioned in his introduction, our first ever Organisational Health Index showed we are in good shape but there is always room for improvement. To help guide this, we refreshed our values and focused on the 'Four Cs': Collaboration, Communication, Courage and Care. With these values at the heart of everything we do every day, I have no doubt our future is bright.

To support the delivery of the strategy we took the opportunity to realign the organisational structure and broaden the responsibility of leadership across the company. This involved a new leadership team structure, with the Executive Leadership Team (ELT) and BAC Leadership Team (BLT) developed to drive the strategic direction.

Awards

While BNE is already recognised as a world best airport we never rest on our laurels and I am immensely proud of the awards and accolades BNE continued to receive this year including (among others):

- Skytrax World Airport Awards – Best Airport (Australia/Pacific)
- Routes Asia Marketing Award – Overall Winner, plus winning 20+ million passenger category
- Queensland Tourism Awards – Silver Award for Specialised Tourism
- Airports Going Green Sustainability Award.

Passenger Growth

Despite a challenging environment for the aviation industry globally, Brisbane Airport saw strong international passenger growth of 4.5 per cent. Overall, even with a relatively flat domestic performance, FY19 was another record year for BNE with 23.8 million passengers using our airport.

Ensuring that we are well positioned to take advantage of our new runway in 2020, we increased our network from 79 to 85 direct destinations and welcomed two new international airline partners.

A lot of work has been done in the last 12 months promoting Brisbane as the gateway to Queensland and a hub for travel to and through Australia, and this has paid off with 13 of Brisbane Airport's top 15 international markets experiencing growth in FY19.

Creating World-Class Infrastructure

Throughout FY19 we continued with our significant program of capital works as part of our commitment to growing the airport in line with forecast future passenger numbers, while driving efficiencies and improving the customer experience.

Our role as a major economic activity driver was demonstrated by investing more than $400 million across 350 projects in FY19. The most significant of these was the completion of the Dryandra Road Underpass, a key component of Brisbane's new runway project.

A milestone during the year was the return to BAC, in January 2019, of management of the entire Domestic Terminal for the first time in the building's 31-year history. This provided an opportunity for a deep review of existing infrastructure and assets to identify what aspects could be optimised, upgraded and improved.

As part of this process, we embarked on a $40 million redevelopment of the Domestic Terminal that is transforming the product offering and ambience of the building. This project continues and it is a testament to the project team that there has been no impact to day-to-day operations during the lease transition and redevelopment.

This financial year BAC also released its preliminary 2020 Brisbane Airport Master Plan for public consultation. The Master Plan considers the forecast growth and development of Brisbane Airport to the year 2040.

FY19 also saw the Productivity Commission (PC) undertake its five-yearly Inquiry into the Economic Regulation of Airports. BAC, our national industry association, the Australian Airports Association, and our investors, were highly engaged in this process, making a number of submissions to support our contention that the current light-handed regulatory regime has served the Australian people well by allowing the investment of many billions of dollars in expanded and improved airports across the country.

At the time of writing, the final PC report has yet to be tabled in the Federal Parliament but it is our hope that the strong argument made in submissions, and the evident damage that a hardening of regulation would do to investment and competition, will ensure that the status quo is retained.

Looking ahead to 2020 with the finalisation of the Airport Master Plan and the opening of our new runway, whilst we know there will be challenges, the future brings an enormous number of opportunities which the team is ready to embrace.

I thank the Board and our shareholders for their continued support and commitment to the airport and the business, and pay tribute to the broader BAC team who are, without a doubt, the best in the industry.

Gert-Jan de Graaff
Chief Executive Officer

HOW WE PERFORMED

Our objective is to see BAC supporting our state and economy through travel and trade connections, new opportunities for business, innovative customer experiences and increased productivity. We are proud of what we have achieved in FY19 and have clear ambitions that will further cement Brisbane as the best gateway to Australia.

FINANCIAL PERFORMANCE

Total revenue
$840 million
(+ 8% from FY18)

Aeronautical
$354 million
(+ 14% from FY18)
42% of revenue

Landside transport
$151 million
(+ 8% from FY18)
18% of revenue

Retail
$101 million
(+ 16% from FY18)
12% of revenue

Investment property
$105 million
(+ 4% from FY18)
12% of revenue

Operating property
$39 million
(- 20% from FY18)
5% of revenue

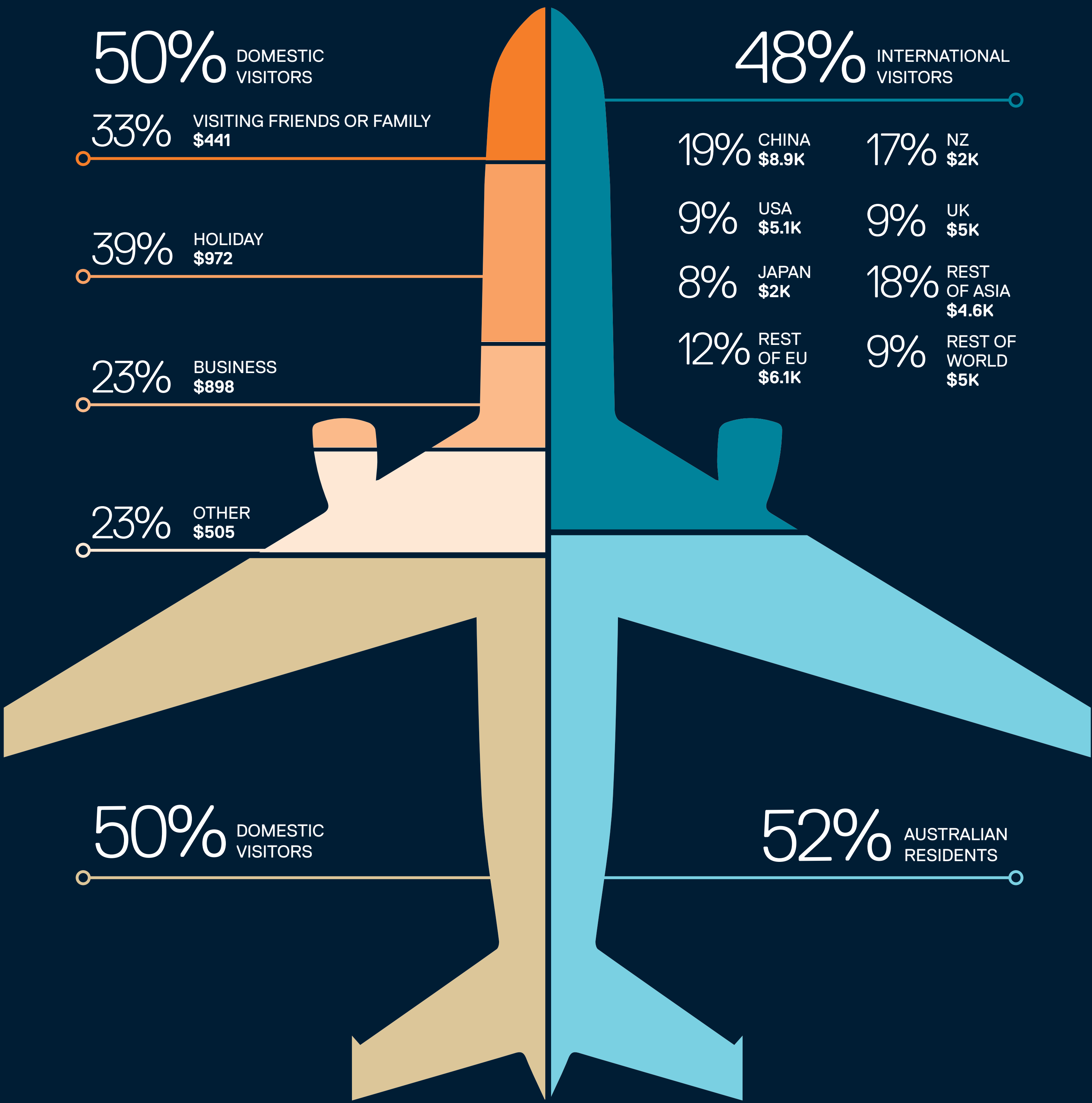
Other revenue
$44 million
(- 14% from FY18)
5% of revenue

Government-mandated security charges
$47 million
(+ 24% from FY18)
6% of revenue

AVERAGE PASSENGER **AIRCRAFT SPEND**
2018–2019

$105,000
PER DOMESTIC FLIGHT

$620,000
PER INTERNATIONAL FLIGHT



HOW WE PERFORMED (CONTINUED)

IN FOCUS **Mud Wasp Management**

BAC continued its landmark study into the behaviours of mud wasps throughout FY19, developing a safety video to raise awareness around the issue of mud wasps obstructing aircraft instruments in partnership with Virgin Australia.

The study involves 100 3D-printed replica pitot probes with the exact specifications of various aircraft designs including the A330, B737-400, Dash 8 and B747.

The probes are mounted on aircraft-like material and set up in various parking locations across the airfield. Analysis of the nesting materials and prey deposited in the 3D pitot test tubes allows BNE to identify where on airport these materials are being collected so the team can remove or mitigate the presence of these 'ingredients', thereby making the airfield less attractive to these pests.

More than 70 trapping locations were monitored throughout FY19.

BAC also printed 12 3D probes for installation at Honolulu Airport by Hawaiian Airlines.

The ecology study remains a true multi-stakeholder initiative with input and financial support from airline partners.

3,423
wildlife patrols

3,531
routine inspections

5,566
runway inspections

2,251
vehicle and aircraft escorts

354
responses to reported wildlife strike events

55
DNA samples collected and analysed

41,927
birds harassed/ dispersed/managed

2,449
pyrotechnics discharged

170.2 GWh
energy consumed whole of airport

39,918 tCO_2
greenhouse gas emissions

5.8 GWh
renewable energy generated

645 t
waste diverted from landfill

Every day, Brisbane Airport connects the city of Brisbane, the state of Queensland and Australia overall to the rest of the world. As the numbers of destinations on BNE's network grows in line with passengers using the airport as a gateway to domestic and international cities, Brisbane Airport remains a vital contributor to both the Queensland economy and the future of the state.

BAC continues to invest in growing aviation markets, pioneering consumer experiences, boosting property development and supercharging our efficiency to future-proof Brisbane Airport for generations to come.

CONNECTING THE WORLD

When opened in 2020, Brisbane's new runway will effectively double the capacity of BNE, attracting more airlines, passengers and business. Destination development is an area of significant focus for BAC in the lead-up to this milestone, with the business committed to building on existing services and leveraging BNE's appeal to attract more carriers and services.

In the past 12 months, BNE has seen the introduction of two new services to/from New Zealand – a five-times a week service to Wellington and a four-times a week service to Queenstown with Air New Zealand.

Samoa Airways now operates a weekly direct service to Apia. Solomon Airlines introduced a direct BNE to Munda weekly service, and Thai AirAsia X launched a four-times a week service to Bangkok.

In June 2019, Qantas announced plans to commence a three-times weekly service between BNE and San Francisco in February 2020, and four-times a week direct services to Chicago in April 2020.

CREATING THE FUTURE

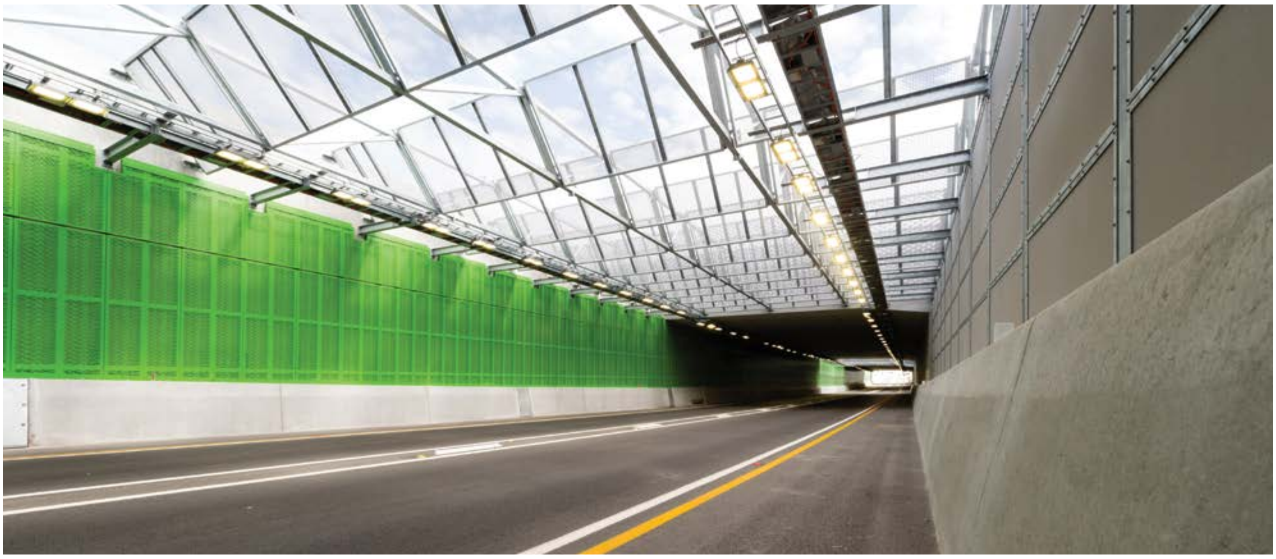
BAC manages the airport with a strong focus on sustainable development, ensuring BNE meets the needs of present generations and is viewed with pride by future generations.

With the city of Brisbane amid an unprecedented level of capital investment – set to be transformed in the immediate five years by a number of major construction projects worth approximately $31 billion – growth and demand for more frequent flights and greater connectivity is stronger than ever.

BAC is not only committed to meeting this demand, it is determined to deliver projects and initiatives that will safeguard the growth of BNE and Brisbane well into the future.

In FY19, BAC privately invested more than $402 million across 350 projects, with highlights including:

- The completion of the $120 million Dryandra Road Underpass, delivering the first portion of the critical link taxiways connecting the new runway system with the existing system and terminals
- The opening of the $18 million Skygate Home & Life Centre, adding an additional 9,260m^2 of retail space to the Skygate Precinct
- Completion of the 6MW Solar System Upgrade, consisting of 22,000 panels spanning an area of 36,000 metres squared, across six sites; and
- New car rental facilities and nine new tenancies as part of the $40 million Domestic Terminal Redevelopment.



OUR CUSTOMERS

More than just an aviation hub, BNE is an airport and precinct for the people – a gateway to the world and a thriving suburb that supports and fosters local and international business and offers access to a range of services.

BAC strives to be a passenger's champion, placing the utmost importance on being a great host and providing world-class infrastructure and facilities. Great customer service is at the heart of everything we do at Brisbane Airport, with considerable strategic and forward-thinking used to ensure the airport is a place people enjoy travelling through and want to come back to, and a place that is viewed with pride for generations to come.

BAC continues to invest in service enhancements, including improved accessibility to terminals, efficient passenger and bag screening services, upgrades in visitor facilities and services, and the introduction of smart technologies to help make journeys quicker and worry free.

IMPROVED CONNECTIVITY

A passenger's journey starts at home. BAC continues to invest in better digital tools to empower passengers and help them enjoy simpler, faster and safer journeys to and through the terminal.

SMARTER JOURNEYS

A new Real Time Passenger Information system with digital signs on terminal bus stops and inside buses was deployed in September 2018.

For taxi users, new screens display advance estimates of fares from the Domestic Terminal with a new 'short fare system' allowing drivers to collect short trip passengers.

Bus passengers are also benefiting from a new Con-x-ion ticket office and upgraded waiting area at the Domestic Terminal and a new dedicated bus and coach parking area at the BNE Service Centre.

IN FOCUS — Airport Ai and Self-Service Chat Bot

This year BAC introduced Airport Ai, an automated flight notification service, coupled with a self-service chat bot (Facebook Messenger) that enables customers to subscribe and receive notifications on flight arrivals and departures including boarding, gate lounge information and timings.

This information is connected to the BNE AOS system via a Flight API and now provides the same data as is displayed on the Flight Information Display Screens (FIDS) in terminals, giving passengers real time information on the device and channel of their choice.

The customer self-service component provides BAC the opportunity to respond to customers in the messenger service 24/7, answering the most commonly asked questions from our passengers and community, directing them to the most relevant information on our website, as well as connecting passengers to retail information relevant to the flight selected and things like services and facilities and parking bookings.

It is now enabled on Facebook Messenger, the BNE website and Twitter and WeChat channels.

ACCESS FOR ALL

Building Australia's most accessible airport is about fostering greater social inclusion and removing the barriers that often inhibit travel. As part of an 'access for all' approach, BAC considers the needs of passengers of all ages and abilities when designing future facilities, to ensure that journeys are as intuitive and simple as possible.

BAC has invested more than $3.6 million in the last six years implementing its Disability Access Management Plan in addition to the funding for Disability Discrimination Act (DDA) compliance incorporated into other major projects.

In FY19, BAC:

- Upgraded the International Terminal's accessible toilets on Levels 3 and 4 with new auto sliding doors and fixtures/fittings upgrades
- Opened a dedicated Changing Places facility on Level 4 of the International Terminal
- Installed new handrails and accessible bench seating in the Domestic Terminal forecourt and transport areas
- Installed new hearing loops to the accessible toilets across both terminals
- Launched the Hidden Disabilities program – an Australian-first airport initiative to assist travellers with hidden disabilities; and
- Conducted several airport tours.

Looking forward, BAC will continue to upgrade its facilities and services and to work closely with airline partners and a number of organisations representing the interests of various disability groups to ensure a greater depth of access needs are met, while continually upgrading services to remove barriers for those with special needs.

BAC will continue working through its DDA Management Plan for completion in 2022, with improvements such as further upgrades to existing accessible amenities within the terminals and enhanced wayfinding in the Domestic Terminal forecourt area to come in the year ahead.

CREATING WORLD-CLASS INFRASTRUCTURE

At the start of 2019, management of the entire Domestic Terminal returned to BAC for the first time in the building's 31-year history, providing an opportunity to commence a deep review of the existing infrastructure and assets to identify what aspects can be optimised, upgraded and improved.

As part of this process, BAC embarked on a $40 million redevelopment of the Domestic Terminal that will result in more than 50 new tenancies, including reconfigured and upgraded food halls, and new specialty retailers, premium bars and restaurants.

OUR CUSTOMERS (CONTINUED)

PADDOCK TO GATE

As the first and last experience passengers and visitors have of Brisbane, BAC has invested significant capital in creating a unique and engaging sense of place within the terminals – a place that proudly showcases the very best Brisbane and Queensland has to offer.

'Uniquely Brisbane' is part of BNE's DNA and encapsulated within the International Terminal. From architecture that makes the most of Queensland's sunshine, to cutting edge art installations and the use of local timbers and stone in the décor, resulting in a unique experience that is memorable for all the right reasons.

The opportunity to extend this into the retail and dining sectors was quickly realised, with BAC encouraging its tenants to stock and showcase local suppliers and produce within their menus and in-store offerings. As a result, 'Paddock to Gate' was born.

In November 2018, the Paddock to Gate concept extended to the Domestic Terminal with the opening of Seeds by Bruno Loubet. Michelin-star chef Loubet is renowned for his use of sustainable and locally sourced ingredients, with Seeds showcasing everything from poke bowls and salads, to juices and smoothies.

EXPERIENTIAL ACTIVATIONS

BAC is committed to delivering our passengers an enjoyable and memorable experience, while showcasing the best of Brisbane to the world. We do this is by working proactively and collaboratively with our terminal retailers and corporate partners to bring experiential activations to life in terminal.

IN FOCUS | **Domestic Terminal Lease Transition – ICT Backbone**

Prior to 1 January 2019, BAC did not have a network presence in the northern or southern ends of the Domestic Terminal. With the entire terminal becoming a common use terminal at the start of 2019, BAC needed to have systems like CCTV, check-in, boarding, flight information displays, Wi-Fi and access control upgraded and connected to the BAC network.

After a long period of planning and negotiations, in May 2018, BAC started creating and fitting out 16 new communications rooms and laying cables across all levels of the Domestic Terminal. The project achieved practical completion in March 2019, with the following upgraded and connected operational systems:

- CCTV and Access Control
- Free Internet Wi-Fi for passengers as well as staff; and
- Common Use check-in and boarding equipment with related flight information to facilitate the airlines and passengers in an optimal way.

More than 20km of additional copper horizontal cabling was installed to connect several hundred edge devices of the systems (CCTV, Wi-Fi, boarding gate equipment, flight information display screens, access control, common use check-in) to the nearest communications room.

This transformational program was delivered whilst minimising disruption to ongoing business operations, with most of the implementation works conducted out of hours.

This project has facilitated public space IT services that enhance the customer experience within the Domestic Terminal.

Marketing promotions such as Lunar New Year and Spend & Ski activations incorporated interactive elements to enhance the passenger experience.

In December 2018, BAC worked with Airport Retail Group to deliver a pop-up Aperol Spritz Bar on the Village Green of the International Terminal. Operating for six weeks over the festive and new year holiday season, the pop-up bar offered passengers a place to relax and enjoy cocktails and delicious appetisers before their flight.

A vibrant red grand piano was also placed on the Village Green in December, encouraging impromptu performances by staff and passengers alike and lifting the atmosphere in terminal.

AMBASSADORS

In a world full of more than seven billion people, 6,500 spoken languages, 195 countries, and limitless experiences and emotions, there is one simple thing that has the power to connect us all despite these differences: a smile.

Here at BNE, we have a team of nearly 170 volunteers who understand the power of a smile. They are our BNE Airport Ambassadors, and they embody all the values that BAC anchors its culture within – Collaboration, Communication, Courage, and Care.

Ambassadors are the ‘day makers’, roaming the halls of the Domestic and International Terminals for 12 hours a day, seven days a week, 365 days a year, providing efficient, relevant, informative and compassionate assistance to hundreds of thousands of travellers and visitors. This year, BNE’s Airport Ambassador team volunteered nearly 30,000 hours, assisting more than 420,000 domestic and international passengers.

