

## **BrisConnections Unit Trusts**

### **2010 General Meeting**

#### **CEO Address**

Thanks Trevor. Good afternoon Ladies and Gentlemen and fellow securityholders.

I am very pleased and proud to report to you on our progress during 2010 in delivering this most critical and city transforming transport infrastructure project. The sheer scale and engineering complexity of the project, and the 47 month timeframe in which it is being delivered, has required and continues to demand engineering and project delivery by Thiess John Holland of the highest quality. It positions Australian infrastructure at the leading edge internationally. Undoubtedly as transport infrastructure, Airport Link is preeminent amongst the recently delivered group of Australian projects.

As you will see from some of the photos the rate of progress at all 9 sites is very impressive. At the key worksites in Bowen Hills, Kedron and Toombul, the locations of tunnel portals, both the above ground structures and the portals themselves can now clearly be seen, and progress is such that the more noisy and dusty surface excavation, piling and foundation works are largely complete.

More than 63 per cent of construction works by dollar spend has been completed with ARU now nearing completion. As you may have experienced, the eastbound lanes are open and we hope most of the project will be in service by Christmas. The key overall project activities remain the completion

of the mainline tunnels, the installation and commissioning of the mechanical and electrical works, the Northern Busway cut and cover tunnels and the bus stations at Lutwyche and Kedron and the highly innovative 4 level intersection at the junction of Stafford and Lutwyche Roads.

Approximately \$1.25 billion has been invested in construction activities in the year ended 30 June 2010. As at the end of October, over a total of \$2.6 billion will have been spent project wide on this crucial piece of multipurpose infrastructure. More than 7,400 metres of tunnel heading has been excavated by Thiess John Holland. So far over 12.6 million hours have been worked with an exemplary safety record as demonstrated by a very low industry leading lost time injury frequency rate.

The pace of tunnel excavation is quickening. We have seen four tunnel break throughs in the last weeks, joining up the north-south legs under Lutwyche Road between Bowen Hills and Truro Street, the southbound ramp at Kedron, in the Northern Busway under Lutwyche Road and in the Woolloowin area. Thiess John Holland has deployed both of the gigantic German-built Tunnel Boring Machines (TBMs) and are well under way in excavating the east/west leg. These TBMs which cost \$45 million each, are 190 metres long and have a cutting face diameter of 12.5 metres, the largest (just) to date in Australia. These amazing machines are essentially tunnel building factories, excavating the rock and leaving behind a lined tunnel with the road surface and smoke ducts complete.

So, on the construction front, 2010 was a significant year for BrisConnections. This is great, as it is only when the tunnels are complete that we can begin to generate income via operations. It was important also because we have begun preparation for the eventual transition to operations,

including the development of the Kapsch provided tolling system and systems for the customer services interfaces.

Construction of the Airport Link Operating Centre (ALOC), our eventual home, at the junction of Stafford and Gympie Roads, is also progressing well. The building will be fully enclosed by Christmas with electrical and mechanical fitout in early 2011. We hope to occupy the ALOC by October 2011.

The completion of the tolling system is an absolutely key component of the final project delivery. It provides the interface to our customers and is our only means of collecting the toll revenue generated by the tunnel users. Business rules and user requirements have been specified, the preliminary design review was successfully completed and the critical design reviews are underway, making excellent progress. We are confident we will have the most up-to-date, user friendly and capable tolling system in Australia delivered well within the project program and meeting all our operating needs.

We have also begun and are well advanced in the development of a marketing strategy and communications plan for the commencement of operations of Airport Link in mid 2012. It is important to ensure that the key benefits to motorists and the contribution Airport Link will make when in operation, such as enhanced access to key locations, time savings and certainty of journey times, safety, reduced congestion and improved local environmental conditions and so on, also creating value for the overall community, are well understood. An extensive suite of user products to

enable the efficient, economical and easy use of the road is being developed which we hope will meet the needs of our customers in a more responsive way than any other toll road to date.

BrisConnections exists because of a determination by the State Government that Brisbane badly needs a 21<sup>st</sup> century network of metropolitan highways to address the serious traffic and transport issues that affect major city destinations. You will all be aware of (and may already have used) the CLEM7 tunnel which is another important piece of the urban road network in Brisbane along with the Go Between Bridge and our own Airport Flyover.

However, it is important to note that Airport Link and Clem7 have quite different functions and underlying economic rationale. CLEM7 is a CBD bypass and provides an additional, much needed, cross river linkage. Airport Link is a multi-function, multi-destination, time saving and economically driven toll road directly servicing an area containing over 60% of Brisbane's population, a rapidly growing airport, the fastest developing industrial area in Australia (the combined number of jobs created by the Airport and Australia TradeCoast in 2026 will exceed 100,000, the second largest employment zone after the CBD), and will reduce overall road network congestion along the extremely busy Lutwyche Road and Kingsford Smith Drive.

I believe the best comparisons to the likely performance of Airport