They have also been involved in several charity and community initiatives, hidden disability and dementia focus groups, the World Seed Forum, Skygate Eco Fair, Vision Australia Airport Tours, surprise and delight retail activations, and the BAC Chinese Parade in Brisbane City.

A team of 24 Ambassadors – the Food ResQ team – rescued 2.1 tonnes of untouched food for OzHarvest, which was turned into more than 59,000 meals that were then distributed to those in need within our community.

OUR EMPLOYEES

A company's success is deeply reliant on its people and their ability to do their job efficiently and effectively. At BAC we know our greatest asset is our people, because it is our people who shape our unique culture and reputation. We are committed to attracting and nurturing talent, and providing a fulfilling working environment that empowers our employees.

STAFF ENGAGEMENT

FY19 has been an incredibly constructive year for the organisation, with the implementation of a new vision and company values as well as the realignment of our organisational structure to better support the strategic direction of BAC. This involved a new leadership team structure, with the Executive Leadership Team (ELT) and BAC Leadership Team (BLT) developed to drive the strategic direction.

This year, more than 80 per cent of employees took part in our first Organisational Health Index pulse survey. The overall sentiment of the survey was positive, with three clear messages taken from the results moving forward:

1. Employees think our vision is both meaningful and easy to understand
2. The organisation restructure has proved clearer accountability with a 17 per cent increase in the statements which reflect authority and accountability; and
3. There is still work to do on leadership which is a key part of the Organisational Health enabler in our Strategy.

LEARNING AND DEVELOPMENT

Learning and Development (L&D) continues to be a key area of focus at BAC. A dedicated staff member manages the personal and professional development of our people, with a strong focus on leadership development and coaching.

Around $1,470 was spent per employee in FY19 on training and development, with a total of 267 courses undertaken and more than half of the organisation receiving elective training opportunities. Furthermore, 11 employees undertook tertiary studies.

The ongoing success of BAC, both in profitability and reputation, is testament to the commitment placed on L&D.

DIVERSITY

BAC's Diversity and Inclusion Program focuses on providing a satisfying, healthy and productive work environment for all employees. This is achieved through focusing on four areas: support staying and returning to BAC; attract and recruit a diverse workforce; develop and empower inclusive BAC employees; and, raise awareness and reduce stereotypes.

There have been significant steps forward in this space in FY19, with a 50 per cent increase in female representation at ELT level, a three per cent increase in female representation at a manager level (68 per cent men and 32 per cent women), and flexible work policies supporting parents returning to work from maternity leave with a 100 per cent return rate.

BAC is an endorsed WORK180 employer and an advocate for gender equality. Through BAC policies and diversity targets, we have employed six female Airside Operations Officers, providing both age and gender diversity within the team. This has seen an increase of more than 150 per cent in female representation, bringing it up to 28 per cent.

IN FOCUS **Modern Workspace Program – Office 365**

How we work every day, the behaviours and values we demonstrate, and how we represent ourselves to our partners, our industry and our wider community, is critical to our success, now and for the future. It is for this reason that BAC embarked upon a journey to further modernise the way we work.

Through the Modern Workspace Program, BAC delivered its employees the latest hardware, Windows 10, access to Office 365 productivity tools, and automation of selected manual/paper-based tasks with Office 365 tools.

The program has now been rolled out to all BAC staff.

The benefits of Office 365 include the ability to have video conference meetings across the BAC campus; enhanced ability for teams to share files and collaborate on the same document at once; and the ability to have the same experience from wherever there is a Wi-Fi connection.

OUR EMPLOYEES (CONTINUED)

WORKPLACE HEALTH AND SAFETY

BAC is committed to providing healthy and safe environments for all employees, contractors and visitors to Brisbane Airport. In FY19, the Workplace Health and Safety (WHS) team has focused on the rollout of the culture program, with extensive participation from all levels of staff to review BAC's WHS culture and develop action plans targeting specific initiatives to improve this.

As part of this project, there has been a significant focus on expanding the use of our WHS technology systems, with a 52 per cent increase in reporting into MYOSH recorded from FY18.

A heavy emphasis on increasing the number of WHS inspections and observations across all BAC workers saw tremendous results, with total inspections increase from 161 in Q1FY19 to 372 in Q4FY19.

Demonstrating the greater focus on this across the company – in Q1FY19 32 per cent of WHS observations were undertaken by non-WHS team members. This increased to 72 per cent of WHS observations in Q4.

This effort on proactive inspections and observations saw an increase in the number of hazard reports across FY19, with our actual injury numbers decreasing from Q3 onwards.

Throughout this, we have also increased efforts in the worker wellbeing space, with a new, holistic WHS vision: BWell, & BSafe... every person, every day. Our work in the health and wellbeing area led to BAC being recognised as a Finalist in the 2018 National HR Awards in the 'Best Health and Wellbeing Program' category.

Internally, the WHS team has worked on increasing their skills base through professional development activities in industrial ergonomics and occupational hygiene, whilst maintaining a WHS management system that passed external legal compliance and AS4801 surveillance audits to keep our accredited status.

Safety Week 2018 saw BAC's first WHS Champion being recognised, along with our CEO Safety Award (for contractors) and the Chairman's Safety Award (for BAC employees).

Looking ahead, there will be a continued focus on our WHS culture and behavioural safety elements.

IN FOCUS Partnering with WORK180 while recruiting for Airside Operations Officers

When it comes to recruitment for Airside Operations Officers (AOO), there has never been a shortage of applicants. With a highly disproportionate level of interest between men and women, the challenge has always been centred on how to boost female representation within the application process and how to build greater diversity within operational roles.

Recognising that doing the same thing would produce the same outcomes, the Human Resources team had the courage to re-engineer their usual approach to recruitment, partnering with WORK180 to create a short video that explained the AOO role and what it is like to work at BAC.

The video was designed to place emphasis on the fact that transferable skills are of greatest importance, as most of the technical skills required to be an AOO can be picked up through the training process.

BAC also tailored the job advertisement to remove technical jargon to support a greater depth of diversity within the applicant pool.

The video was shared via social media, primarily on Facebook, and was a huge success, with more than 100 shares and 18,800 views.

Off the back of the video, BAC received 116 applications with 83 being female applicants. In contrast, a recruitment agency also ran the AOO campaign without the targeted diversity and received 259 applications with only 21 female applicants.

Since the campaign, there has been six female appointments to the Airside Operations team – all of whom were appointed on merit and had the attributes required to be a successful AOO – raising female representation within the team from nine per cent to 29 per cent.

OUR COMMUNITY

$600,000
to more than 35 organisations

$69,000
to 68 local charities

$40,000
to Burnie Brae's Project Pantry

$15,000
raised for Courier Mail Children's Fund

This year through BAC's partnership program we distributed more than

$501,000 to 22 partners

including Brisbane Roar W-League Football Club, Brisbane Festival, Museum of Brisbane, Queensland Theatre, Brisbane Powerhouse, La Boite Theatre Company, Brisbane Writers Festival, and Brisbane Philharmonic Orchestra

BAC is proud to support, promote and give back to the community we call home.

This year through BAC's philanthropic program we:

- Donated more than $600,000 to more than 35 organisations including Royal Flying Doctor Service, Crime Stoppers, Surf Life Saving Queensland and Life Flight
- Donated more than $69,000 to 68 local charities, community groups and schools through the Brisbane Airport Community Giving Fund
- Partnered with Travelex to donate $40,000 from charity currency collections globes in terminal to Burnie Brae's Project Pantry; and
- Donated more than $15,000 raised from the annual Lost Property Auction to the Courier Mail Children's Fund who selected QATSIF (Queensland Aboriginal and Torres Strait Islander Foundation) as the worthy beneficiary.

BAC also actively supports several local sports organisations, cultural institutions and the not-for-profit arts sector, with the shared goal of making Brisbane a world-class tourism destination.

IN FOCUS

Community Living Association, Nundah

Community Living Association is a not-for-profit organisation supporting people with intellectual and cognitive disabilities. Shared Meal is a community activity that takes place every second Thursday.

The project promotes better mental health and breaks down social isolation by providing a space for people to come together regularly on a fortnightly basis to connect with each other. The project also breaks down the stigma of intellectual disability and fosters new connections as community members get to know Shared Meal members.

Through BAC's Community Giving Fund Grant, Community Living Association was able to fund 12 Shared Meal events for people living with intellectual and cognitive disabilities.

OUR COMMUNITY (CONTINUED)

COMMUNITY AND INDUSTRY CONSULTATION

BAC is committed to keeping the community informed about what is happening at BNE. Our community engagement activities provide opportunities for people to ask questions, provide feedback and to learn more about our operations.

The **Brisbane Airport Community Aviation Consultation Group (BACACG)** is an independently-chaired forum to promote engagement between BNE and our surrounding communities. It focuses on issues relating to aircraft operations, airport development and aircraft noise. The BACACG includes representatives of neighbouring federal electorates, as well as federal, state and local government agencies. **The Brisbane Airport Technical Noise Working Group (TNWG)** supplements the BACACG. Issues raised at the BACACG requiring complex or detailed responses are referred to the TNWG, which includes airline representatives, government agencies such as Airservices Australia and BAC.

COMMUNITY ENGAGEMENT

BAC has a multi-faceted Community Engagement Program that is dedicated to generating informed, respectful, transparent and on-going communication with residents within our surrounding communities. Topics discussed include airport development, aircraft technologies, potential impacts from increased aircraft operations and airspace management.

In FY19 BAC:

- Attended four local festivals (Teneriffe, Morningside, EKKA and Nundah)
- Presented 21 community presentations to more than 3,300 people
- Conducted 65 tours for community groups across the airport; and
- Responded to more than 1,800 written enquiries from the public.

As we move closer to the 12-month countdown for Brisbane's new runway opening, BAC will use several bespoke tools to engage with the community and share information about the new runway, airspace management, flight paths and aircraft noise.

The most important component of community engagement during this period is a purpose-built mobile information centre affectionately known as 'Benny', a clever derivative of the BNE airport code.

Benny is popping-up in community areas such as parks, shopping centres and community festivals. It houses interactive screens featuring the Flight Path Tool as well as information on Brisbane Airport's history, aircraft noise and the runway construction process.

Benny is on the road until the end of 2020, staffed by a mix of BAC staff and technical experts such as air traffic controllers. More than 11,000 people have already visited Benny, with that number set to soar in the year ahead.

ARTIST-IN-RESIDENCE

BAC is an advocate for supporting artists and cultural activities that not only lift the cultural profile and output of our city but work to make Brisbane a world-class destination to visit, work and live.

Brisbane Airport's Artist-in-Residence program was an Australian airport first, and one of many ways BAC continues to showcase our arts sector to the world. Now in its fourth year, Opera Queensland took up the baton as our Artist-in-Residence, appearing in both the International and Domestic Terminals for several pop-up performances throughout the year.

OUR ENVIRONMENT

ENVIRONMENT AND SUSTAINABILITY

BAC manages the airport with a strong focus on risk management and sustainability, placing its environmental responsibilities at the forefront of all activities and operations undertaken at BNE.

We are committed to reducing BAC's impact on the environment and putting in place programs that help us manage and minimise the long-term impacts of climate change and adverse environmental impacts from aviation and property development activities.

The benefits of embedding eco-efficiency initiatives and values into the business are significant cost savings and the guarantee of supply as the airport grows.

Key achievements during FY19 include:

- BAC's carbon emissions continuing to decline from a peak in 2013
- An additional 20 beehives added to the 285-hectare biodiversity zone
- The six Mega Watt solar system generated 5.8 million kilowatt hours of renewable electricity which saved over 4600 tCO_2 emissions which is equivalent to more than 1000 average Queensland homes
- BNE's fleet of 12 electric buses completing more than 1.2 million kilometres – the equivalent of flying the circumference of the earth 31 times. By converting to electric, BAC has saved 3.7 million litres of diesel
- Reducing the carbon emissions of landside bussing transport by 9,200 tCO_2e – the equivalent of taking 3,390 cars off the road
- Installing four electric charging stations for public use across the airport with plans to roll out further spaces; and
- A new recycled water line installed for Brisbane's new runway project saving 1.2 billion litres of potable water during construction. This is the equivalent of 500 Olympic-sized swimming pools.

IN FOCUS **enrich360 Food Waste Program**

Food waste is the largest waste issue globally with the cost of landfill and environmental impact a key consideration.

In April 2019, BAC engaged with enrich360 to reduce the food waste produced from the Skygate retail precinct, using a food waste dehydrator on site allowing retailers to divert food waste from general waste.

Nine retailers are currently participating in the program, with ambitions to see this number increase.

Food is placed directly into the enrich360 Food Waste Dehydrator where it goes through a fully automatic process of dehydration, sterilisation and volume reduction.

The process takes approximately eight to 10 hours to complete. At the end of the process, the machine is emptied completely and is immediately ready to receive the next load.

Everything goes in – meat, fish, fruit, vegetables, coffee grinds, flower displays, etc.

The product from this system is able to be used as a directly applied fertiliser, a pelletised fertiliser or as a compost enhancer.

Logistics partner, In2Foods, stores the fertiliser and works with local farmers to distribute the product.

Since its inception in April 2019, BAC has been able process more than three tonnes of food waste and creating 500kg of fertilizer.

OUR ENVIRONMENT (CONTINUED)

RECONCILIATION ACTION PLAN

BAC aims to contribute meaningfully to 'Closing the Gap' between Aboriginal and Torres Strait Islander people and fellow Australians. Our vision for reconciliation is to facilitate active and productive relationships with a chain of connections between Aboriginal and Torres Strait Islander people (culture, creative works and experiences), the airport community, visitors to Brisbane and the wider Australian community.

BNE was the first airport in Australia to formally commit to celebrating and promoting the traditions, laws and customs of Aboriginal and Torres Strait Islander people through its 2016-2018 Reconciliation Action Plan (RAP). BAC recently worked with Reconciliation Australia to develop its 2019-2020 RAP to ensure further progress is made in delivering real outcomes that better the lives of Aboriginal and Torres Strait Islander people.

Nearly 30 targets were accomplished from the first RAP, with three of the key achievements from FY19 including:

- Maintaining representation on the Queensland Tourism Industry Council's (QTIC) Indigenous Champions Network to support the employment of Indigenous people within the tourism industry, including continuation as a major sponsor of QTIC's NAIDOC week breakfast
- $10,000 in-kind support for the Meeanjin Markets – the largest ever Aboriginal and Torres Strait Islander artisan market and cultural festival held in Brisbane's CBD; and
- Gold Partner of the QUT SIDS program (Indigenous Australian Science and Infrastructure Development School), bringing Aboriginal and Torres Strait Islander students to Brisbane for a five-day camp encouraging STEM careers and university study.

IN FOCUS **CareerTrackers**

BAC continues its partnership with CareerTracker's Indigenous Internship Program, engaging a minimum of two interns each year since 2017.

BAC's first CareerTracker's intern, Geoff Fabila, has been successful in obtaining full-time employment with BAC following his internship program.

Geoff now works as Terminals Facilitation Coordinator within Operations, responsible for making passengers' journeys through BNE as easy and efficient as possible. Geoff commenced the role at the start of 2019 and continues to act as a support person for new interns who come to BAC through the CareerTracker's program.

BAC's second CareerTracker's intern, Amanda Martin (pictured above) commenced part-time employment with BAC at the completion of her first internship rotation.

She continues her tertiary studies while working within Operations and is a part of BAC's RAP Working Group.

"I see a real commitment from BAC to ensure Indigenous culture is celebrated. You only need to sit through one RAP working group meeting and see the way Wendy Weir's (Head of Environment & Sustainability) face lights up when she talks about a program we are committing funding towards, to see that BAC is serious about closing the gap between Aboriginal and Torres Strait Islander people," Amanda said.

FY19
THE YEAR THAT WAS

Skytrax World Airport Awards

Brisbane Airport voted Best Airport in Australia/Pacific Region.

Australian Competition and Consumer Commission (ACCC)

Brisbane Airport retains favourable rating for quality of service for 15 years in a row.

Routes Asia Marketing Awards

Brisbane Airport was named the Overall Winner and also took out the 20+million passenger category at the 2019 Routes Asia Marketing Awards.

Queensland Tourism Awards

Brisbane Airport Corporation received the Silver Award for Specialised Tourism at the Queensland Tourism Awards.

Airports Going Green Sustainability Awards

Brisbane Airport Corporation's Sustainability Strategy won in its category which recognises the contributions of outstanding projects, programs, or people in pursuit of sustainability within the aviation industry.

FIRST QUARTER

- **August 2018:** Jetstar's inaugural flight to Uluru took off from BNE, marking the beginning of a three times weekly service.
- **September 2018:** Emirates restores its A380 service on one of its three daily services between BNE and Dubai.
- **September 2018:** The $120 million Dryandra Road Underpass is delivered by McConnell Dowell. It marks the completion of the first portion of the critical link taxiways that connect the new runway to the existing runway and terminals.
- **September 2018:** Brisbane announced as host for the 145th International Air Transport Association (IATA) Slot Conference, due to be held in November 2019.

SECOND QUARTER

- **November 2018:** The $18 million Skygate Home & Life centre opens, adding an extra 9,260m^2 of retail space to the Skygate precinct.
- **November 2018:** Samoa Airways commences a twice-weekly Apia-BNE service.
- **November 2018:** BAC hosts the world's first in-terminal cricket match at the International Terminal as part of Tourism Events Queensland's "Queensland on Stage India" event.
- **December 2018:** BAC appoints two new Non-Executive Directors, Ms Jabine van der Meijs and Mr Brad Geatches, to the Board of the Brisbane Airport group of companies (BAC).
- **December 2018:** Opera Queensland announced as BNE's new Artist-in-Residence, performing a pop-up performance at the International Terminal.

Hong Kong Australia Business Association QLD Chapter

Brisbane Airport Corporation's Aviation Business and Development team won the Business Development Award.

Property Council Awards

Brisbane Airport Corporation's Retail Team won the Excellence in Marketing Award for the Lunar New Year terminal activation and campaign.

Queensland Retail Property of the Year Awards

BNE's Terminal Retail Marketing team won the Excellence in Marketing award in the Boutique Retail category for their 'Paddock to Gate' campaign.

Australian Institute of Project Management – Queensland Awards

Brisbane Airport Corporation was recognised for the delivery of the Solar Project in the Sustainable Projects category.

Air Transport Research Society (ATRS)

Brisbane Airport (BNE) was named the most efficient airport in Oceania by the Air Transport Research Society (ATRS) and Embry-Riddle Aeronautical University in the recent ATRS 2019 Global Airport Performance Benchmarking Task Force report.

THIRD QUARTER

- **January 2018:** BNE ranks 8th in the 'Large Airports' category in the OAG Punctuality League report, which ranks the best on-time performance for the world's largest airports and airlines.
- **January 2018:** BNE's international traveller numbers exceed six million for the first time in a calendar year.
- **March 2018:** Miele Australia officially opens its 7,065m^2 tailored warehouse, office and showroom facility at BNE.
- **March 2018:** BAC and Brisbane Marketing enter into a three-year, multi-million dollar partnership to boost recognition of Brand Brisbane to international audiences.
- **March 2018:** Lotte Duty Free opens its flagship store in the Oceanic region at BNE's International Terminal.

FOURTH QUARTER

- **April 2019:** Solomon Airlines' inaugural flight from BNE to Munda took to the skies, marking the commencement of a direct same-day service.
- **June 2019:** AirAsia's inaugural flight between Bangkok and Brisbane commences, marking the commencement of its four times a week service.
- **June 2019:** BAC releases Brisbane Airport's preliminary draft Master Plan for 2020.

FY20 AMBITIONS
TIME TO SOAR

Brisbane Airport Corporation has a long-term vision to continue to grow the airport to provide a wider range of services to the people of Brisbane, Queensland and the rest of Australia, and the year ahead will undoubtedly be its biggest one yet in terms of delivering projects that will change the face of Australian airports.

Nearly $340 million is being invested into 123 ongoing or proposed construction projects in FY20 alone, with more than 6,550 people employed to deliver these projects.

Brisbane's new runway is now in its eighth (and final) year of construction and well on-track to **open in mid-2020**

FY20 is all about completing the finishing touches of the airfield before the detailed commissioning process for the new ground lighting, navigation aids and control tower systems commence.

As part of the **$40 million** Domestic Terminal Redevelopment

nine new **retail tenancies** and a reconfigured **car rental facility** have already been delivered as part of the with 40 more new retail tenancies to come in the next 18 months.

Most of the **$85 million** major earth and civil works

for the **BNE Auto Mall and performance track** have been completed, with building infrastructure construction works due to commence in 2020.

FINANCIAL REPORT

CONTENTS

DIRECTORS' REPORT

The Directors present their report along with the consolidated financial statements of BAC Holdings Limited ('BACH') and its controlled entities, BAC Holdings No. 2 Pty Limited and Brisbane Airport Corporation Pty Limited ('BAC') (together the 'BAC Group') for the year ended 30 June 2019.

1. Principal activities

The principal activity of the BAC Group during the year was the operation and development of Brisbane Airport.

2. Operating and financial review

	2019 $000	2018 $000
Revenue from ordinary activities	**840,481**	**776,535**
Operating expenses	**(222,205)**	**(204,859)**
Revenue from ordinary activities less operating expenses	**618,276**	**571,676**
Depreciation and amortisation	(126,158)	(116,597)
Impairment of property, plant and equipment	–	(710)
Finance costs	(118,748)	(111,702)
Operating results	**373,370**	**342,667**
Redeemable preference shares dividend	(47,350)	(59,149)
Change in fair value of investment property	58,949	15,093
Change in fair value of derivatives	9,114	30,267
Profit before income tax	**394,083**	**328,878**
Income tax expense	(118,300)	(98,732)
Profit for the year	**275,783**	**230,146**

The core underlying business grew strongly in the year ended 30 June 2019, which is reflected by a $63.9 million or 8.2% increase in total revenue from ordinary activities to $840.5 million on the prior year.

Revenue from aeronautical activities was $353.6 million, an increase of $42.9 million or 13.8%. This was primarily due to growth in international and domestic passengers.

Revenue from landside transport activities was $151.0 million, an increase of $11.5 million or 8.2%. This was contributed by passenger growth, increased parking capacity, and the continued utilisation of car parks.

Investment property revenue was $105.5 million, an increase of $3.8 million or 3.7%, as a result of the opening of the Skygate Home & Life centre, higher turnover rent and annual rent increases.

Revenue from retail activities was $100.8 million, an increase of $14.0 million or 16.1%. Key drivers included stronger duty free performance, new advertising contract and the completion of the amortisation of the upfront payment made to Qantas and Virgin in relation to their Domestic Terminal retail activities.

Total operating expenses were $222.2 million, an increase of 8.5%. Maintenance and contract services were $52.0 million, an increase of $5.3 million or 11.3%, in addition to government mandated security costs which were $48.3 million, an increase of $10.5 million or 27.9% due to the handback of the Domestic Terminal.

The BAC Group's investment property portfolio recorded a valuation increase of $70.8 million (revaluation increase of 5.0% on the investment property value) compared to an increase of $51.2 million (revaluation increase of 3.9% on the investment property value) in the prior year. As a result of the straight-lining of lease revenue, there was a reduction in the gain on fair value of the investment property of $11.8 million, compared to the reduction in the prior year of $36.1 million, which had included an adjustment for prior years' investment property lease incentives.

Profit from ordinary activities before the redeemable preference shares dividend, change in fair value of investment property, gain on derivatives, and income tax expense was $373.4 million, an increase of $30.7 million from the prior year profit of $342.7 million.

2. Operating and financial review (continued)

Profit before income tax was $394.1 million (2018: $328.9 million), an increase of $65.2 million on the prior year. The key driver of this increase was the uplift in revenue.

The Company is in a net current liability position of $87.3 million at 30 June 2019 (2018: $116.3 million) which is fully covered by the undrawn bank facilities of $311.0 million (2018: $442.0 million).

3. Dividends

The redeemable preference shares dividend payable by BACH has been accrued in the financial statements $23.5 million (2018: $47.0 million). Dividends and distributions declared and paid by BACH during the current financial year were $206.5 million (2018: $155.0 million).

4. State of affairs

There were no significant changes in the state of affairs of the BAC Group during the year.

5. Events subsequent to reporting date

In the period between the end of the financial year and the date of this report, no item, transaction or event of a material or unusual nature has arisen that is likely to significantly affect the operations of the BAC Group, the results of those operations or the state of the affairs of the BAC Group, in future financial years.

6. Likely developments

The BAC Group will continue to pursue its objectives consistent with the Airport Master Plan and Business Plan.

7. Directors

The Directors of BACH at any time during or since the end of the financial year are:

Name and qualifications	Experience, special responsibilities and other directorships
 DAVID PEEVER BEc, MSc (Mineral Economics) Chairman and Non-Executive Director **Date appointed:** 05/05/2017	David was appointed as Director and Chairman of the Board on 5 May 2017. David is a Non-Executive Director of the Australian Foundation Investment Company, Naval Group and a member of the Foreign Investment Review Board. He was previously Chairman of Cricket Australia and World Twenty20 2020 Ltd and a Director of the International Cricket Council. Until July 2017, he chaired the Minister of Defence's First Principles Review of Defence and following the acceptance of the review by Government the Oversight Board which helped guide implementation of the Review's recommendations. David was formerly a Director of the Business Council of Australia and Vice Chairman of the Minerals Council of Australia. David retired as Managing Director of Rio Tinto Australia in October 2014 after 27 years with Rio Tinto. During his career with Rio Tinto, David worked across a range of disciplines including strategy and planning, industrial relations, operations, sales and marketing, business improvement, shipping and policy. David worked in many parts of Australia and across most of Rio Tinto's commodity suites. His Rio Tinto career also saw him live in Singapore, Los Angeles and London. He travelled extensively with Rio Tinto and has done business in most parts of the world. David is a member of the Human Resources and Remuneration ('HRR') Committee.
 DIRK ANNE (DICK) BENSCHOP Non-Executive Director **Date appointed:** 01/04/2019	Dick is President & CEO of Royal Schiphol Group (appointed 1 May 2018) and Non-Executive member of the board of Groupe ADP (Aéroports de Paris) (appointed 20 May 2019). Dick studied History at the VU University in Amsterdam and worked in various functions in the Dutch Parliament and in the Dutch Labour Party. In 1994, Dick founded his own consultancy firm before returning to politics as Deputy Minister for Foreign Affairs in the Dutch Government (1998 to 2002). Dick joined Shell in 2003 and worked for Shell Energy Europe before moving to Kuala Lumpur in 2006 overseeing the Gas & Power business in Malaysia. In 2009, he took up the role of Vice President Strategy for the Royal Dutch Shell Group. From 2011 to 2016, he was President Director of Shell Netherlands. His most recent position was Vice President Non-Operated Ventures Shell International.

DIRECTORS' REPORT

7. Directors (continued)

Name and qualifications	Experience, special responsibilities and other directorships
 DEEPA BHARADWAJ MBA, PGDM, BA(Hons) Economics, GAICD Non-Executive Director **Date appointed:** 05/03/2019	Deepa is an Executive Director in the IFM Investors infrastructure team. Deepa has senior level responsibility for managing IFM Investors' infrastructure operations, including fundraising, sourcing investment opportunities, transaction execution, asset management, and developing client relationships. Deepa spent more than 25 years in investment banking with Standard Chartered Bank, Credit Suisse, Paribas and Bank of America. She has extensive global expertise in the infrastructure and energy sectors, having worked in Asia, the US, the Middle East, Africa and Europe. Deepa's 13 years at Standard Chartered Bank in Singapore included senior leadership roles, most recently as Global Head for Power, Transportation and Infrastructure. In the course of her career, Deepa has successfully concluded several billion dollars in advisory and financing transactions including marquee deals in power, utilities, renewable energy, infrastructure and transportation. Deepa also has extensive experience in diversity and inclusion and is currently a member of the Steering Committee of the Women's Infrastructure Network in Australia. Deepa has represented IFM Investors as an Alternate Director on the Board of Australia Pacific Airports Corporation. Deepa holds a Masters of Business Administration from New York University, Post Graduate Diploma in Management (Indian Institute of Management, Calcutta), BA (Economics) (Honours) (St. Stephen's College, University of Delhi) and is a Graduate of the Australian Institute of Company Directors. Deepa is a member of the Finance, Audit and Risk Management ('FARM') Committee.
 PAUL DESOUZA BCom, BBus(Acc)(Hons), CA Non-Executive Director **Date appointed:** 16/02/2017	Paul is a Partner in the QIC Global Infrastructure team having been with QIC since 2006. Within QIC Global Infrastructure, Paul is a member of the Investment Committee and the Asset and Investment Management Committee. Paul has more than 25 years of experience in investment management, banking and finance and professional services, including more than 16 years in the infrastructure sector where he has been involved in a broad range of transactions in Australia, Europe, Asia and North America across the transport, energy and utility and social infrastructure sectors. Prior to joining QIC, Paul was a Director in the Infrastructure Advisory and Lending team at ING Bank in London and also worked in the Corporate Finance and Audit Divisions of Deloitte, both in London and Australia. Paul is on the Board of the EPIC Energy South Australia group of companies (where he is also the Chair of the Audit and Risk Committee). Paul previously served for more than six years on the board of the Port of Brisbane Group of entities (including being the Chair of the Audit and Risk Committee). Paul has also been a Director (or Alternate Director) of MI Longbeach LLC (the project vehicle for the Long Beach Courthouse PPP project), Portobar Capital (investment entity for Grup Maritim TCB, a container terminal developer and operator) and the Westlink M7 toll road group of entities in Sydney. Paul is a member of Chartered Accountants Australia and New Zealand, holds a Bachelor of Commerce from The University of Queensland and a Bachelor of Business Accountancy (Honours) from the Queensland University of Technology. Paul is Chairman of the FARM Committee.

7. Directors (continued)

Name and qualifications | **Experience, special responsibilities and other directorships**

CHRIS FREEMAN AM
BCom, FAICD, FFin, FDIA

Non-Executive Director

Date appointed: 01/03/2014

Chris was born and educated in Queensland and has significant company directorship experience in Australia and abroad in the property and finance sectors. He is Chair of Queensland Symphony Orchestra, a Director of Sunland Group Ltd and a member of the Brisbane City Council Urban Futures Board, and is a past Chair of Watpac, Tennis Australia and the Queensland Performing Arts Trust.

Prior to joining Watpac, Chris held the position of Executive Chairman, Development for Queensland, United Kingdom and United Arab Emirates at Mirvac. Previously, Chris was the CEO for Mirvac Queensland from 1998 to 2008.

Chris' former roles include Executive Director, Sunland Group and prior to that, Head of Business Banking at QIDC.

Chris is a past President of the Urban Development Institute of Australia and remains a life member. He has a strong interest in the arts and sport. He holds a Bachelor of Commerce from The University of Queensland and has completed advanced management programs at the University of Hawai'i, INSEAD in France and Mt Eliza Staff College. In June 2009, Chris was awarded a Member in the General Division of the Order of Australia (AM) for his contribution to the property development industry, the arts and other cultural affairs.

Chris is Chairman of the Property Committee and a member of the Human Resources and Remuneration ('HRR') Committee.

BRAD GEATCHES
BCOMM, MAICD

Non-Executive Director

Date appointed: 22/11/2018

Brad has over 30 years of senior executive experience in underground mining, airports and seaports, including 16 years as CEO of four corporations.

From 2007 to 2016, Brad was CEO of Perth Airport Pty Ltd and in that capacity led a $1.1 billion capital investment program that greatly expanded the airport's capacity and transformed the airport's customer experience. Prior to this, Brad was CEO of Cairns Port Authority, the operator of the Cairns airport and seaport. Through these capacities, Brad has developed expertise in governance, financial and risk management, land use and infrastructure planning, capital development and life cycle asset management of complex facilities with high levels of public engagement.

Brad is currently CEO of MATES in Construction, a charity providing mental health and suicide prevention services to workers in the construction and mining industries. He is also Chair of Pilbara Ports Authority and a Director of Perth Zoo Authority.

BELINDA GIBSON
BEc, LLB,
LLM, FAICD, FGIA

Non-Executive Director

Date appointed: 05/05/2017

Belinda is a Non-Executive Director of Citigroup Australian retail bank, Ausgrid (representing the NSW State interests in the Ausgrid partnership) and Thorn Group Ltd.

She was a corporate and securities partner with the global law firm Mallesons Stephen Jaques for 20 years. She particularly focused on transaction strategies, partnerships and joint venture arrangements and governance issues. In 2007, she was appointed Commissioner and then Deputy Chairman of the Australian Securities and Investments Commission ('ASIC'), with primary responsibility for oversight of the capital markets. In 2013, she left ASIC and established her independent corporate advisory and legal business.

She is a former Director of Airservices Australia, the air traffic control agency, GetSwift Limited, Chief Executive Women Inc and The Sir Robert Menzies Memorial Foundation. She also provided legal advice to major airlines for many years.

She has a Bachelor of Economics and of Laws from the University of Sydney and a Master of Law from the University of Cambridge. She is a Fellow of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. Belinda is a member of the HRR Committee.

DIRECTORS' REPORT

7. Directors (continued)

Name and qualifications	Experience, special responsibilities and other directorships
 CHRIS MCARTHUR BE, MBA, FAICD Non-Executive Director Alternate Director for John Ward **Date appointed as Director:** 25/11/2008 **Date appointed as Alternate Director for John Ward:** 07/12/2007	Chris is the Head of Asset Management, Australia and Partner, Infrastructure Investments, with Colonial First State Global Asset Management. He is responsible for the origination, execution and asset management of unlisted infrastructure investments globally, with a focus on transportation. In prior roles, Chris was Head of the Commercial Division of Pacific National, the former Toll/Patrick joint venture and Australia's largest private rail group. He held senior management positions with Qantas in Sydney and London, including as head of the QantasLink regional airline group. Chris is a current Director of Adelaide Airport and former Director of Perth Airport, and was inaugural Chairman of Airports Coordination Australia Ltd. Chris has a Bachelor of Engineering from the University of Melbourne where he also holds an MBA from the Melbourne Business School. He is a Fellow of the Australian Institute of Company Directors. In addition to being a Director of the BAC Group, Chris is also an Alternate Director for John Ward. Chris is Chairman of the HRR Committee and a member of the FARM Committee.
 JOS NIJHUIS Non-Executive Director **Date appointed:** 01/01/2015 **Date resigned:** 01/04/2019	Having joined Royal Schiphol Group as a board member in 2008, Jos was appointed President & CEO from 1 January 2009 until 1 May 2018. He was a Non-Executive member of the board of Groupe ADP (Aéroports de Paris) until 20 May 2019. Jos started his career as an accountant and worked for many years (1980 to 2008) at PricewaterhouseCoopers (PwC) in various management capacities, most recently as CEO and Chairman of the Board of Management. He is a member of the Supervisory Board of Okura Hotel Amsterdam B.V. and is also active in the social sector as a member of the Dutch National Opera and Ballet Board of Governors.
 MICHAEL THOMPSON BCom Non-Executive Director **Date appointed:** 23/11/2016 **Date resigned:** 05/03/2019	Michael was an Executive Director of Infrastructure for IFM Investors. He was responsible for sourcing, evaluating and executing Australian and international infrastructure investments, and managing existing investments within the Australian infrastructure portfolio. Michael was seconded to IFM Investors' New York office in August 2008 and returned to the Melbourne office in December 2011. Prior to joining IFM Investors, Michael was Director and Head of Energy Mergers & Acquisitions in the Corporate Advisory Division of PwC. Previously, Michael was a Director in the Specialised Capital Group at Westpac, where he originated and executed equity investments in the energy and infrastructure sectors. He has also held senior energy and infrastructure investment banking roles at Citigroup and Merrill Lynch. Michael holds a Bachelor of Commerce from the University of Melbourne. Michael was a member of the FARM Committee and Property Committee.

7. Directors (continued)

Name and qualifications	Experience, special responsibilities and other directorships
 JABINE VAN DER MEIJS ACMA Non-Executive Director **Date appointed:** 03/10/2018	Jabine has been the CFO & Executive Vice President of the Royal Schiphol Group since April 2017. Before this role she worked for Shell for 25 years in HR, strategy and mainly financial positions in The Netherlands, the UK, Brunei and Australia. In her most recent position in Shell, she was the VP Finance Projects in the Projects and Technology business of Shell. Other roles she had include Financial Controller, Acting Finance Director for the Brunei Shell Companies and Finance Director for Shell Australia. Jabine is a Non-Executive member of the board of Groupe ADP (Aéroports de Paris). She is a Member of the Supervisory Board of Kendrion N.V. and she serves as Chair of the Audit Committee of Kendrion N.V. Jabine is a qualified pharmacist from Utrecht University and she completed her professional accounting degree in the UK.
 JOHN WARD BSc, FIML, FAICD, FCILT, FRAeS Non-Executive Director **Date appointed:** 24/11/1997	John is a professional company director and corporate advisor. He was interim Chairman of the Board from 30 January 2009 to 25 September 2009, and is a member of the FARM Committee, previously holding the position of Committee Chairman for 13 years. John retired as the General Manager Commercial of News Limited in May 2001. Prior to joining News Corporation in mid 1994, he was Managing Director and Chief Executive of Qantas Airways Limited. This culminated a 25 year career with the airline in a variety of corporate and line management roles covering Australia, Asia, Europe and North America. John is an Honorary Life Governor of the Research Foundation of Information Technology and a Director of Adelaide Airport Limited, Ward Advisory Services and Ward Securities Pty Limited. He was the Chairman of Wolseley Private Equity for 10 years until July 2014 and Chairman of the NSW Freight Advisory Council from June 2010 until its dissolution in January 2012.
 JOSHUA CRANE MAppFin, BCom, LLB(Hons), GAICD Alternate Director for Deepa Bharadwaj **Date appointed:** 05/03/2019	Josh is an Investment Director in the IFM Investors infrastructure team. Josh is responsible for the origination, analysis, structure and execution of infrastructure investments, along with the ongoing management of IFM's existing infrastructure investments, with a particular focus on airports and regulated utilities. Josh previously worked at Major Projects Victoria and, prior to that, Herbert Smith Freehills, where he was involved in the procurement, delivery, acquisition and financing of domestic and international infrastructure assets. Josh has represented IFM Investors as a Director on the Board of Wyuna Water. Josh holds a Masters of Applied Finance from Macquarie University and Bachelors of Commerce and Laws (Honours) from Monash University, and is a Graduate of the Australian Institute of Company Directors.

DIRECTORS' REPORT

7. Directors (continued)

Name and qualifications	Experience, special responsibilities and other directorships
 TONY HARRINGTON AM FCA, SFFin Alternate Director for Dick Benschop **Date appointed:** 01/04/2019 Alternate Director for Jos Nijhuis **Date appointed:** 01/01/2016 **Date resigned:** 01/04/2019	Tony has a distinguished career in financial and professional services, with over 35 years of business and strategic leadership experience, in Australia and internationally. Most recently, Tony was the Chief Executive of leading Legal and Consulting firm MinterEllison. Prior to this, he was Managing Director of the fast-growing and innovative global investment bank, Moelis & Company. He also held a number of senior roles at PwC including Global Managing Partner, Strategy & Transformation at PwC and was a member of the PwC Global Executive Leadership Team. From 2000 to 2008, Tony was Australian Senior Partner and Chief Executive of PwC, coming into the position not long after the merger of Price Waterhouse with Coopers & Lybrand, and oversaw the successful cultural integration and significant growth of the merged firm in Australia. At Coopers & Lybrand, Tony was Deputy Chairman of the firm and National Managing Partner of Taxation Services. Tony holds a Bachelor of Commerce from the University of New South Wales. He is a Fellow and Chairman of Chartered Accountants Australia and New Zealand and a Senior Fellow of FINSIA. He was appointed a Member of the Order of Australia (AM) in 2011 in recognition of his charitable work.
 ROSS ISRAEL BCom, LLB, SFFin Alternate Director for Paul DeSouza **Date appointed:** 26/06/2017 **Date resigned:** 26/06/2019	Ross co-founded QIC Global Infrastructure in early 2006. Ross provides overall leadership to the team which currently manages 13 direct investments out of offices in Brisbane, Sydney, Melbourne, New York and London. He has had oversight on all of the team's investments. Ross is a member of QIC's Executive Committee and the QIC Global Infrastructure Investment Committee. Ross has over 28 years of experience in the field of corporate finance and funds management with specialist skills in infrastructure, asset management, capital raisings and mergers and acquisitions. Prior to QIC, Ross was with AMP Capital from 2000 to 2005. He co-led the AMP team responsible for the creation of the Diversified Utility and Energy Trusts ('DUET'), after which he was seconded into the management joint venture between AMP Capital and Macquarie Bank established prior to DUET's listing on the Australian Securities Exchange ('ASX') in August 2004. He was DUET's Chief Operating Officer until his departure to QIC. Prior to joining AMP Capital, Ross worked for ABN AMRO and BZW in their Australian Infrastructure Corporate Advisory and London mergers and acquisitions teams, and with Ernst & Young in their Sydney Corporate Tax Division. Ross is currently an Alternate Director of Port of Brisbane. Ross holds a Bachelor of Commerce and Bachelor of Law from the University of Queensland.
 LIAM TIERNEY BCom, BSc, CFA Alternate Director for Brad Geatches **Date appointed:** 23/05/2019	Liam is an Investment Director at Whitehelm Capital and has been responsible for the management of infrastructure assets across both Australia and Asia since 2006. In this capacity, he currently serves as a Director on the Boards of Miaoli Wind Company, Tacna Solar, Panamericana Solar and Whitehelm MBK Fund Management. He is also an Alternate Director on the Boards of Flinders Ports, International Parking Group, Rowville Transmission Facility and the Challenger Emerging Market Infrastructure Fund. Liam also has experience in assessing transactions, investments and divestments across a wide range of infrastructure and other sectors across Australia, Asia and Europe. He spent two years overseeing the European portfolio and investing activities while based in Whitehelm Capital's London office. Liam holds a Bachelor of Commerce (Finance) and a Bachelor of Science (Mathematics) from the University of New South Wales. He is also a CFA charter holder.

7. Directors (continued)

Name and qualifications	Experience, special responsibilities and other directorships
 GERHARD VORSTER BSc (Civil Engineering), MBA (Cum Laude), MAICD Alternate Director for Jabine van der Meijs **Date appointed:** 01/01/2019	Gerhard is the Managing Director of Quidni Advisory, a boutique strategy advisory firm. Working directly with boards and senior leaders, Gerhard guides businesses to reposition them in pragmatic yet unexpected ways. Previously, Gerhard was the Chief Strategy Officer for Deloitte Australia and Asia-Pacific, a position he held for five years. He was a key strategist and executive in designing and implementing the Deloitte Australia growth story since 2003. Prior to that Gerhard was the Managing Partner (Consulting) for the South African, East Asian, Australian and Asia-Pacific practice regions. He has broad sector experience in the areas of: professional services, banking and securities, automotive, innovation, mining, oil and gas, telecommunications and media. Gerhard trained and practised as a professional engineer and spent some time at an investment bank prior to joining Deloitte in 1987. In addition to his MBA he also completed several executive education programs at Harvard, Stanford, Kellogg, INSEAD, IESE and IMD. Gerhard is the Chairman of the Advisory Board of Bio Capital Impact Fund, a member of the Advisory Board of Intersective and the Patron of Good Design Australia. He was a Director of Georgiou Group and also the inaugural Chairman of the RMIT University College of Business Advisory Board.
 KIRSTEN WHITEHEAD BCom/LLB (Hons), GDLP Alternate Director for Paul DeSouza **Date appointed:** 26/06/2019 **Date appointed as Alternate Director for Belinda Gibson:** 22/05/2017	Kirsten joined QIC in early 2010 and has overall responsibility for portfolio management across QIC Global Infrastructure's separately managed accounts, large co-investors and pooled products. Her role is focused on infrastructure investment management, with a focus on investment analysis, asset management, governance and structuring, together with portfolio construction and analytics, research and thought leadership, and managing the overall client relationships. Since joining QIC, Kirsten has had a broad exposure to a variety of sub-sectors from both an investment origination and asset management perspective. This has included being an integral part of the teams that successfully acquired Epic Energy South Australia and Heathrow Toggle and implementing the strategy for the US public private partnership investments. She has also held asset management roles in the transport and utilities sectors, in particular with respect to Brisbane Airport, Port of Brisbane and Thames Water. Kirsten has also worked closely with a number of the separately managed account clients on investment management matters and mandate negotiations. Prior to working with QIC, Kirsten was employed by the Virgin Group in London for two years where she evaluated and managed a portfolio of investments in various sectors including renewable energy, telecommunications, healthcare and aviation. Previously, Kirsten was employed as a corporate solicitor at King & Wood Mallesons where she had experience in mergers and acquisitions, joint venture arrangements, corporate restructurings and acting for investors in infrastructure and resource projects. Kirsten holds a Bachelor of Commerce/Bachelor of Laws (Honours) from the University of Queensland and a Graduate Diploma of Legal Practice from the College of Law, New South Wales. She is currently an Alternate Director for Brisbane Airport Corporation.

DIRECTORS' REPORT

7. Directors (continued)

Name and qualifications	Experience, special responsibilities and other directorships
 ALAN WU MCom, CFA, GAICD Alternate Director for Chris McArthur **Date appointed:** 03/11/2014	Alan is Director, Infrastructure Investment for Colonial First State Global Asset Management ('CFSGAM'). He is responsible for the management of transport and utilities infrastructure assets, as well as sourcing, evaluating and securing investment opportunities within the Infrastructure team. He currently serves as a Director on the Boards of International Parking Group, and Water Utilities Australia, and as an Alternate Director of First Gas and Adelaide Airport. He has previously served as a Director of Bankstown and Camden Airports and an Alternate Director of Perth Airport. Alan has been involved in the investment, management and divestment of infrastructure assets, as well as portfolio management since 2000. Prior to being appointed Director, Alan held various roles within the team including Head of the Analytics team. Alan was also actively involved in the establishment and growth of CFSGAM's flagship infrastructure funds in Australia. Alan holds a Master of Commerce (Funds Management) from the University of New South Wales, and a Bachelor of Commerce (Accounting and Finance) from the same university. He is a CFA charter holder and a Graduate of the Australian Institute of Company Directors.

8. Company Secretary

Name and qualifications	Experience, special responsibilities and other directorships
 SHERIDAN COOPER LLB, BBus (Accy), Grad Dip (Company Secretarial Practice), AGIA, MAICD Group Company Secretary **Date appointed:** 30/11/2018	Sheridan was appointed the Group Company Secretary of the BAC Group in November 2018 and is responsible for all company secretarial matters. Sheridan has been a corporate governance, compliance and relationship management professional with over 15 years' experience working with and advising boards, executive management and operating committees in the governance of their organisations. Prior to joining BAC, Sheridan was contracting privately to a number of organisations as a company secretary and working as a principal consultant in governance. Sheridan has worked as a governance professional for Australian and international organisations within a wide range of industries including health, mining, financial services, construction, aged care, rail and logistics. Her experience spans the not-for-profit, charity, private, government, government owned corporation and listed sectors.
 ADAM STOKER MTax, LLB (Hons), BMedSc, AGIA, MAICD Group Company Secretary (Acting) and General Counsel **Date appointed:** 23/12/2017 **Date resigned:** 30/11/2018	Adam was appointed the Group Company Secretary of the BAC Group in December 2017 and was responsible for all company secretarial matters in this period. Adam has continued in the role of General Counsel for the BAC Group.

9. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors during the financial year were:

Director	Board meetings		FARM Committee meetings		HRR Committee meetings		Property Committee meetings		New Financing Special Committee meetings		FY19 Debt Committee meetings	
	A	B	A	B	A	B	A	B	A	B	A	B
D Peever (Director and Chairman of the Board)	8	9	–	–	2# 2	– 3	–	–	–	–	–	–
D Benschop	2	3	–	–	–	–	–	–	–	–	–	–
D Bharadwaj	3	4	1# 2	– 2	–	–	–	–	1	1	–	–
P DeSouza	8	9	5	5	1#	–	1#	–	1	1	1	1
C Freeman	9	9	3#	–	5	6	4	4	–	–	–	–
B Geatches	6	6	2#	–	–	–	–	–	–	–	–	–
B Gibson	8	9	1#	–	6	6	–	–	–	–	–	–
C McArthur (Director and also Alternate Director for J Ward)	9	9	4	5	6	6	–	–	1	1	1	1
J Nijhuis	1	6	1#	–	–	–	–	–	–	–	–	–
M Thompson	5	5	2	2	–	–	3	3	–	–	1	1
J van der Meijs	1	7	–	–	–	–	–	–	–	–	–	–
J Ward	8	9	4	5	–	–	–	–	1	1	–	–
J Crane (Alternate Director for D Bharadwaj)	2##	4	–	–	–	–	–	–	–	–	–	–
T Harrington (Alternate Director for J Nijhuis and D Benschop)	8**	9	1#	–	–	–	1	1	–	–	–	–
L Tierney (Alternate Director for B Geatches)	–	1	–	–	–	–	–	–	–	–	–	–
R Israel (Alternate Director for P DeSouza)	–	8	–	–	–	–	–	–	–	–	–	–
G Vorster (Alternate Director for J van der Meijs)	5	5	–	–	–	–	–	–	–	–	–	–
K Whitehead (Alternate Director for P DeSouza and B Gibson)	2	9	–	–	–	–	–	–	–	–	–	–
A Wu (Alternate Director for C McArthur)	–	9	–	–	–	–	–	–	–	–	–	–

A Number of meetings attended
B Number of meetings held during the year where the Director held office or was a member of the relevant committee
\# Attended the relevant committee meeting as an invitee
\## In capacity of invitee for one meeting
** In capacity of invitee for two meetings

If any Circulating Written Resolutions of Directors are made during the year pursuant to rule 9.14 of the Constitution, these are included in the number of Board meetings held and attended. Rule 9.14 states that such a resolution is 'as valid and effectual as if it had been passed at a duly convened meeting of the Board'. One Circulating Written Resolution was made in the 2019 financial year.

DIRECTORS' REPORT

10. Indemnification

During the year, BACH on behalf of itself and its subsidiaries (including BAC) entered into Deeds of Indemnity, Insurance, and Access ('Deeds') with each Director, Alternate Director and Company Secretary and BAC senior managers (collectively 'Officers') within the BAC Group.

BACH has agreed to indemnify and maintain insurance in favour of each Officer with respect to certain liabilities which the Officer may incur acting as an Officer in accordance with the terms of the Deeds.

11. Insurance

During the year, the BAC Group paid insurance premiums in respect of a Directors' and Officers' Liability Insurance Contract for current and former Directors and Officers, including Officers of the BAC Group.

12. Environmental regulation

The operations of BAC are subject to a range of both Commonwealth and State legislation. Primary environmental compliance is governed by the Airports Act 1996 (Cth) ('Airports Act') and associated Airports Regulations 1997 and the Airports (Environment Protection) Regulations 1997 (Cth). The latter legislation specifically addresses issues of soil, air, water, preservation of habitat and excessive noise, but excludes gaseous emissions or noise from aircraft. Governance of environmental issues not specifically dealt with by the Commonwealth legislation reverts to the appropriate State legislation and local government by-laws. Locally, the Airport Environment Officer ('AEO'), appointed by the Department of Infrastructure, Transport, Cities and Regional Development ('DITCRD'), is responsible for administering the Airports (Environment Protection) Regulations 1997 (Cth).

The 2019 financial year also saw continued interest by media and regulators on per- and polyfluoroalkyl substances (PFAS) used by aviation-related tenants and Airservices Australia with proposed changes to the National Environmental Management Plan (NEMP 2.0) undergoing consultation.

BAC has continued to take all reasonable and practicable measures to comply with its general environmental duty to avoid and/or minimise pollution. BAC has also continued to exercise its rights under tenant lease agreements to require entities responsible for pollution to monitor and remediate contamination on Brisbane Airport.

There have been no significant breaches of any environmental regulations to which BAC is subject.

13. Non-audit services

During the year, Deloitte Touche Tohmatsu ('Deloitte'), the BAC Group's auditor, performed certain other services in addition to their statutory duties in accordance with BAC's External Audit Policy. This policy ensures controls are placed on all non-audit related services, including quarterly reporting to the FARM Committee as required.

In addition to providing an annual declaration on its compliance with independence requirements, the External Audit Policy requires the external auditor to maintain a quality control system to provide assurance that its independence will not be impaired.

The Board considered the non-audit services provided during the year by the auditor and in accordance with the recommendation provided by the FARM Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the BAC Group and have been reviewed by the FARM Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided are consistent with the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the BAC Group, acting as an advocate for the BAC Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of BAC, Deloitte, and its related practices for audit and non-audit services provided during the year are set out in note 2.4 to the financial statements.

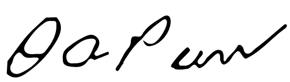
14. Lead auditor's independence declaration

The lead auditor's independence declaration is included on page 100 of the 2019 Annual Report and forms part of the Directors' Report for year ended 30 June 2019.

15. Rounding off

BACH is an entity of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in Brisbane on 27 September 2019 in accordance with a resolution of the Directors.



David Peever
Director

CORPORATE GOVERNANCE STATEMENT

BACH is an unlisted public company limited by shares, primarily subject to the corporate governance requirements of the BACH Shareholders' Agreement, the BACH Constitution, the Corporations Act 2001 (Cth) and common law principles. The Directors of the BAC Group are committed to embracing good corporate governance policies, practices and procedures. Fundamentally, the BAC Group believes good corporate governance is based on a strong organisational culture underpinned by shared principles and values.

The Board and management acknowledge that there are a number of models for good corporate governance, each of which has some principles of commonality, with other areas tailored for varying corporate structures, legal jurisdictions and local conditions. In Australia, these models include:

- the Australian Securities Exchange ('ASX') Corporate Governance Council 'Corporate Governance Principles and Recommendations' (4th Edition)
- the Governance Institute of Australia 'The Guidelines: Whole-of-organisation governance' (October 2015); and
- the Corporate Governance Standards issued by Standards Australia.

The Board has considered each model and, having regard to BACH not being an ASX listed company, adopted a number of key common aspects consistent with the BAC Group's particular circumstances and overarching governance documents – each BAC Group Constitution and the BACH Shareholders' Agreement.

This statement outlines the main corporate governance practices that were in place during the 2019 financial year.

(a) Board of Directors

Role of the Board

The Board is responsible for the overall corporate governance of the BAC Group including participation in charting its strategic direction, objective setting, policy guidelines, goals for management and monitoring of the achievement of these matters.

It actively engages in and guides development of strategy and approves the Business Plan and operating and capital budgets each financial year. The Board also reviews matters of a major or unusual nature which are not in the ordinary course of business.

Having set the BAC Group's direction, the Board delegates management responsibility to the Chief Executive Officer ('CEO'). The Board has also established a risk management framework including a system of internal control, a business risk management process and a delegation policy.

To augment the roles, responsibilities and functions of the Board and individual Directors as described in the Constitution and the BACH Shareholders' Agreement, the Board has a complementary Board Charter and Board Code of Conduct.

The BAC Group has written agreements in place with each Director and executive manager setting out the terms of their appointment. New Directors participate in a comprehensive induction program and all Directors participate in various ongoing professional development activities. The Company Secretary also has a dual line of reporting to the Board and executive management.

Size and composition of the Board

Each of the BAC Group's Constitutions, the BACH Shareholders' Agreement and the Board Charter determine the number of Directors on and composition of the Board, including that there must be not less than three and no more than eleven Directors (excluding Alternate Directors). Currently, there are ten Non-Executive Directors, including the Independent Chairman.

A Director may from time to time appoint an Alternate Director by giving notice in writing in the prescribed form. At the date of this statement, seven Alternate Directors are appointed.

The names of the Directors and Alternate Directors of the BAC Group in office at the date of this statement are set out in the Directors' Report.

Key meeting protocols

Resolutions at Board meetings are generally decided by a simple majority of votes cast by Directors, with each Director entitled to cast one vote.

A quorum for Board meetings is at least one Director (or Alternate Director) representing each Shareholder or Pooling Group that has nominated a Director, unless the requirement is waived in writing by all Directors or waived in writing by an individual Director in respect of a meeting or meetings. The CEO is a standing attendee at each meeting and the Chief Financial Officer ('CFO') is invited to the meetings at the discretion of the Board.

The Board generally holds eight scheduled meetings each year, plus a strategy workshop and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise outside the normal Board meeting schedule. In addition, the Board also utilises Circulating Written Resolutions of Directors pursuant to the Constitution and Corporations Act 2001 (Cth), if required.

CORPORATE GOVERNANCE STATEMENT

(a) Board of Directors (continued)

To assist in the execution of its responsibilities, the Board has established a number of Board committees, being the:

- Finance, Audit and Risk Management ('FARM') Committee
- Human Resources and Remuneration ('HRR') Committee; and
- Property Committee.

The Board also establishes various committees as the needs of the business require and as described in items (e) to (f) below.

The Board has established a risk management framework for the BAC Group including a system of internal control, and a business risk management process as described in item (h) below.

Board performance assessment

The Board undertakes regular performance assessment, with the most recent evaluation facilitated by an external independent specialist organisation. A detailed report was provided which commented on the system of governance, the depth and broad range of skills among Directors, prioritisation of strategic matters and management succession.

In addition, during the year the Board undertook an annual performance assessment of the Chairman.

Board remuneration

In accordance with the Board Remuneration Policy, the Board's remuneration is set through independent market assessment, evaluation of comparable boards of similar scope, size and skill and a desire to attract and retain high quality directors.

During 2019 the Board undertook its annual review of Director remuneration taking into consideration remuneration benchmarks and market movement for Non-Executive Directors in peer organisations.

(b) FARM Committee

The Board has established the FARM Committee, the role and responsibilities of which are governed by a Charter. The FARM Committee is comprised of four Non-Executive Directors with the Chair of the FARM Committee a Non-Executive Director.

The role of the Committee includes monitoring the established framework of internal control and risk management for the BAC Group and reviewing any changes to or improvements of that framework. It also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies, or for inclusion in the financial report.

The overall objective of the Committee is to assist the Board to discharge its corporate governance responsibilities to exercise due care, diligence and skill in relation to the BAC Group's:

- reporting of financial information to users of financial reports
- application of accounting policies
- financial management
- internal control system
- financial policies and practices
- compliance systems and oversight; and
- monitoring and control of risk management systems.

The Board has an External Audit Policy which covers:

- appointment, removal and rotation of the external auditor
- performance of the external auditor
- external auditor independence
- provision of non-audit related services
- responsibility of the external auditor; and
- audit delivery and reporting.

Both the BAC Group and its external auditor comply with the requirements of the Corporations Act 2001 (Cth) and APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board.

The external auditor, Deloitte, has declared its independence to the Board. The FARM Committee has examined material provided by the external auditor and by management and has satisfied itself that the standards for auditor independence and associated issues were fully complied with.

The following processes have also been implemented to further reinforce control of external auditor independence:

- the external auditor is to provide the BAC Group with annual independence declarations
- the FARM Committee's Charter specifically makes reference to its role in establishing and monitoring external auditor independence; and
- the Finance Group Quarterly Compliance Report includes a specific declaration regarding external auditor independence.

(c) HRR Committee

The BAC Board established the HRR Committee, the composition, role and responsibilities of which are governed by a Charter. The Chair of the HRR Committee is a Non-Executive Director. The Committee's role is to undertake appropriate activities to enable it to recommend to the Board, and thereafter monitor and report to the Board, on the following:

Board and Board committees:

- the aggregate level of Board remuneration for Non-Executive Directors and fees for membership of any Board committees
- the level of individual Directors' Board remuneration and committee fees by category of directorship or membership respectively; and
- professional training and development for Non-Executive Directors.

Management and staff:

- CEO remuneration benchmarking, Key Performance Indicators ('KPI') performance and assessment
- staff remuneration design, policies and practices (including short, medium and long term incentive and bonus arrangements) in line with market conditions, industry standards and legal obligations
- performance review and performance management systems
- staff development policies and practices
- management succession planning at the senior level and other business critical roles
- management systems to ensure compliance with various regulatory requirements in respect of human resources management; and
- provision of advice on any other human resource or remuneration matters referred to the Committee by the Board.

(d) Property Committee

The BAC Board established the Property Committee, the composition, role and responsibilities of which are governed by a Charter.

The Committee's key objectives are to:

- enable greater Director focus on BAC's property business generally
- consider alternative funding options for property development; and
- provide management with timely feedback and guidance on major property proposals.

(e) FY19 Debt Committee

The BAC Board established the FY19 Debt Committee to authorise and delegate to the committee the authority to approve the final form of the updated Euro Medium Term Note ('EMTN') Offering Circular for the EMTN Programme and amendments to certain terms in relation to the bank refinancing.

The Committee's function ceased on 31 December 2018 as its mandate related to the EMTN Programme only.

(f) New Financing Special Committee

The BAC Board established the New Financing Special Committee to provide oversight and endorsement of new financing arrangements.
The Committee's function ceased on 30 June 2019 as its mandate related to the financing arrangement in FY19 only.

(g) Shareholder relations

The Board has approved a Shareholder Investor Relations Policy, the purposes of which are to promote and enhance:

- effective and clear communications with shareholders
- regular and timely updates on business performance
- balanced information sharing across the shareholder group
- access to key corporate documents
- access to balanced and readily understandable information about key corporate proposals
- a disciplined, professional approach to the flow of information from the BAC Group to shareholders at all times; and
- the use of appropriate channels of effective two-way communications at all levels.

The policy sets out a series of scheduled communication with shareholders, as well as materiality thresholds for notifications to shareholders.

CORPORATE GOVERNANCE STATEMENT

(h) Risk management

Financial control framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has established an internal control framework that can be generally described as follows:

- financial and management reporting – there is a comprehensive budgeting system with an annual budget and five year Business Plan approved by the Board. Actual results are reported against budget and revised forecasts for the year are prepared regularly. BACH and BAC report to equity and debt holders on a quarterly basis
- quality and integrity of personnel – BAC's standards in respect of values and expectations of employees and contractors are clearly defined, including through induction programs. Formal appraisals are conducted at least annually for all employees
- operating unit controls – the BAC Group adopts financial controls and procedures including information system controls
- functional speciality reporting – the BAC Group prepares Board information papers as required on various issues which arise in the course of operations in addition to Board requested information
- investment appraisal – the BAC Group has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures and levels of authority
- fraud and corruption controls – BAC maintains a Fraud and Corruption Control Policy that sets out the procedures for investigating reports of fraudulent or corrupt conduct; and
- confidential reporting – BAC has a Confidential Reporting Policy to encourage Directors, management, other employees, contractors and suppliers who have witnessed, or know about, any misconduct to report it through appropriate channels. The policy sets out how BAC will respond to, and investigate reports of, misconduct, and outlines the protections available to those who lodge a report in good faith.

Each year, the CEO and CFO provide a Management Representation Letter to the BAC Group's external auditors and formally provide sign-off to the Board addressing matters such as internal control, compliance with accounting standards, asset values, liabilities, related party transactions and contingencies. In addition, management provides a Quarterly Risk and Compliance Report to the Board which reports on compliance, incidents and enterprise risk management matters and relevant management actions or controls. The BAC Group's external auditor also attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

Business risk management

The BAC Group has established a system of risk oversight and management that encompasses the culture, processes and structures that are directed towards identifying, assessing and managing risks that could have a material impact on the business. To this end, the BAC Group has formal Board policies on risk management and legal compliance, with the objective of these programs being to provide management with the guidelines and framework consistent with the respective Australian Standard AS/NZS ISO 31000:2009 'Risk management – Principles and guidelines' and compliance framework through AS ISO 19600:2015 'Compliance management systems – Guidelines'. The BAC Group continues to facilitate and encourage a culture of appropriate risk management and compliance amongst its staff.

Further, sound risk management practice underpins the BAC Group's planning and decision making. In the first half of the 2019 Financial Year, the Compliance and Risk Management Committee met quarterly to oversee the integration and application of risk management principles across the operations of the business. These meetings were replaced by monthly risk and compliance reporting to BAC's Executive Leadership Team in the second half of the year.

In particular, the BAC Group has adopted a multi-faceted approach which reflects the current nature of its business activities. This comprises generalised and specific risk management initiatives including:

- enterprise-wide strategic risk identification, evaluation and treatment
- major project risk identification, evaluation and treatment
- significant contract risk assessments;
- regulatory compliance
- WHS management systems (see further details later in this statement); and
- environmental risk program.

Risk analysis is also embedded in the BAC Group's annual business planning process and Board strategy workshop. During the year, management reported to the Board as to the effectiveness of the BAC Group's management of its material business risks and the Board satisfied itself that these material business risks are being managed effectively.

(h) Risk management (continued)

Internal audit

The BAC Group has a Board approved Internal Audit Policy and a three-year Internal Audit program in place, which considers emerging risks and is integrated with risk management, compliance and the external statutory audit. The Internal Audit program includes a series of risk-based and routine reviews based on an annual plan agreed with management and the FARM Committee, with the objective of providing assurance to the Board on the adequacy of the BAC Group's risk framework and the completeness and accuracy of risk reporting by management. The Internal Audit program is delivered under an outsourced arrangement by an external internal audit service provider.

Financial reporting

The CEO and the CFO have provided a written statement to the Board that:

- in their view, the BAC Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- the BAC Group risk management and internal compliance and control system is operating effectively in all material respects.

Monthly results are reported against the budget approved by the Board and revised forecasts for the year are prepared regularly.

(i) Environmental management

Airport Environment Strategy

The Airports Act 1996 (Cth) ('Airports Act') outlines the requirement for BAC to include in its Master Plan, an Airport Environment Strategy ('AES') which, at five yearly intervals, must undergo a review and reissue process. The Commonwealth Government approved Brisbane Airport's 2014 Master Plan and AES on 13 January 2015. The AES continues to set the strategic direction for environmental management and sustainability until the end of 2019. The range of the environmental legislation which applies to Brisbane Airport is identified throughout the document.

Environmental performance

The AES outlines a range of action items to demonstrate compliance with the Airports Regulations 1997 (Cth) and the Airports (Environment Protection) Regulations 1997 (Cth). The most significant includes the ongoing management of its Environmental Management System consistent with ISO 14001:2015 'Environmental management systems' and accreditation under the Airports Council International Airport Carbon Accreditation program.

Environmental compliance

Compliance is overseen by a range of regulatory and self-monitoring initiatives. BAC's performance against the implementation of the commitments in the AES has been, and will continue to be, reviewed on a regular basis in consultative meetings with the AEO and annually in the Annual Environment Report to the DITCRD. BAC maintains registers and records pursuant to the Airports Act and Regulations.

BAC regularly reviews emission levels associated with processes for which BAC has operational control and compares those results to reporting thresholds outlined in the National Greenhouse and Energy Reporting Act 2007 (Cth). BAC also reports emission data to the National Pollutant Inventory.

Major developments

All large development projects on airport are assessed against the Airports Act requirements for a Major Development Plan ('MDP'). When triggered, BAC must submit an MDP for the approval of the DITCRD Minister. The MDP process includes an automatic referral from the DITCRD Minister to the Environment Minister under section 160 of the Environment Protection and Biodiversity Conservation Act 1999 (Cth) ('EPBC Act') for determination of the environmental assessment process and to provide advice on environmental matters back to the DITCRD Minister.

Typically, the Environment Minister will accredit the Airports Act MDP process as the appropriate assessment vehicle for a major development but may decide an alternative assessment, as provided for in the EPBC Act, is appropriate. All MDPs must contain an assessment of the environmental impacts of the project and detail plans for addressing the impacts. All MDPs, prior to submission, are subject to a mandatory 60 business day public comment period.

Sustainability

To embed sustainability into the BAC Group's culture, a dedicated sustainability section was included in the 2014 BAC Airport Master Plan within the AES. In 2016, BAC also prepared a Corporate Sustainability Strategy ('CSS') and is currently implementing the actions within the CSS. BAC's CSS was recognized as an outstanding program in pursuit of sustainability within the aviation industry at the 2018 Airports Going Green Award in Atlanta, USA. BAC has been issuing stand alone, annual sustainability reports in accordance with the Global Reporting Initiative (GRI) framework since 2016.

Climate change

BAC's Climate Change Adaptation Plan ('CCAP'), initially developed in 2016, includes a physical climate risks and opportunities assessment using the Representative Concentration Pathways ('RCP') 8.5 and RCP 4.5 scenarios. This was undertaken in accordance with BAC's enterprise-wide risk assessment framework based on Australian Standard AS/NZS ISO 31000:2009 'Risk management – Principles and guidelines'. In 2018, BAC revised the CCAP to include modelling and impact updates from the Intergovernmental Panel on Climate Change ('IPCC') Special Report on the impacts of global warming of 1.5°C above pre-industrial levels.

CORPORATE GOVERNANCE STATEMENT

(i) Environmental management (continued)

Brisbane's new runway

Brisbane's New Runway ('BNR') received Commonwealth and Queensland government approval in late 2007 and is needed to address the continuing growth in air travel through Brisbane Airport.

Phase 1 (site clearing, drainage works, dredging and reclamation of the BNR footprint) was successfully completed in June 2015. Phase 2 Engineering Design is complete. Status of the various Phase 2 construction contracts is:

- seawall and site access road – complete
- Dryandra Road Underpass – contract awarded January 2017. All construction works have been completed and the underpass opened to the public in October 2018; and
- airfield works – contract awarded June 2017. Works are now well advanced, and the contract is on schedule for completion by May 2020.

BAC is developing the commissioning and operational readiness plan to enable the new runway to be operational by September 2020.

(j) Work health and safety

Overview

The business is subject to State legislation in the WHS field. WHS compliance is primarily governed by the Work Health and Safety Act 2011 (Qld) and the associated Work Health and Safety Regulation 2011 (Qld). This legislation provides a range of duties for ensuring the health and safety of persons who may be affected by the undertakings of the BAC Group. Further guidance on how to manage health and safety risks is provided through additional legislation such as the Electrical Safety Act 2002 (Qld) (and its associated Regulation) as well as various other documents including Codes of Practice and Australian Standards. Workplace Health and Safety Queensland and the Electrical Safety Office (Office of Industrial Relations, reporting to the Queensland Minister for Industrial Relations) are the regulators for this legislation.

Work health and safety compliance

BAC's WHS management system is certified to AS/NZS 4801:2001 'Occupational health and Safety management systems' and the system is externally reviewed against this standard every twelve months and a full re-accreditation audit conducted every three years in order to retain accreditation. BAC was successful in the surveillance audit undertaken during the 2019 financial year.

The compliance framework forms the basis of a holistic methodology to health and safety driven by the Board and senior management and is underpinned by a cooperative, consultative approach by all relevant parties (including employees, contractors and tenants) to managing WHS risks arising out of BAC's business activities. This, combined with ongoing reviews of BAC's WHS performance against measurable objectives and targets, ensures that "due diligence" is exercised in the management of WHS risks.

(k) Diversity and inclusion

Overview

The BAC Group is a values-based organisation whose vision includes creating a business environment that values partnerships and people. BAC's Diversity and Inclusion Program focuses on providing a satisfying, healthy and productive work environment. This is supported by Bullying, Harassment and Unlawful Discrimination Policy which was reviewed in early 2016 and the Diversity and Inclusion Policy which was recently reviewed in FY19.

These policies:

- provide guidance for the development and implementation of programs and initiatives aimed at promoting diversity and inclusion across all levels including staff, management and the Board. The BAC Group's definition of diversity extends beyond gender and includes origin, age, race, cultural heritage, lifestyle, education, physical ability, appearance, language and other factors
- require the establishment of clear measurements and reporting to management, the Board and the HRR Committee
- encourage the adoption of diversity and inclusion strategies and incorporate flexible approaches to the individual needs of the workforce; and
- prohibit any form of bullying, harassment or unlawful discrimination.

Diversity compliance

Compliance in this area is in accordance with a number of pieces of legislation (including the Anti-Discrimination Act 1991 (Qld) and the Workplace Gender Equality Act 2012 (Cth)). In terms of gender diversity in the BAC Group's senior leadership positions, during the 2019 financial year there were:

- either two or three women Directors on the Board of nine or ten Directors; and
- either three or four women executive managers on the nine or 10 member Executive Leadership Team.

As part of its compliance program, BAC also reports annually to the Workplace Gender Equality Agency on gender composition, remuneration and availability of employment terms, conditions and practices.

FINANCIAL STATEMENTS

IN THIS SECTION...

The note disclosures have been grouped into five sections: basis of preparation, results, operating assets and liabilities, capital structure and financing costs and other. Each section sets out the accounting policies applied in producing the relevant notes, along with any key estimates and judgements used.

1980-1988

On 5 June 1980, the first 'symbolic' sod marking the commencement of the construction of the new Brisbane Airport was turned by Prime Minister Malcolm Fraser. The total expenditure of building the new airport was expected to be $300 million with completion expected in 1986. The actual cost was $425 million with Brisbane Airport officially opened on 19 March 1988 by Prime Minister Bob Hawke.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
Revenue from ordinary activities			
Aeronautical		353,561	310,650
Landside transport		150,987	139,499
Investment property		105,476	101,666
Retail		100,790	86,817
Operating property		38,892	48,769
Government mandated security		46,769	37,807
Interest		3,436	4,010
Other		40,570	47,317
Total revenue from ordinary activities		**840,481**	**776,535**
Operating expenses			
Maintenance and contract services		(51,962)	(46,671)
Staff		(40,541)	(43,025)
Utilities		(40,068)	(40,071)
Government mandated security		(48,343)	(37,807)
Corporate and administration		(41,291)	(37,285)
Total operating expenses		**(222,205)**	**(204,859)**
Revenue from ordinary activities less operating expenses		**618,276**	**571,676**
Depreciation and amortisation		(126,158)	(116,597)
Impairment of property, plant and equipment		-	(710)
Finance costs		(118,748)	(111,702)
Operating results		**373,370**	**342,667**
Redeemable preference shares dividend		(47,350)	(59,149)
Change in fair value of investment property	3.6	58,949	15,093
Change in fair value of derivatives		9,114	30,267
Profit before income tax		**394,083**	**328,878**
Income tax expense	2.5	(118,300)	(98,732)
Profit for the year		**275,783**	**230,146**
Items that will not be reclassified subsequently to profit or loss			
Defined benefit superannuation fund actuarial (loss)/gain, net of tax		(99)	260
Items that may be reclassified subsequently to profit or loss			
Hedge reserve, net of tax		(69,336)	(27,743)
Total other comprehensive income		**(69,435)**	**(27,483)**
Total comprehensive income		**206,348**	**202,663**

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 $000	2018 $000
Current assets			
Cash	3.1	165,982	113,185
Trade receivables and other	3.2	100,032	86,061
Inventories		1,431	1,258
Total current assets		**267,445**	**200,504**
Non-current assets			
Trade receivables and other	3.2	39,167	34,287
Intangible assets	3.3	823,014	823,014
Property, plant and equipment	3.4	3,577,805	3,283,198
Investment property	3.6	1,495,532	1,381,193
Derivative instruments	4.3(d)	338,485	187,541
Total non-current assets		**6,274,003**	**5,709,233**
Total assets		**6,541,448**	**5,909,737**
Current liabilities			
Trade payables and other	3.8	145,879	170,343
Interest-bearing liabilities and borrowings	4.1	200,000	127,832
Current tax payable		8,877	18,616
Total current liabilities		**354,756**	**316,791**
Non-current liabilities			
Interest-bearing liabilities and borrowings	4.1	3,678,763	3,194,274
Deferred tax liabilities	2.6	550,927	537,080
Derivative instruments	4.3(d)	398,892	303,036
Other liabilities	3.10	9,439	9,758
Total non-current liabilities		**4,638,021**	**4,044,148**
Total liabilities		**4,992,777**	**4,360,939**
Net assets		**1,548,671**	**1,548,798**
Equity			
Issued capital		78,388	78,388
Reserves		(217,050)	(147,615)
Retained earnings		1,687,333	1,618,025
Total equity		**1,548,671**	**1,548,798**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
Cash flows from operating activities			
Cash receipts from customers		899,564	818,847
Payments to suppliers and employees		(319,794)	(280,249)
Cash generated from operations		**579,770**	**538,598**
Interest paid		(176,073)	(160,479)
Interest received		3,646	3,906
Income taxes paid		(84,435)	(42,274)
Net cash from operating activities	3.1	**322,908**	**339,751**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		111	51
Acquisitions of property, plant and equipment		(357,526)	(311,042)
Acquisitions of investment property		(44,568)	(39,994)
Net cash used in investing activities		**(401,983)**	**(350,985)**
Cash flows from financing activities			
Proceeds from interest-bearing liabilities and borrowings		961,785	995,341
Repayments of interest-bearing liabilities and borrowings		(553,000)	(645,000)
Repayments of finance leases		639	(145)
Redeemable preference share dividend paid		(71,077)	(165,518)
Dividends paid		(206,475)	(155,000)
Net cash generated from financing activities		**131,872**	**29,678**
Net increase in cash held		**52,797**	**18,444**
Cash and cash equivalents at 1 July		113,185	94,741
Cash and cash equivalents at 30 June	3.1	**165,982**	**113,185**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Issued capital $000	Defined benefit superannuation fund deficit reserve $000	Hedge reserve $000	Retained earnings $000	Total Equity $000
Balance at 1 July 2018	**78,388**	**(646)**	**(146,969)**	**1,618,025**	**1,548,798**
Profit for the year	-	-	-	275,783	275,783
Other comprehensive income					
Defined benefit superannuation fund actuarial loss, net of tax	-	(99)	-	-	(99)
Hedge reserve, net of tax[1]	-	-	(69,336)	-	(69,336)
Total other comprehensive income	**-**	**(99)**	**(69,336)**	**-**	**(69,435)**
Total comprehensive income	**-**	**(99)**	**(69,336)**	**275,783**	**206,348**
Dividends and distributions	-	-	-	(206,475)	(206,475)
Balance at 30 June 2019	**78,388**	**(745)**	**(216,305)**	**1,687,333**	**1,548,671**

	Issued capital $000	Defined benefit superannuation fund deficit reserve $000	Hedge reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2017	**78,388**	**(906)**	**(119,226)**	**1,542,879**	**1,501,135**
Profit for the year	-	-	-	230,146	230,146
Other comprehensive income					
Defined benefit superannuation fund actuarial gain, net of tax	-	260	-	-	260
Hedge reserve, net of tax	-	-	(27,743)	-	(27,743)
Total other comprehensive income	**-**	**260**	**(27,743)**	**-**	**(27,483)**
Total comprehensive income	**-**	**260**	**(27,743)**	**230,146**	**202,663**
Dividends	-	**-**	-	(155,000)	(155,000)
Balance at 30 June 2018	**78,388**	**(646)**	**(146,969)**	**1,618,025**	**1,548,798**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

[1] As at 30 June 2019, the amount deferred to Hedge Reserve includes $2.5m net of tax recognised as a cost of hedging.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 1: BASIS OF PREPARATION

In this section …
This section sets out the BAC Group accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, that policy is described in the note to which it relates.

Keeping it simple …
Notes to the financial statements provide information required by accounting standards to explain a particular feature of the financial statements. The notes also provide explanations and additional disclosures to assist readers' understanding and interpretation of the financial statements.

1.1 Defined terms

Entity names

BACH	BAC Holdings Limited
BACH No. 2	BAC Holdings No. 2 Pty Limited
BAC	Brisbane Airport Corporation Pty Limited
BAC Group	The consolidated entity comprising BACH, BACH No. 2 and BAC

1.2 Reporting entity

BACH is a company incorporated and domiciled in Australia. The consolidated financial statements of the BAC Group ('financial statements') comprise financial statements of BACH and its subsidiaries, BACH No. 2 and BAC. The BAC Group is a for profit entity and is primarily involved in the operation and development of Brisbane Airport which is its principal activity.

1.3 Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. The financial statements for the BAC Group also comply with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 27 September 2019.

1.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position which are measured at fair value:

- investment property - note 3.6;
- defined benefit obligation - note 3.9; and
- derivative financial instruments - note 4.2.

1.5 Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

BACH and the BAC Group have the ability to pay their debts in full as and when they become due and payable.

The BAC Group is in a net current liability position of $87.3 million at 30 June 2019 (2018: $116.3 million) which is fully covered by the undrawn bank facilities of $311.0 million (2018: $442.0 million).

Refer to note 4.1 for details of the BAC Group's finance facilities.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 1: BASIS OF PREPARATION (continued)

1.6 Use of estimates and judgements

The financial statements are subject to the use of estimates and judgements. The estimates and judgements that could have a significant impact on the financial statements are as follows:

- taxation - note 2.5;
- depreciation - note 3.4;
- investment property - note 3.6; and
- derivative financial instruments - note 4.2.

The BAC Group acquired Brisbane Airport in 1997 under a 50 year lease with the option to extend 49 years. The investment property valuation, depreciation and impairment modelling are based on the assumption that the BAC Group intends to exercise this option.

1.7 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by BACH. The financial statements of subsidiaries are included in the consolidated financial statements.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-company balances resulting from transactions with or between controlled entities are eliminated on consolidation.

1.8 Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of BACH and each controlled entity is Australian dollars ('AUD').

Transactions and balances

Transactions in foreign currencies are translated to AUD at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the reporting date. Foreign currency differences on translation are recognised in the consolidated statement of profit or loss, or where hedge accounting is applied the cash flow hedge reserve / statement of other comprehensive income.

1.9 Prior period presentation

Any changes to the presentation of transactions and balances during the current year were also made to the prior year in order to facilitate comparisons.

1.10 New and amended accounting standards

Keeping it simple …

New and revised accounting standards were issued by the Australian Accounting Standards Board during the year. The BAC Group intends to adopt new standards, amendments to standards and interpretations when mandatory. This section describes those standards which have been adopted during the financial year.

Accounting policies and disclosures

The BAC Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2018 as outlined below. The adoption did not have any material impact on the financial position or performance of the BAC Group at adoption date or period end. Several other amendments apply for the first time from 1 July 2018, however these do not impact the annual financial statements. All other accounting policies adopted are consistent with those of the previous financial year.

Title of standard	**AASB 9 Financial Instruments**
Nature of change	AASB 9, which is a new standard, replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes a model for classification and measurement, a single, forward-looking expected credit loss impairment model and a substantially reformed approach to hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 1: BASIS OF PREPARATION (continued)

1.10 New and amended accounting standards (continued)

Title of standard **AASB 9 Financial Instruments (continued)**

Impact The impact of AASB 9 on the BAC Group's accounting policies and results is as follows:

(i) Classification and measurement of financial instruments

The classification of financial assets as held to maturity, loans and receivables and available for sale has been replaced in AASB 9 to require financial assets, debt and equity investments to be classified as amortised cost, fair value through profit or loss ('FVTPL') or fair value through other comprehensive income ('FVOCI').

The changes in classification of the BAC Group's financial instruments are as follows:

	Original classification	**New classification**	**Original carrying amount $000**	**New carrying amount $000**
Cash and cash equivalents	Loans and receivables	Amortised cost	165,982	165,982
Trade receivables and other	Loans and receivables	Amortised cost	139,199	139,199
Trade payables and other	Other liabilities	Amortised cost	145,879	145,879
Interest-bearing liabilities and borrowings	Other liabilities	Amortised cost	3,878,763	3,878,763
Other liabilities	Other liabilities	Amortised cost	9,439	9,439

There has been no measurement impact as a result of these changes to the BAC Group's financial statements. As required under AASB 9, the BAC Group measure its financial instruments as follows:

	Initial recognition	**Subsequent recognition**
Amortised cost	Measured at fair value plus transaction costs directly attributable to the acquisition of the asset	Measured at amortised cost using the effective interest rate method, and reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss
FVTPL	Measured at fair value. Any acquisition transaction costs are recognised in the profit or loss	Measured at fair value. Net gains and losses, including any interest or dividend revenue are recognised in profit or loss

NOTES TO THE FINANCIAL STATEMENTS
SECTION 1: BASIS OF PREPARATION (continued)

1.10 New and amended accounting standards (continued)

Title of standard — **AASB 9 Financial Instruments (continued)**

Impact (continued)

(ii) Impairment

AASB 9 replaces the incurred loss model of AASB 139 Financial Instruments: Recognition and Measurement with an expected credit loss ('ECL') model. The ECL model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. Measurement under ECLs is based on the anticipated impact of default events arising either in the 12 months after reporting date, or the entire lifetime of the asset.

The BAC Group has assessed the ECL associated with trade receivables by applying the simplified impairment approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of all financial assets. It has been determined that the impact assessment of this does not have a material effect on the BAC Group's financial report.

(iii) Hedge accounting

AASB 9 introduced a new hedge accounting model to simplify rules to a more principle based approach, allowing hedge accounting to be aligned with risk management objectives. The key changes to the hedge accounting model which impact the BAC Group are detailed below:

- Aggregate exposures – The BAC Group has the ability to designate an aggregated exposure that is a combination of a derivative and a non-derivative exposure as an eligible hedged item. This has created flexibility for BAC to designate future economic hedging relationships in qualifying hedge relationships;

- Cost of hedging – AASB 9 allows foreign currency basis spreads to be excluded from the designation of cross currency interest rate swaps and accounted for as a cost of hedging. The fair value changes of foreign currency basis spreads are recognised in other comprehensive income and will be reclassified in the same period the underlying transaction affects the profit or loss. This does not have a material effect on the BAC Group's financial report; and

- Hedge effectiveness – The new hedge accounting standard requires that the hedge effectiveness assessment be qualitative based, forward-looking and removed the bright line effectiveness range of 80 to 125 per cent. Under the new hedge accounting rules, the retrospective effectiveness test is also removed.

Title of standard — **AASB 15 Revenue from Contracts with Customers**

Nature of change

AASB 15 is a new standard issued by the Australian Accounting Standards Board specifying the accounting treatment for revenue arising from contacts with customers. It replaces AASB 118 Revenue which covered revenue arising from the sale of goods and the rendering of services, and AASB 111 Construction Contracts which covered construction contracts. The core principle of AASB 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 1: BASIS OF PREPARATION (continued)

1.10 New and amended accounting standards (continued)

Title of standard	**AASB 15 Revenue from Contracts with Customers (continued)**
Impact	The BAC Group has applied AASB 15 on a modified retrospective basis from 1 July 2018.

Analysis has been performed on the impact of this standard and has determined that it required updated disclosures, however it does not have a material effect on the measurement and recognition of the BAC Group's financial report. This analysis is summarised as follows:

Aeronautical revenue
Aeronautical revenue comprises runway and terminal charges. Domestic and international flights are ordinarily charged on a per passenger basis for landings and departures. General aircraft and dedicated freight flights are charged based on the maximum take-off weight of aircraft on landings only.

Incentives are provided through incentive agreements with individual airlines and are generally based on new routes, service frequency and passenger numbers. Revenues from passenger charges are therefore variable consideration and estimated monthly. Variable revenue is only recognised when it is highly probable the revenues will not reverse.

Revenue is recognised over time when the performance obligation is satisfied, ie. when the service is provided, with variable consideration dependant on passenger numbers. There is no change to timing of revenue recognition arising from AASB 15.

Landside transport revenue
Landside transport revenue comprises revenue from public and staff car parks, ground facilities fees and car rental operators.

Revenue is recognised over time when the performance obligation is satisfied, ie. when the service is provided. There is no change to timing of revenue recognition arising from AASB 15.

Government mandated security revenue
The BAC Group is required by the Australian Government to undertake certain security measures, the costs of which are recovered from the airlines. Government mandated security revenue comprises recharges of expenditure incurred by the BAC Group in respect of security services such as passenger and checked baggage screening. Revenue and expenses are disclosed separately.

There is no change to timing of revenue recognition arising from AASB 15.

Property revenue
Investment property and operating property revenues comprise rental revenue from the BAC Group's owned buildings and leased areas. Revenue is recognised as lease revenue under AASB 117 and is not impacted by AASB 15.

Retail revenue
Retail revenue comprises rental income from retail tenants. Revenue is recognised as lease revenue under AASB 117 and is not impacted by AASB 15.

Interest income
Interest received from other parties is recognised as it accrues, taking into account the effective yield of the financial asset. Revenue is recognised under AASB 9 and is not impacted by AASB 15.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 1: BASIS OF PREPARATION (continued)

1.10 New and amended accounting standards (continued)

Title of standard	**AASB 15 Revenue from Contracts with Customers (continued)**
Impact	Other revenue Other revenue comprises recharge revenue from tenants and includes items such as utilities and rates. Revenue is recognised over time when the performance obligation is satisfied, ie. when the service is provided. There is no change to timing of revenue recognition arising from AASB 15.

Title of standard	**Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014 – 2016 Cycle and Other Amendments**
Nature of change	The amendments clarify when an entity should transfer property into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A simple change in management's intentions for the use of a property does not provide evidence of a change in use.
Impact	There is no impact on the BAC Group's financial report.

Accounting standards and interpretations issued or amended but not yet effective

A number of new standards, amendments to standards and interpretations were effective for annual periods beginning 1 July 2018, were deemed not relevant to the BAC Group and have not been applied in preparing these consolidated financial statements. The accounting standards which have not been early adopted for the financial year ended 30 June 2019 but will be applicable to the BAC Group in future reporting periods are detailed below:

Title of standard	**AASB 16 Leases**
Nature of change	AASB 16 was issued by the Australian Accounting Standards Board in February 2017. AASB 16 will introduce a single lessee accounting model and shall require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. There are also changes in accounting over the life of the lease. In particular, companies will recognise a front-loaded pattern of expense for most operating leases, even when they pay constant annual rentals.
Impact	A review of the standard was undertaken which determined that it does not have a material effect on the BAC Group's financial report. The BAC Group acts as the lessor with regard to leases in most cases.
Mandatory application date	This standard will be mandatory for the BAC Group's 30 June 2020 financial statements.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 1: BASIS OF PREPARATION (continued)

1.11 Determination of fair values

A number of the BAC Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability. Assets and liabilities for which a determination of fair value is required are as follows:

- investment property - note 3.6;
- defined benefit obligation - note 3.9; and
- derivative financial instruments - note 4.2.

Fair value measurements hierarchy

In fair value measurement, the BAC Group use the following fair value measurements hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in an active market for identical assets or liabilities;
- Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: valuation techniques using inputs that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS

In this section …
This section sets out the disclosures explaining the BAC Group revenue, finance costs and taxation.

Keeping it simple …
This section explains how revenue is recognised for each of the BAC Group's key revenue streams and the recognition and composition of finance costs. It also explains how the BAC Group is structured for tax purposes and how deferred and current taxes are treated.

2.1 Revenue

Aeronautical revenue
Aeronautical revenue comprises runway and terminal charges. Domestic and international flights are ordinarily charged on a per passenger basis for landings and departures. General aircraft and dedicated freight flights are charged based on the maximum take-off weight of aircraft on landings only. Revenue is recognised over time when the performance obligation is satisfied, ie. when the service is provided.

Incentives are provided through incentive agreements with individual airlines and are generally based on passenger numbers, flight frequency and or new routes. Revenues from passenger charges are therefore variable consideration and estimated monthly. Variable revenue is only recognised when it is highly probable the revenues will not reverse.

Landside transport revenue
Landside transport revenue comprises revenue from public and staff car parks, ground facilities fees and car rental operators. Revenue is recognised over time when the performance obligation is satisfied, ie. when the service is provided.

Property revenue
Investment property revenue comprises rental revenue from the BAC Group's owned buildings and leased areas held for investment (note 3.6).

Operating property revenue comprises rental revenue from the BAC Group's owned terminals, buildings and other leased areas.

Property rental revenue is accounted for on a straight-line basis over the term of each lease.

Retail revenue
Retail revenue comprises rental income from retail tenants whose sale activities include duty free, newsstands, food and beverage, banking and currency, and advertising services. Base rent revenue is recognised on a straight-line basis over the term of each lease and turnover revenue is recognised on an accruals basis from tenant statements.

Government mandated security revenue
The BAC Group is required by the Australian Government to undertake certain security measures, the costs of which are recoverable from the airlines. Government mandated security revenue comprises recharges of expenditure incurred by the BAC Group in respect of security services such as passenger and checked baggage screening. Revenue and expenses are disclosed separately.

Interest income
Interest received from other parties is recognised as it accrues, taking into account the effective yield of the financial asset.

Other revenue
Other revenue comprises recharge revenue from tenants and includes items such as utilities and rates. Revenue is recognised over time when the performance obligation is satisfied, ie. when the service is provided.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS (continued)

2.1 Revenue (continued)

Revenue can be categorised as follows:

	2019 $000	2018 $000
Aeronautical	353,561	310,650
Landside transport	116,608	108,567
Government mandated security	46,769	37,807
Other	40,571	47,317
Total revenue from contracts with customers	**557,509**	**504,341**
Other revenue	282,972	272,194
Total revenue	**840,481**	**776,535**

2.2 Finance costs

Accounting policies

Finance costs comprise interest payable on borrowings and finance leases and are calculated using the effective interest basis. Borrowing costs are expensed as incurred and included in net financing costs unless they are capitalised to capital work in progress for qualifying assets.

Redeemable preference shares (RPS) dividends are recognised in profit or loss as a finance cost, and calculated on an effective interest basis.

2.3 Other commitments

Operating lease receivable commitments

The BAC Group has entered into commercial property leases on its property portfolio. Future minimum lease receipts under non-cancellable operating leases are as follows:

	2019 $000	2018 $000
Within one year	182,387	149,895
One year or later and no later than five years	568,361	417,556
Later than five years	1,115,021	1,129,859
	1,865,769	**1,697,310**

The above amounts do not include concession arrangements which may become receivable under certain leases and do not include the recovery of outgoings.

Finance lease receivable

The finance lease receivable relates to an asset held under a finance lease recognised at its fair value at inception of the lease. The lease is due to expire in 2047.

	2019 $000	2018 $000
Within one year	2,488	2,488
One year or later and no later than five years	12,440	12,440
Later than five years	54,943	57,431
	69,871	**72,359**
Future finance charges	(48,344)	(50,724)
	21,527	**21,635**

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS (continued)

2.3 Other commitments (continued)

Finance lease payable

The finance lease payable relates to assets acquired under two finance leases recognised at fair value at inception of the leases. The leases are due to expire in 2024 and 2026 respectively.

	2019 $000	2018 $000
Within one year	(694)	(567)
One year or later and no later than five years	(2,793)	(2,225)
Later than five years	(331)	-
	(3,818)	**(2,792)**
Future finance charges	706	510
	(3,112)	**(2,282)**

2.4 Auditor's remuneration

	2019 $	2018 $
Amounts received or due and receivable by the auditor for:		
Audit services		
Audit fees	332,438	210,000
Other regulatory/contract audit services	263,750	204,000
	596,188	**414,000**
Other services		
Other	575,691	547,256
	575,691	**547,256**

2.5 Taxation

Accounting policies

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except where it relates to items recognised in other comprehensive income or directly in equity.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts applicable for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates applicable at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets where they relate to income taxes levied, and the entities intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax consolidation

BACH is the head entity in the tax-consolidated group comprising all wholly owned subsidiaries, being BACH No. 2 and BAC. The implementation date for the tax-consolidated group was 30 June 2004.

The tax-consolidated group has entered into a tax sharing and funding agreement that requires wholly owned subsidiaries to make contributions to the head entity for:

- deferred tax balances recognised on implementation date, including the impact of any relevant reset tax cost bases; and
- current tax assets and liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidation.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS (continued)

2.5 Taxation (continued)

Tax consolidation (continued)

Under the tax sharing and funding agreement, contributions are calculated on a 'stand-alone basis' so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly owned subsidiaries. The contributions are payable as set out in the agreement and reflect timing of the entity's obligations to make tax liability payments to the relevant tax authorities. The assets and liabilities arising under the agreement are recognised as inter-company assets and liabilities with a consequential adjustment to income tax expense/(benefit).

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST').

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office ('ATO') is included as a current asset or liability in the consolidated statement of financial position. Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Taxation recognised in profit or loss and other comprehensive income

	2019 $000	2018 $000
Current tax expense		
Current year expense	(65,953)	(58,585)
Over/(under) provided in prior years	(8,742)	(493)
	(74,695)	**(59,078)**
Deferred tax expense		
Origination and reversal of temporary differences	(43,605)	(39,654)
Total income tax expense recognised in profit or loss	**(118,300)**	**(98,732)**
Defined benefit superannuation fund actuarial gain/(loss)	43	(112)
Hedge reserve	29,715	11,890
Total income tax expense recognised in other comprehensive income	**29,758**	**11,778**

The reconciliation between income tax expense and pre-tax accounting profit is as follows:

	2019 $000	2018 $000
Profit for the year	**275,783**	**230,146**
Income tax expense	118,300	98,732
Profit before income tax	**394,083**	**328,878**
Income tax using the corporate tax rate of 30%	(118,225)	(98,664)
Increase in income tax due to:		
Other non-deductible expenses	(75)	(68)
Income tax expense on pre-tax accounting profit	**(118,300)**	**(98,732)**

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS (continued)

2.6 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000
Property, plant and equipment	-	-	(678,248)	(629,946)	(678,248)	(629,946)
Finance lease receivable	-	-	(1,845)	(1,692)	(1,845)	(1,692)
Derivatives	18,122	34,648	-	-	18,122	34,648
Lease incentive asset	-	-	(4,107)	(13,419)	(4,107)	(13,419)
Inventories	-	-	(429)	(377)	(429)	(377)
Prepayments	-	-	-	(1,768)	-	(1,768)
Employee benefits	1,590	1,573	-	-	1,590	1,573
Other provisions	1,873	2,723	-	-	1,873	2,723
Interest-bearing liabilities and borrowings	109,728	66,221	-	-	109,728	66,221
Accruals	2,389	4,957	-	-	2,389	4,957
Deferred tax assets/(liabilities)	**133,702**	**110,122**	**(684,629)**	**(647,202)**	**(550,927)**	**(537,080)**

The movement in temporary differences during the year is as follows:

	Balance at 1 July 2018 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	Balance at 30 June 2019 $000
Property, plant and equipment	(629,946)	(48,302)	-	(678,248)
Finance lease receivable	(1,692)	(153)	-	(1,845)
Derivatives	34,648	(46,241)	29,715	18,122
Lease incentive asset	(13,419)	9,312	-	(4,107)
Inventories	(377)	(52)	-	(429)
Prepayments	(1,768)	1,768	-	-
Employee benefits	1,573	(26)	43	1,590
Other provisions	2,723	(850)	-	1,873
Interest-bearing liabilities and borrowings	66,221	43,507	-	109,728
Accruals	4,957	(2,568)	-	2,389
Deferred tax (liabilities)/assets	**(537,080)**	**(43,605)**	**29,758**	**(550,927)**

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS (continued)

2.6 Deferred tax assets and liabilities (continued)

The movement in temporary differences during the previous year is:

	Balance at 1 July 2017 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	Balance at 30 June 2018 $000
Property, plant and equipment	(601,335)	(28,611)	-	(629,946)
Finance lease receivable	(1,597)	(95)	-	(1,692)
Derivatives	38,254	(15,496)	11,890	34,648
Lease incentive asset	(8,900)	(4,519)	-	(13,419)
Inventories	(304)	(73)	-	(377)
Prepayments	(5,305)	3,537	-	(1,768)
Employee benefits	1,553	132	(112)	1,573
Other provisions	3,373	(650)	-	2,723
Interest-bearing liabilities and borrowings	59,805	6,416	-	66,221
Accruals	5,252	(295)	-	4,957
Deferred tax (liabilities)/assets	**(509,204)**	**(39,654)**	**11,778**	**(537,080)**

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES

In this section …
This section shows the assets used to generate the BAC Group trading performance and the liabilities incurred as a result. Liabilities relating to the BAC Group financing activities are addressed in section 4. Deferred tax assets and liabilities are shown in note 2.6.

Keeping it simple …
Operating assets and liabilities are those that relate to the trading activities of the BAC Group. This includes property, plant and equipment, investment property, inventories as well as trade and other receivables and payables. In this section, further information can be found regarding the elements of operating assets and liabilities.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits and are as follows:

	2019 $000	2018 $000
Cash in bank	165,980	113,181
Cash on hand	2	4
Cash and cash equivalents	**165,982**	**113,185**

The reconciliation of cash flows from operating activities is as follows:

	Note	2019 $000	2018 $000
Profit for the year		**275,783**	**230,146**
Adjustments for:			
Depreciation and amortisation		126,158	116,597
Impairment of property, plant and equipment		-	710
Capitalised borrowing costs		(63,595)	(56,601)
Change in fair value of investment property	3.6	(70,760)	(51,210)
Change in fair value of non-designated derivatives		(9,114)	(30,267)
Amortisation of borrowing costs		3,049	2,615
Finance lease interest		191	185
Loss/(Gain) on sale of property, plant and equipment		385	(920)
RPS dividend		47,350	59,149
Income tax expense	2.5	118,300	98,732
Cash flow before changes in working capital and provisions		**427,747**	**369,136**
Change in trade receivables and other		(18,851)	12,750
Change in inventories		(173)	(243)
Change in trade payables and other		(1,380)	382
Income taxes paid		(84,435)	(42,274)
Net cash from operating activities		**322,908**	**339,751**

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES (continued)

3.2 Trade receivables and other

Accounting policies

Trade receivables and other are recognised initially at fair value and subsequently stated at their amortised cost less impairment losses. Trade receivables are normally settled within 40 days.

Trade receivables and other are as follows:

	Note	2019 $000	2018 $000
Current			
Trade receivables and accrued income		59,335	47,605
Contract assets		36,465	27,869
Sundry receivables		1,603	2,393
Prepayments		2,509	8,087
Finance lease receivable		120	107
		100,032	**86,061**
Non-current			
Sundry receivables		13,689	8,611
Finance lease receivable		21,407	21,527
Employee benefits	3.9	4,071	4,149
		39,167	**34,287**

3.3 Intangible assets

Accounting policies

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment (note 3.7).

The cost and carrying amount of goodwill are as follows:

	2019 $000	2018 $000
Goodwill	**823,014**	**823,014**

3.4 Property, plant and equipment

Keeping it simple …

This section shows the physical assets used by the BAC Group and includes runways, roads, taxiways, car parks, aprons, terminals and equipment to operate Brisbane Airport. The cost of these assets is the amount initially paid for them, with the exception of items adjusted as a result of the transition to Australian equivalent IFRS. Depreciation and amortisation are charged to the consolidated statement of profit or loss to reflect annual wear and tear and the reduced value of the asset over time. Depreciation and amortisation are calculated by estimating the number of years the BAC Group expects the asset to be used. This section also explains the accounting policies followed by the BAC Group.

Accounting policies

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation.

Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased land

Leased land represents prepaid rental payments on land leased by the BAC Group from the Australian Government and is classified as a finance lease as substantially all the risks and rewards of ownership have been transferred to the BAC Group. On initial recognition, the leased land is accounted for at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, leased land is amortised over the life of the lease.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES (continued)

3.4 Property, plant and equipment (continued)

Accounting policies (continued)

Capital work in progress

Capital work in progress is measured at cost and includes all expenditure directly attributable to specific projects not yet commissioned and includes contractor charges, materials and direct labour and related overheads. The most significant current project is the new parallel runway.

Borrowing costs are capitalised to qualifying assets as set out in note 4.1.

Maintenance

Pavement surfacing costs incurred on runways, taxiways and aprons are capitalised and depreciated over the period between surfacing projects. This recognises that the benefit relates to both current and future years.

Airfield pavements, roads, leasehold improvements, plant and equipment are required to be maintained on a periodic basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred. Other routine operating maintenance, repair and minor renewal costs are expensed as incurred.

Depreciation and amortisation

Depreciation and amortisation are charged to profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment.

The annual depreciation and amortisation rates used for each class of asset in the current and prior year are as follows:

Item	Rate %
Runways, taxiways and aprons	
Runways, taxiways and aprons	1.0 – 2.0
Expansion, extension, line marking, earthworks and overlay	2.5 – 14.3
Runway overlay	8.3
Minor assets less than $1,000	100.0
Roads and car parks	
Roads and car park infrastructure	1.3 – 5.0
Security, signage, lighting and other	2.5 – 10.0
Buildings	
Passenger terminal buildings and other permanent buildings	2.5
Fit-out, finishing, services, heating, ventilation and air-conditioning	5.0 – 10.0
Security, signage, lighting and other	5.0 – 28.9
Minor assets less than $1,000	100.0
Plant and equipment	
Mains services and fences and gates	2.0 – 20.0
Mobile plant and equipment (including motor vehicles)	6.7 – 25.0
Computer equipment and software	10.0 – 33.3
Furniture and fittings, office equipment and artwork	1.3 – 33.3
Minor assets less than $1,000	100.0
Leased land	
Operating land	1.0

The residual value, the useful life and the depreciation and amortisation methods applied to assets are reassessed annually.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES (continued)

3.4 Property, plant and equipment (continued)

	Runways, taxiways and aprons $000	Roads and car parks $000	Buildings $000	Plant and equipment $000	Leased land $000	Capital work in progress $000	Total $000
Cost or deemed cost							
At 1 July 2018	915,169	532,302	1,020,760	733,007	102,885	915,906	4,220,029
Additions/transfers	3,526	73,598	24,859	96,539	1,650	221,088	421,260
Disposals	(8,117)	(37)	(1,378)	(25,243)	-	-	(34,775)
At 30 June 2019	**910,578**	**605,863**	**1,044,241**	**804,303**	**104,535**	**1,136,994**	**4,606,514**
Accumulated depreciation and amortisation							
At 1 July 2018	139,733	113,829	356,452	310,964	15,853	-	936,831
Depreciation and amortisation	17,047	14,935	45,252	47,805	1,119	-	126,158
Disposals	(8,117)	(11)	(1,188)	(24,964)	-	-	(34,280)
At 30 June 2019	**148,663**	**128,753**	**400,516**	**333,805**	**16,972**	**-**	**1,028,709**
Cost or deemed cost							
At 1 July 2017	856,949	520,993	918,718	643,313	102,885	798,997	3,841,855
Additions/transfers	58,220	11,309	102,752	89,892	-	116,909	379,082
Disposals	-	-	(710)	(198)	-	-	(908)
At 30 June 2018	**915,169**	**532,302**	**1,020,760**	**733,007**	**102,885**	**915,906**	**4,220,029**
Accumulated depreciation and amortisation							
At 1 July 2017	124,800	99,935	313,397	267,511	14,736	-	820,379
Depreciation and amortisation	14,933	13,894	43,055	43,598	1,117	-	116,597
Disposals	-	-	-	(145)	-	-	(145)
At 30 June 2018	**139,733**	**113,829**	**356,452**	**310,964**	**15,853**	**-**	**936,831**
Carrying amounts							
At 30 June 2019	**761,915**	**477,110**	**643,725**	**470,498**	**87,563**	**1,136,994**	**3,577,805**
At 30 June 2018	775,436	418,473	664,308	422,043	87,032	915,906	3,283,198

A total of $60.6 million (2018: $54.5 million) of borrowing costs was capitalised to capital work in progress at interest rates ranging from 6.34% to 6.74% (2018: 6.65% to 6.83%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES (continued)

3.5 Capital commitments

Capital expenditure commitments can be analysed as follows:

	2019 $000	2018 $000
Contracted for but not provided for and payable:		
Within one year	212,906	324,345
One year or later and no later than five years	4,090	102,664
	216,996	**427,009**

3.6 Investment property

Keeping it simple …
Investment property is held to earn rental income or for capital appreciation, but not for sale. Investment property includes aircraft maintenance facilities, aviation training and education centres, freight facilities, distribution warehouses, offices and all other non-aviation facilities, such as retail, entertainment and leisure facilities. The basis of the valuation of the properties is fair value with the valuations based on independent assessments made by an accredited independent valuer annually.

Accounting policies
Investment properties are initially measured at cost and subsequently stated at fair value with any change therein recognised in profit or loss. When the use of property changes such that it is reclassified as property, plant and equipment including capital work in progress, its fair value at the date of reclassification becomes its cost for subsequent accounting.

An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio annually. The basis of the valuation of the properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and same condition being subject to similar leases. The determination of fair value is therefore more heavily supported by market evidence as opposed to other factors. The 2019 valuation was based on independent assessments made by CBRE, an accredited independent valuer (2018: CBRE).

In undertaking their valuation, CBRE utilised the following valuation approaches:

- discounted cash flow analysis;
- straight-line present value assessment;
- single rate capitalisation approach;
- dual rate capitalisation approach; and
- direct comparison approach (used for vacant unleased land).

CBRE used these calculation methods concurrently and then applied its professional judgement to determine the adopted fair value.

Fair market value has been adopted, taking into consideration such influencing elements as the current approved master plan, head lease tenure and conditions, location, quality of building structures, lease covenants, lease terms and conditions, fair market rental, recent transactions and the size of the market for the asset type.

Any gain or loss arising from a change in fair value is recognised in profit or loss under change in fair value of investment property.

The valuation was prepared on a leasehold basis.

<u>Capital work in progress</u>
Capital work in progress is measured at cost unless a fair value of developments can be determined reliably and includes all expenditure directly attributable to specific projects not yet commissioned and includes contractor charges, materials and direct labour and related overheads.

Borrowing costs are capitalised to qualifying assets as set out in note 4.1.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES (continued)

3.6 Investment property (continued)

The movement in investment property is as follows:

	Completed investment property $000	Capital work in progress $000	Total $000
2019			
Balance at 1 July	1,364,318	16,875	1,381,193
Additions/(transfers)	48,853	(3,624)	45,229
Reclassified to property, plant and equipment	(1,650)	-	(1,650)
Fair value adjustments	71,030	(270)	70,760
Balance at 30 June	**1,482,551**	**12,981**	**1,495,532**
2018			
Balance at 1 July	1,264,995	21,833	1,286,828
Additions/(transfers)	51,435	(5,780)	45,655
Reclassified to property, plant and equipment	(2,500)	-	(2,500)
Fair value adjustments	50,388	822	51,210
Balance at 30 June	**1,364,318**	**16,875**	**1,381,193**

A total of $3.0 million (2018: $2.1 million) of borrowing costs were capitalised to capital work in progress at interest rates ranging from 6.34% to 6.74% (2018: 6.65% to 6.83%) per annum.

Investment property comprises commercial properties that are leased or are intended to be leased to third parties.

Contractual obligations to purchase, construct or develop investment property are included within note 3.5.

Investment property measured at fair value and its categorisation in the fair value hierarchy are as follows:

Input		**2019 $000**	**2018 $000**
Level 1	Quoted prices in active markets for identical assets	-	-
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset	-	-
Level 3	Inputs for the asset that are based on unobservable market data	1,495,532	1,381,193
		1,495,532	**1,381,193**

Significant unobservable inputs

Annual net property income (price per square metre): the annual rent per square metre at which space could be let in the market conditions prevailing at the date of valuation.

Capitalisation rate: the rate at which net property income is capitalised to determine the value of a property. The rate is determined with regard to market evidence. The rates used in the valuation range between 5.5% and 10.1% (2018: 5.5% and 10.1%).

Discount rate: the rate used to discount the net cash flows generated from rental and investment activities during the period of analysis. The rates used in the valuation range between 7.25% and 10.75% (2018: 7.0% and 10.75%) having regard to the risk of each property's net cash flows.

Sensitivity to changes in significant unobservable inputs

The relationship between the significant unobservable inputs and fair value is as follows:

- annual net property income: the higher the income, the higher the likelihood of a higher valuation;
- capitalisation rate: the lower the capitalisation rate, the higher the likelihood of a higher valuation; and
- discount rate: the lower the discount rate, the higher the likelihood of a higher valuation.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES (continued)

3.6 Investment property (continued)

Reconciliation of change in fair value

The gain on change in fair value has been adjusted in the profit or loss for lease straight-lining and incentives relating to investment properties. The reconciliation of the amounts are as follows:

	2019 $000	2018 $000
Fair value adjustment from valuation by CBRE	70,760	51,210
Less: straight-lining of lease income and lease incentives	(11,811)	(36,117)
Fair value recognised in profit or loss	**58,949**	**15,093**

3.7 Impairment

Accounting policies

The carrying amounts of the BAC Group's non-current assets, other than investment property (note 3.6), derivatives (note 4.2) and deferred tax assets (note 2.6), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated on an annual or more frequent basis as may be required.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('cash-generating unit'). The BAC Group is treated as a single cash-generating unit and goodwill has been allocated for impairment on this basis.

Key assumptions used in value in use calculation

The BAC Group undertakes an annual assessment of the recoverable amount of the cash-generating unit based on a value in use calculation, which uses cash flow forecasts for five years (from its Business Plan) with key assumptions of a terminal growth rate of 2.5% (2018: 2.5%) and a pre-tax discount rate of 10.24% (2018: 10.35%) per annum.

Sensitivity to changes in assumptions

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

3.8 Trade payables and other current liabilities

Accounting policies

Trade payables and other current liabilities are stated at their amortised cost. Trade payables are non-interest-bearing and are normally settled on 19 day terms.

Trade payables and other current liabilities are as follows:

	Note	2019 $000	2018 $000
Trade payables and accruals		100,892	102,867
RPS dividend		23,525	47,049
Employee benefits	3.9	8,472	7,848
Unearned lease revenue		7,019	8,038
Contract liabilities		2,117	1,536
Retentions and deposits held on behalf of third parties		3,379	2,604
Finance lease payable		475	401
		145,879	**170,343**

Contract liabilities reflect unearned revenue under contracts with customers. The amount of revenue recognised during the year relating to contract liabilities totals $1,536,139.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES (continued)

3.9 Employee benefits

Keeping it simple …
The BAC Group has 26 employees in a defined benefit superannuation fund. In a defined benefit superannuation fund, members receive cash payments when they retire and during their retirement, the value of which are dependent on factors such as salary and length of service. In the event of poor returns for the fund, the BAC Group needs to address this through a combination of increased levels of contribution or by making adjustments to the fund. Under defined contribution superannuation funds, the BAC Group pays fixed contributions into a separate fund on behalf of the employees and has no further obligations to the employees. The risks and rewards associated with this type of fund are assumed by the members rather than the BAC Group. It is the member's responsibility to make investment decisions relating to their retirement benefits.

Accounting policies
Defined contribution superannuation funds
Obligations in respect of defined contribution superannuation funds are recognised as an expense in profit or loss as incurred.

Defined benefit superannuation funds
The BAC Group's obligation in respect of defined benefit superannuation funds is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any fund assets are deducted. The discount rate is the yield at the reporting date on Australian corporate bonds that have maturity dates approximating the terms of the BAC Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in other comprehensive income in the year in which the actuarial gains or losses arise.

Long term service benefits
The BAC Group's net obligation in respect of long term service benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior years. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to Australian corporate bonds at the reporting date which have maturity dates approximating the terms of the BAC Group's obligations. Re-measurements are recognised in profit or loss in the period in which they arise.

In determining the liability, consideration has been given to the BAC Group's experience with staff departures.

Wages, salaries and annual leave
Liabilities for wages and salaries (including non-monetary benefits and annual leave) in respect of employees' services up to the reporting date which are expected to be settled within 12 months of the reporting period, are recognised in other payables and accruals. They are measured at the amounts expected to be paid when the liabilities are settled. The obligation for non-accumulated sick leave is recognised when the leave is taken and is measured at the rates paid or payable.

Executive long term incentive plan (ELTIP)
The cost of cash settled transactions is measured initially at fair value. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in staff expenses.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES (continued)

3.9 Employee benefits (continued)

Liabilities for employee benefits can be analysed as follows:

	Note	2019 $000	2018 $000
Current			
Wages and salaries accrued		918	514
Liability for annual leave		2,808	2,261
Liability for long service leave		4,746	5,073
	3.8	**8,472**	**7,848**
Non-current			
Present value of unfunded obligation		8,934	10,341
Fair value of plan assets		(13,005)	(14,490)
Recognised asset for defined benefit obligation	3.2	**(4,071)**	**(4,149)**
Liability for long service leave		1,817	2,060
ELTIP		879	1,563
	3.10	**2,696**	**3,623**
Net employee benefits		**(1,375)**	**(526)**

3.10 Other non-current liabilities

Keeping it simple …
Other non-current liabilities consist of non-current employee benefits, finance lease payable and unearned revenue resulting from prepaid property rentals.

Other non-current liabilities can be analysed as follows:

	Note	2019 $000	2018 $000
Unearned revenue		4,106	4,254
Employee benefits	3.9	2,696	3,623
Finance lease payable		2,637	1,881
		9,439	**9,758**

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS

In this section …
Capital structure is how the BAC Group finances its overall operations and growth by using different sources of funding. This section outlines the BAC Group's capital structure and related financing costs, including balance sheet liquidity.

Keeping it simple …
The BAC Group borrows money from financial institutions and debt investors in the form of bank loans and bonds in a combination of AUD and United States dollars (USD), with bonds held for a fixed term. The interest payable on these instruments is recorded in the consolidated statement of profit or loss unless it relates to qualifying assets which are capitalised to the cost of the asset.

4.1 Interest-bearing liabilities and borrowings

Accounting policies

Interest-bearing liabilities and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities and borrowings are stated at amortised cost with any difference between cost and redemption value (i.e. transaction costs) recognised in profit or loss over the period of the borrowings on an effective interest basis.

Finance costs include interest, amortisation of deferred borrowing costs and finance charges on capitalised leases. Establishment costs incurred in connection with the arrangement of borrowings are capitalised and recognised on an effective interest basis over the anticipated term of the applicable borrowings.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which generally take a substantial period of time to prepare for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets using a weighted average capitalisation rate.

This note provides information about the contractual terms of the BAC Group's interest-bearing liabilities and borrowings. For more information about the BAC Group's exposure to interest rate risk, see note 4.3(c).

	2019 $000	2018 $000
Current		
Secured bank loan	-	128,000
Secured bank loan transaction costs	-	(168)
Secured domestic bond issues	200,000	-
Total current	**200,000**	**127,832**
Non-current		
Secured bank loan	589,000	180,000
Secured bank loan transaction costs	(2,075)	(1,605)
Secured domestic bond issues	700,000	900,000
Secured domestic bond issue transaction costs	(4,247)	(5,200)
Secured USPP bond issues	1,913,498	1,655,112
Secured USPP bond issue transaction costs	(5,227)	(5,411)
RPS	471,176	471,378
	3,662,125	**3,194,274**
Fair value adjustment on USPP bond issues[2]	16,638	-
Total non-current	**3,678,763**	**3,194,274**
Total interest-bearing liabilities and borrowings	**3,878,763**	**3,322,106**

[2] Fair value adjustment of $16,638,000 on new USPP fixed rate bonds with a settlement date of 1 August 2019.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.1 Interest-bearing liabilities and borrowings (continued)

Annual nominal interest rate	Financial year of maturity	Face value 2019 $000	Carrying amount 2019 $000	Face value 2018 $000	Carrying amount 2018 $000
Bank loan - AUD					
BBSY + margin - Tranche B	2019	-	-	128,000	127,832
BBSY + margin - Tranche C	2021	139,000	137,887	180,000	178,395
BBSY + margin - Tranche B	2022	450,000	449,038	-	-
		589,000	586,925	308,000	306,227
Domestic bonds - AUD					
Fixed 8.0%	2020	200,000	200,000	200,000	199,107
Fixed 6.0%	2021	350,000	349,490	350,000	349,710
Fixed 3.9%	2025	350,000	346,263	350,000	345,983
		900,000	895,753	900,000	894,800
USPP bonds - AUD					
BBSW + margin	2026	100,000	99,705	100,000	99,660
Fixed 6.8%	2023	30,000	29,955	30,000	29,941
Fixed 8.3%	2027	98,863	98,423	98,864	98,359
Fixed 4.4%	2029	130,000	129,480	-	-
Fixed 5.6%	2030	152,550	151,789	152,550	151,687
Fixed 5.5%	2037	50,000	49,832	50,000	49,823
		561,413	559,184	431,414	429,470
USPP bonds - USD					
Fixed 5.2%	2022	213,904	217,955	202,977	203,736
Fixed 3.9%	2023	67,023	68,867	63,599	63,721
Fixed 5.3%	2024	213,904	226,358	202,977	206,796
Fixed 3.6%	2025	35,651	36,809	33,829	33,847
Fixed 4.0%	2025	85,561	90,098	81,191	81,982
Fixed 3.7%	2027	92,692	97,043	87,957	88,418
Fixed 3.8%	2027	142,602	149,638	135,318	133,280
Fixed 4.2%	2028	111,230	120,755	105,548	107,930
Fixed 3.9%	2029	142,602	150,983	135,318	133,172
Fixed 3.9%	2030	35,651	37,914	33,829	34,168
Fixed 4.1%	2032	142,602	152,667	135,318	133,181
		1,283,422	1,349,087	1,217,861	1,220,231
RPS - AUD					
Fixed 10.0%	2023	471,176	471,176	471,378	471,378
		3,805,011	**3,862,125**[3]	**3,328,653**	**3,322,106**

[3] Carrying amount in FY19 excludes a fair value adjustment of $16,638,000 in relation to new USPP fixed rate bonds with a settlement date of 1 August 2019.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.1 Interest-bearing liabilities and borrowings (continued)

RPS are subject to an annual dividend rate and accounted for using an effective interest rate of 9.9% (2018: 9.9%) per annum. The fixed annual dividend rate is 10.0% (2015 to 2022) per annum. The holders of RPS are entitled to fixed rate dividends, declared semi-annually (in arrears) in relation to the prior financial year, and on redemption. In the event that RPS dividends are not paid, any unpaid dividend will accrue interest using the dividend rate for the current year (10.0%). RPS rank equally with each other, but in priority over ordinary shares for the payment of dividends and repayment of capital. Holders of RPS are not entitled to voting rights except in the event of winding up of the company, or any resolution impacting on the rights applicable to RPS. The percentage of RPS held by a shareholder must be equal at all times to the percentage of ordinary shares held.

Finance facilities

The BAC Group has bank facilities of $900.0 million (2018: $750.0 million), of which $311.0 million is undrawn (2018: $442.0 million). $225.0 million expires in November 2020, $450.0 million expires in September 2021 and $225.0 million expires in November 2022.

The BAC Group is in a net current liability position of $86.2 million at 30 June 2019 (2018: $116.3 million) which is fully covered by the undrawn bank facilities of $311.0 million (2018: $442.0 million).

Security for financing arrangements

The bank loan and the domestic and international bond issues are secured by a first ranking mortgage over the airport lease and a fixed and floating charge over the BAC Group's other assets and undertakings.

Bank overdraft

The bank overdraft facility of $4.0 million (2018: $4.0 million) was undrawn as at 30 June 2019 (2018: undrawn).

4.2 Derivative financial instruments

Keeping it simple …

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables such as interest rates or exchange rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure. The BAC Group is exposed to changes in interest rates and foreign exchange rates on its borrowings and uses derivatives to hedge these underlying exposures.

Derivative financial instruments are measured at their marked to market value at each reporting date. The BAC Group applies hedge accounting which allows the value movement in these instruments to be allocated across both the consolidated statement of financial position and the consolidated statement profit or loss and other comprehensive income.

Accounting policies

The BAC Group uses derivative financial instruments to hedge its exposure to interest rate and foreign currency risk.

Derivative financial instruments are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised in profit or loss, unless hedge accounting is adopted.

The fair value of interest rate and cross currency swaps is the estimated amount that the BAC Group would receive or pay to terminate the swap at the reporting date, taking into account current interest and foreign exchange rates and the current creditworthiness of the swap counterparties.

Current versus non-current classification

The BAC Group applies the maturity date approach to classify derivative financial instruments. Derivative financial instruments held as economic hedges are classified as non-current, except for those instruments that mature less than 12 months from the balance date which are classified as current.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.2 Derivative financial instruments (continued)

Accounting policies (continued)

Hedge accounting

The BAC Group designates all economic hedges into hedge accounting relationships and documents the nature of the economic hedge relationship, the risk management objective and strategy for undertaking the hedge. Hedge relationships are assessed on an ongoing basis to determine that they are effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

Where a derivative financial instrument is designated to hedge the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period.

Hedge accounting is discontinued prospectively if the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Fair value hedges

Where a derivative or financial instrument is designated as hedging the change in fair value of a recognised asset or liability, the gain or loss on the derivative and hedged item is recognised in profit or loss immediately, together with the gain or loss on the hedged asset or liability that is attributable to the hedge risk.

Cross currency interest rate swaps[4]

	Average pay fixed rate %	Average pay floating rate	Average foreign exchange rate	Notional maturity profile USD000
1 year or less	-	-	-	-
1 to 2 years	-	-	-	-
2 to 5 years	-	3m BBSW + 241bps	1.0027	347,000
5 years or more	5.470	3m BBSW + 199bps	0.7985	768,000

Interest rate swaps[5]

	Average pay fixed rate %	Notional maturity profile AUD000
1 year or less	-	-
1 to 2 years	5.502	1,300,000
2 to 5 years	-	-
5 years or more	5.800	1,375,000

[4] Cross currency interest rate swaps are used for the purpose of swapping USD notional principal and interest for AUD notional principal and fixed / float interest in relation to the BAC Group's non-AUD borrowings.

[5] Interest rate swaps convert floating rate interest exposure to fixed rate obligation.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.2 Derivative financial instruments (continued)

2019	Fair value hedges	Cash flow hedges		Total
	Interest bearing liabilities	Interest bearing liabilities	Interest rate risk on highly probable floating rate debt	
	Cross currency interest rate swap[6]	Cross currency interest rate swap and interest rate swap[5,7]	Interest rate swap	
	$000	$000	$000	$000
Carrying amount of hedging instruments				
Assets	62,053	242,611	-	**304,664**
Liabilities	-	(7,363)	(357,708)	**(365,071)**
	62,053	**235,248**	**(357,708)**	**(60,407)**
At 30 June 2019				
Cumulative fair value adjustment on hedged item[8]	(85,301)	(251,118)	-	**(336,419)**
Effective portion recognised in reserves[9]	-	21,051	287,957	**309,008**
During the year				
Change in fair value of the hedging instrument	76,337	98,299	(119,548)	**55,088**
Change in fair value of the hedged item	(79,466)	(65,560)	-	**(145,026)**
Effective portion recognised in cash flow hedge reserve from change in fair value of hedging instrument[8]	-	57,082	115,178	**172,260**
Effective portion recognised in cost of hedging reserve from change in fair value of hedging instrument	-	(2,691)	-	**(2,691)**
Hedge ineffectiveness recognised in profit and loss[10]	3,129	(6,836)	4,500	**793**
Amount recognised in profit and loss for discontinued hedges[9]	-	-	4,886	**4,886**
Amount reclassified from cash flow hedge reserve to profit and loss[9]	-	(73,146)	(2,508)	**(75,654)**
Amount reclassified from cost of hedging reserve to profit and loss	-	251	-	**251**

[6] Cross currency interest rate swaps are split designated in cash flow and fair value hedge relationships in order to hedge against USD borrowings.
[7] Interest rate swaps are designated in a combination cash flow hedge relationship with cross currency interest rate swaps in order to hedge against floating interest rate risk.
[8] The cumulative fair value adjustment is included in the BAC Group's interest bearing liabilities.
[9] The effective portion includes fair values of foreign currency basis spreads recognised in the cost of hedging reserve, and figures are before tax.
[10] Hedge ineffectiveness is recognised in finance cost. Key sources of hedge ineffectiveness for the BAC Group are (1) changes in credit risks inherent within the hedging instruments' fair values that are not offset by the fair value movement of the hedged item; and (2) designating the non-zero fair values hedging instruments in hedge accounting relationships post trade date (late designations). The non-zero fair values at inception is a source of ineffectiveness.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.3 Financial risk management

Keeping it simple …
The BAC Group activities expose it to a variety of financial risks: credit, liquidity and market risk (including interest rate, foreign exchange and price risk). The BAC Group seeks to minimise potential adverse effects on the its financial performance and uses derivative financial instruments to manage certain risk exposures. The BAC Group does not use derivatives to speculate.

Overview
The BAC Group's principal financial instruments comprise receivables, payables, bonds, bank loans, cash and short term deposits and derivatives.

The BAC Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

The BAC Group manages its exposure to key financial risks, including interest rate and currency risk, in accordance with the BAC Group's financial risk management policies. The objective of these policies is to support the delivery of the BAC Group's financial targets, while protecting future financial security and reducing volatility on financial performance.

Risk management policies are established to identify and analyse the risks faced by the BAC Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the BAC Group's activities.

The Finance, Audit and Risk Management ('FARM') Committee oversees how management monitors compliance with the BAC Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the BAC Group. The FARM Committee is assisted in its oversight role by regular internal audits conducted by Ernst & Young ('EY'). The internal audit reviews risk management controls and procedures and the results are reported to the FARM Committee.

The BAC Group's policy is not to enter, issue or hold derivative financial instruments for speculative trading purposes. Derivative transactions are entered into to hedge the risks relating to underlying physical positions arising from business activities.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.3 Financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the BAC Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the BAC Group's receivables from customers.

The BAC Group has policies in place to ensure that transactions are made with commercial customers with an appropriate credit history. However, as an operator of large infrastructure assets, the BAC Group is exposed to credit risk with its financial counterparties through undertaking financial transactions intrinsic to its business. These include funds held on deposit, cash investments, bank loans and the market value of derivative transactions.

The BAC Group assesses the credit strength of potential financial counterparties using objective ratings provided by multiple independent rating agencies. Board approved limit allocation rules allow higher limits to be granted to higher rated counterparties. The BAC Group also seeks to mitigate its total credit exposure to counterparties by only dealing with counterparties meeting certain credit criteria, limiting the exposure to any one counterparty, minimising the size of the exposure where possible through netting offsetting exposures, diversifying exposures across counterparties, closely monitoring changes in total credit exposures and changes in credit status, and taking mitigating action when necessary.

<u>Trade and other receivables</u>
The BAC Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographic of the customer base, including default risk of the industry and country in which the customer operates, has less of an influence on credit risk.

The Board has established a credit policy under which customers are analysed individually for creditworthiness before the standard payment terms and conditions are offered. The review of creditworthiness includes external ratings, when available, and/or the possible requirement of bank guarantees or cash deposits of up to six months' rent plus outgoings in the case of property tenants.

The majority of customers have been transacting with the BAC Group for over 10 years and losses have been incurred infrequently. In monitoring customer credit risk, customers are classified according to their credit characteristics.

Although no adjustments have been posted, an allowance for impairment has been prepared that represents the BAC Group's expected credit loss in respect of trade and other receivables. The expected credit loss is estimated using a provision matrix by reference to past default experience and an analysis of the current financial position of the trade receivables, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date.

The following table details the consolidated risk profile of trade receivables based on the BAC Group's provision matrix:

	Current $000	30 days $000	60 days $000	>90 days $000	Total $000
Expected credit loss rate	0.21%	0.27%	0.38%	0.40%	0.30%
Estimated total gross carrying amount at default	32,751	26,481	18,824	18,276	96,332
Expected credit loss	69	72	72	73	285

<u>Cash and swaps</u>
Cash, interest rate and cross currency swaps and bank loans are held with banks with credit ratings of not less than either A- (Standard & Poor's) or A3 (Moody's) in line with the BAC Group's credit rating policy.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.3 Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposure. The financial assets at the reporting date are as follows:

	Classification	Note	2019 $000	2018 $000
Cash and cash equivalents	Current	3.1	165,982	113,185
Trade receivables, accrued income and contract assets	Current	3.2	95,800	75,474
Sundry receivables	Current	3.2	1,603	2,393
Finance lease receivable	Current	3.2	120	107
Sundry receivables	Non-current	3.2	13,689	8,611
Finance lease receivable	Non-current	3.2	21,407	21,527
Derivative instruments		4.3(d)	338,485	187,541
			637,086	**408,838**

The maximum exposure to credit risk for trade receivables, accrued income and contract assets at the reporting date by customer type was:

	2019 $000	2018 $000
Aeronautical	72,036	53,075
Property	22,342	21,952
Other	1,422	447
	95,800	**75,474**

The most significant customer accounted for 39.5% of the trade receivables, accrued income and contract assets carrying amount at 30 June 2019 (2018: 42.1%).

Impairment losses

The ageing of the trade receivables, accrued income and contract assets at reporting date is as follows:

	2019 Gross $000	2019 Impairment $000	2019 Net $000
Not past due (0 – 30 days)	32,750	-	32,750
Past due (31 – 60 days)	26,481	-	26,481
Past due (61 – 90 days)	18,824	-	18,824
Past due (more than 90 days)	18,277	(532)	17,745
	96,332	**(532)**	**95,800**

	2018 Gross $000	2018 Impairment $000	2018 Net $000
Not past due (0 – 30 days)	29,210	-	29,210
Past due (31 – 60 days)	29,647	-	29,647
Past due (61 – 90 days)	12,234	-	12,234
Past due (more than 90 days)	5,869	(1,486)	4,383
	76,960	**(1,486)**	**75,474**

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.3 Financial risk management (continued)
(b) Liquidity risk

Liquidity risk is the risk that the BAC Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that the BAC Group will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unreasonable costs or risking damage to the BAC Group's reputation.

The BAC Group actively monitors cash flow requirements to manage liquidity risk. Typically, the BAC Group ensures that it has sufficient cash and available debt facilities to meet expected operational requirements for a minimum period of 12 months, including the servicing of financial obligations and the funding of the capital expenditure program.

Funding
The BAC Group minimises exposure and refinance risk with any one lending source. This is achieved by having a range of lending sources and financial guarantors (if a necessity of the lending instrument). To minimise refinance risk, the BAC Group ensures that no more than 20% of total debt matures within a 12 month period, and no more than 50% in any 36 month period.

The following are the principal and interest contractual maturities of financial liabilities:

2019	Note	Less than 1 year $000	1 – 5 years $000	More than 5 years $000	Total $000
Floating bank loan		7,097	596,128	-	603,225
Floating bonds		3,290	13,460	105,862	122,612
Fixed bonds[11]		297,875	997,661	1,554,187	2,849,723
RPS		47,049	588,117	-	635,166
		355,311	**2,195,366**	**1,660,049**	**4,210,726**
Trade payables and accruals	3.8	100,892	-	-	100,892
Finance lease payable	3.8/3.10	475	2,637	-	3,112
Derivatives[12]		58,042	251,508	110,126	419,676

2018	Note	Less than 1 year $000	1 – 5 years $000	More than 5 years $000	Total $000
Floating bank loan		135,506	188,782	-	324,288
Floating bonds		4,207	18,515	113,003	135,725
Fixed bonds[10]		112,702	1,116,777	1,729,032	2,958,511
RPS		70,574	635,166	-	705,740
		322,989	**1,959,240**	**1,842,035**	**4,124,264**
Trade payables and accruals	3.8	102,867	-	-	102,867
Finance lease payable	3.8/3.10	401	1,881	-	2,282
Derivatives[11]		45,064	179,221	114,430	338,715

Interest payments (and receipts) on the floating interest rate instruments are paid quarterly, at BBSW or BBSY plus the applicable margin.

Interest payments on the fixed interest rate bonds are paid semi-annually.

Trade payables and accruals are generally payable in less than six months.

[11] The cash flows for cross currency swap (designated in fair value and cash flow hedges) have been aggregated with the USPP fixed rate bond cash flows, with the net effect of synthetic floating rate debt cash flows. Cash flows incorporate $338 million of CCIRS with an asset mark to market value.
[12] Derivatives are interest rate swaps that are designated in cash flow hedge relationships.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.3 Financial risk management (continued)
(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the BAC Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The BAC Group enters into derivatives in order to manage market risk. All such transactions are carried out within guidelines set by the Board. Components of market risk to which the BAC Group is exposed are discussed below.

Interest rate risk
Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The BAC Group's borrowings are sourced from a number of financial markets covering domestic and offshore, as well as short term and long term funding. These borrowings are managed in accordance with targeted currency, interest rate, liquidity and debt portfolio maturity profiles.

Currency and interest rate risk on foreign currency borrowings are hedged by entering into cross currency principal swaps and interest rate swaps at inception to maturity, which have the economic effect of converting foreign currency borrowings into AUD borrowings.

<u>BAC Group policy</u>
The BAC Group's intended long term interest rate cover target is to maintain the following minimum levels of economic hedging of its forecast average debt exposure in each year:

Period	**%**
Years 1 - 3	75 – 100
Years 4 - 5	60 – 90
Years 6 - 10	30 – 70

<u>Minimum economic hedging requirement under finance documents</u>
The BAC Group's minimum economic hedging requirement under finance documents is that its exposure to changes in interest rates on current borrowings is on a fixed interest rate basis as follows:
- years 1 – 3: 75% per annum; and
- years 4 – 5: 60% per annum of debt levels on 1 July each year.

<u>Profile</u>
At the reporting date, the interest rate profile of the interest-bearing financial instruments, ignoring economic hedging, was as follows:

	2019 $000	**2018 $000**
Nominal fixed interest rate instruments		
Financial liabilities	**(3,116,011)**	**(2,920,653)**
Nominal variable interest rate instruments		
Financial assets - cash and cash equivalents	165,982	113,185
Financial liabilities	(689,000)	(408,000)
Net financial liabilities	**(523,018)**	**(294,815)**

Foreign exchange risk
Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of the risk arise from operations, capital expenditure and translation risk.

Cross currency swaps are used to convert long term foreign currency borrowings into AUD to meet the principal and interest obligations under the swaps. These foreign currency borrowings typically have an initial maturity of between 10 and 20 years.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.3 Financial risk management (continued)

(c) Market risk (continued)

Foreign exchange risk (continued)

BAC Group policy

The BAC Group's policy is to minimise foreign exchange exposures where practical, and to hedge back to AUD any combination of foreign exchange exposures to avoid unhedged foreign exchange exposures in excess of AUD 5 million.

Fixed interest rate secured international bonds denominated in USD

At the reporting date, the BAC Group had the following foreign exchange exposures which had been economically hedged back to AUD for the duration of the issue:

	Face value 2019 USD000	Face value 2019 AUD000	Face value 2018 USD000	Face value 2018 AUD000
Total foreign exchange exposures hedged	**900,000**	**1,283,422**	**900,000**	**1,217,862**

Sensitivity on interest rate and foreign exchange risk

The tables below summarise the gain or loss impact of reasonably possible changes in market risk, relating to existing financial instruments, on profit before tax and equity before tax. For the purpose of this disclosure, the following assumptions were used:

- 100 basis point increase and decrease in all relevant interest rates;
- 10% USD depreciation and USD appreciation; and
- isolation of sensitivity analysis for each risk. For example, the interest rate sensitivity analysis assumes the foreign exchange rates remain constant.

The 30 June 2019 foreign exchange rate of AUD 1 to USD 0.70 (2018: AUD 1 to USD 0.74) was used in the translation of USD denominated borrowings.

Analysis for fixed interest rate instruments

The BAC Group does not account for any fixed interest rate financial assets and liabilities at fair value through profit or loss, and does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit before tax for fixed interest rate instruments.

Analysis for variable interest rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax and equity before tax by the amounts shown below. This analysis assumes that all other variables remain constant. An increase/(decrease) in interest rates (holding all other variables constant), impacts interest expense on variable rate instruments and fair value of interest rate swaps and currency swaps as follows:

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.3 Financial risk management (continued)

(c) Market risk (continued)

Sensitivity on interest rate and foreign exchange risk (continued)

Movement in interest rates	**Profit/(loss) before tax**		**Equity before tax**	
	2019 $000	**2018 $000**	**2019 $000**	**2018 $000**
100 basis point increase in interest rates:				
Interest expense on variable interest rate instruments	(3,464)	(654)	-	-
Fair value of interest rate swaps	3,074	3,652	89,202	83,244
Fair value of cross currency swaps	(1,033)	(1,448)	(803)	(1,085)
Net impact	**(1,423)**	**1,550**	**88,399**	**82,159**
100 basis point decrease in interest rates:				
Interest expense on variable interest rate instruments	3,464	654	-	-
Fair value of interest rate swaps	(3,232)	(3,865)	(96,254)	(91,245)
Fair value of cross currency swaps	628	1,720	1,916	942
Net impact	**860**	**(1,491)**	**(94,338)**	**(90,303)**

Analysis for variable interest rate instruments

Movements in interest rates over time influence the rate of return achievable on the aeronautical assets. The effect of such movements may be impacted by the length of aeronautical pricing agreements, which have been typically five years. Once pricing is determined for a period, movements in interest rates may not affect aeronautical revenues but an alteration in rates may impact actual results.

Analysis for USD rate movements

An increase/(decrease) in USD exchange rates impacts appreciation and depreciation on financial instruments as follows:

Movement in USD rates	**Profit/(loss) before tax**		**Equity before tax**	
	2019 $000	**2018 $000**	**2019 $000**	**2018 $000**
10% appreciation	1,603	31	19,226	15,397
10% depreciation	(1,046)	(596)	(15,223)	(12,026)

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.3 Financial risk management (continued)
(d) Fair value

Fair value versus carrying amounts
The carrying amounts shown in the consolidated statement of financial position, together with the fair value of financial assets and liabilities are as follows:

	Note	Carrying amount 2019 $000	Fair value 2019 $000	Carrying amount 2018 $000	Fair value 2018 $000
Assets carried at fair value					
Interest rate and cross currency swaps		**338,485**	**338,485**	**187,541**	**187,541**
Assets carried at amortised cost					
Cash and cash equivalents	3.1	165,982	165,982	113,185	113,185
Finance lease receivable - non-current	3.2	21,407	21,407	21,527	21,527
Employee benefit - non-current	3.2	4,071	4,071	4,149	4,149
		191,460	**191,460**	**138,861**	**138,861**
Liabilities carried at fair value					
Interest rate and cross currency swaps - non-current		398,892	398,892	303,036	303,036
		398,892	**398,892**	**303,036**	**303,036**
Liabilities carried at amortised cost					
Secured bank loan	4.1	586,925	586,925	306,227	306,227
Secured domestic bond issues	4.1	895,753	950,106	894,800	929,270
Secured USPP bond issues	4.1	1,908,271	2,031,693	1,649,700	1,814,802
RPS	4.1	471,176	506,360	471,378	494,170
RPS dividend	3.8/3.10	23,525	23,525	47,049	47,049
Finance lease payable - non-current	3.10	2,637	2,637	1,881	1,881
		3,888,287	**4,101,246**	**3,371,035**	**3,593,399**
Net liabilities		**3,757,234**	**3,970,193**	**3,347,669**	**3,570,033**

Fair value of financial instruments
As at 30 June 2019, the fair value of derivative instruments that are held for economic hedges, which are the BAC Group's only financial instruments carried at fair value, resulted in a net gain of $55.1 million (2018: net gain of $12.0 million) measured based on Level 2 valuation techniques as defined in the fair value hierarchy shown in note 1.11.

(e) Capital management
The Board's policy is to maintain a strong capital base to preserve shareholder, lender and market confidence and sustain future development of the business.

There were no changes to the capital management approach during the year.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.4 Changes in liabilities arising from financing activities[13]

	1 July 2018 $000	Cash flows $000	Foreign exchange movements $000	Fair value movements $000	30 June 2019 $000
Secured bank loan	308,000	281,000	-	-	589,000
Secured domestic bond issues	900,000	-	-	-	900,000
Secured USPP bond issues	1,655,112	130,000	65,559	62,827	1,913,498
RPS	471,378	-	-	(202)	471,176
Finance lease payable - non-current	1,881	756	-	-	2,637
Total liabilities from financing activities	**3,336,371**	**411,756**	**65,559**	**62,625**	**3,876,311**

	1 July 2017 $000	Cash flows $000	Foreign exchange movements $000	Fair value movements $000	30 June 2018 $000
Secured bank loan	-	308,000	-	-	308,000
Secured domestic bond issues	550,000	350,000	-	-	900,000
Secured wrapped bond issues	300,000	(300,000)	-	-	-
Secured USPP bond issues	1,633,728	-	45,911	(24,528)	1,655,111
RPS	471,533	-	-	(155)	471,378
Finance lease payable - non-current	2,112	(231)	-	-	1,881
Total liabilities from financing activities	**2,957,373**	**357,769**	**45,911**	**(24,683)**	**3,336,370**

4.5 Equity and reserves

Dividends are recognised as a liability in the year in which they are declared.

There has been no movement in issued shares.

	2019 '000	2018 '000
Ordinary shares		
On issue at 30 June	**681,887**	**681,887**

The holders of ordinary shares in BACH are entitled to receive dividends as declared from time to time and one vote per share at meetings of BACH. In the event of winding up of BACH, ordinary shareholders rank after all other shareholders and creditors and are entitled to any net residual proceeds of liquidation.

Defined benefit superannuation fund deficit reserve

The defined benefit superannuation fund deficit reserve is used to recognise actuarial gains and losses.

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

[13] Reconciliation of opening to closing balance excludes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (continued)

4.5 Equity and reserves (continued)

Dividends and distributions

During the current financial year, BACH declared and paid ordinary dividends of $206.5 million.

	2019 $000	2018 $000
Dividend franking account:		
The taxable value of franking credits for subsequent financial years	**175,059**	**188,853**

NOTES TO THE FINANCIAL STATEMENTS
SECTION 5: OTHER

5.1 Related parties

Keeping it simple …
The related parties include the Directors of the company, Key Management Personnel ('KMP'), shareholders and the BAC Group controlled entities.

The Directors of BACH at any time during the reporting year are disclosed in the Directors' Report. The KMP of the BAC Group at any time during the reporting year were the following:

Executives

Gert-Jan de Graaff	Chief Executive Officer
David Malek	Chief Financial Officer
Rachel Crowley	Executive General Manager Communications & Public Affairs
Gwilym Davies	Head of People Performance and Culture (resigned 17 September 2018)
Jane Dionysius	Executive General Manager Human Resources (appointed 17 September 2018)
Raechel Paris	Executive General Manager Governance, Safety & Sustainability (appointed 6 May 2019)
Stephen Goodwin	Executive General Manager Operations
Floor Felten	Executive General Manager Strategy, Planning & Technology
Krishan Tangri	Executive General Manager Infrastructure, Development & Delivery
John Tormey	Executive General Manager Property (resigned 1 July 2019)
Andrew Brodie	General Manager Airline & Retail Management (resigned 18 February 2019)
Jim Parashos	Executive General Manager Aviation Development & Partnerships (appointed 1 April 2019)
Martin Ryan	Executive General Manager Consumers (appointed 7 May 2019)
Adam Stoker	Company Secretary and Head of Corporate and Legal Services (acting as Company Secretary to 30 November 2018)

Transactions with Key Management Personnel
In addition to the salaries of KMP, the BAC Group contributes to a post-employment defined benefit superannuation fund or a post-employment defined contribution superannuation fund on behalf of certain KMP. In accordance with the terms of the defined benefit superannuation fund, KMP are entitled to receive their retirement benefits up to age 70, calculated as a multiple of their salary plus members' contributions made to the fund.

ELTIP
KMP also participate in the BACH ELTIP.

The ELTIP is a bonus incentive plan that provides eligible employees with the opportunity to receive bonus remuneration which is calculated with reference to long term increases in the value of ordinary shares in BACH and total shareholder returns. The plan is settled in cash.

Under the plan, eligible employees have been and may be issued with units which notionally represent ordinary shares in BACH. The plan includes a mechanism for calculating the bonus remuneration in the event certain requirements as set out in the plan rules are satisfied. The plan does not confer upon eligible employees any right, entitlement or interest in shares in BACH or an option to acquire shares in BACH.

Eligibility has been determined by the Board based on the individual's ability to influence the future growth, direction and performance of the BAC Group. Entitlement to this payment is conditional upon continuous employment during the period.

The grant date of units for the ELTIP 9 ('Plan 9') was 1 July 2017, with an initial base value of $1 per unit. Total units issued under Plan 9 were 2,578,402. The value of entitlements under Plan 9 payable at 30 June 2019 was $664,502 (2018: $811,423).

The grant date of units for the ELTIP 10 ('Plan 10') was 1 July 2018, with an initial base value of $1 per unit. Total units issued under Plan 10 were 1,776,175. The value of entitlements under Plan 10 payable at 30 June 2019 was $214,207 (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS
SECTION 5: OTHER (continued)

5.1 Related parties (continued)

Key Management Personnel compensation

The KMP compensation for the year was as follows:

	2019 $	2018 $
Short term employee benefits	6,167,184	6,595,527
Post-employment benefits	1,023,424	306,093
Other long term benefits	231,192	193,702
	7,421,800	**7,095,322**

The terms and conditions of transactions with KMP were no more favourable than those available or which might reasonably be expected to be available, on similar transactions with non-Key Management Personnel or their related parties on an arm's length basis.

Other related party transactions

Amounts recognised during the year pertaining to other related parties, excluding shareholder payments that relate directly to shareholdings, were as follows:

Technical Services Agreement

BAC has a Technical Services Agreement with Schiphol Nederland BV which provides:

- advisory services including staffing, planning, operations, marketing and third party liaison; and
- qualified personnel to fulfil various management positions.

The total fee for the year was $651,842 (2018: $624,180). As at 30 June 2019, the amount payable was nil (2018: $154,267).

Intellectual Property Agreement

BAC has an Intellectual Property Agreement with Schiphol International BV that provides BAC with a licence to use any intellectual property rights owned or licensed by Schiphol International BV which may be applied in operating and developing Brisbane Airport, including in relation to marketing, operations, planning, staffing and third party liaison.

The total fee for the year was $3,618,665 (2018: $3,557,766). As at 30 June 2019, the amount payable was $3,618,665 (2018: nil).

Board fees and travel expenses

Board fees and travel expenses paid to the Directors for the year amounted to $1,355,419 (2018: $1,159,059).

Board fees, on behalf of the Directors, were paid to the following companies:

- Colonial First State Asset Management (Australia) Limited, a company related to Chris McArthur, received $137,428 for the year (2018: $134,734);
- QIC Private Capital Pty Ltd, a company related to Paul DeSouza, received $137,429 for the year (2018: $134,735); and
- IFM Investors (Nominees) Limited, a company related to Michael Thompson and Deepa Bharadwaj, received $118,194 for the year (2018: $115,877).

NOTES TO THE FINANCIAL STATEMENTS
SECTION 5: OTHER (continued)

5.2 Parent entity disclosures

	2019 $000	2018 $000
Results of BACH		
Profit for the year	239,835	174,573
Total comprehensive income	**239,835**	**174,573**
Financial position of BACH		
Current assets	96,077	86,444
Non-current assets	932,688	932,688
Total assets	**1,028,765**	**1,019,132**
Current liabilities	23,525	47,049
Non-current liabilities	471,176	471,378
Total liabilities	**494,701**	**518,427**
Net assets	**534,064**	**500,705**
Equity		
Issued capital	470,494	470,494
Retained earnings	63,570	30,211
Total equity	**534,064**	**500,705**

5.3 Other matters

Per- and Polyfluoroalkyl Substances ('PFAS')

In recent years, there has been increased media and regulator attention towards PFAS used by aviation related tenants and Airservices Australia at Brisbane Airport. The BAC Group has continued to exercise its rights under tenant lease agreements to require entities responsible for pollution to monitor and remediate contamination at Brisbane Airport.

Apron pavement

The BAC Group is aware of structural cracking to an apron pavement designed by a contractor at the International Terminal. The asset is currently operational, however will require major rehabilitation in the near future to rectify the current cracking. The major rehabilitation of parts of the apron that are subject to aircraft traffic, but which have not yet cracked, will also be required within approximately four years to prevent further anticipated structural cracking of the apron pavement. The BAC Group has had independent engineers prepare a staged rectification plan (concept phase only and prepared solely for the purposes of legal proceedings commenced against the design contractor), and in the meantime the BAC Group is monitoring the apron pavement and implementing short-term maintenance solutions to ensure that the apron remains operational. Given the assessment by the independent engineer, the BAC Group has revised the useful life of the damaged sections of the apron. The BAC Group is continuing to pursue its legal rights in relation to the cracking.

5.4 Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the BAC Group in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of BAC Holdings Limited:

(a) the financial statements and notes set out on pages 52 to 95 are in accordance with the Corporations Act 2001 (Cth), including:

(i) giving a true and fair view of the BAC Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001 (Cth); and

(b) there are reasonable grounds to believe that the BAC Group will be able to pay its debts as and when they become due and payable.

The Directors draw attention to note 1.3 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in Brisbane on 27 September 2019 in accordance with a resolution of the Directors.

David Peever
Director

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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Independent Auditor's Report to the Members of BAC Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BAC Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R.G. Saayman
Partner
Chartered Accountants
Brisbane, 27 September 2019

LEAD AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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The Board of Directors
BAC Holdings Limited
11 The Circuit
BRISBANE AIRPORT QLD 4008

27 September 2019

Dear Board Members

BAC Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of BAC Holdings Limited.

As lead audit partner for the audit of the financial statements of BAC Holdings Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R.G. Saayman
Partner
Chartered Accountant

Additional information:
BAC Holdings Limited, ACN 108 568 038, incorporated and domiciled in Australia, is an unlisted public company limited by shares.

Registered office:
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BRISBANE
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CORPORATION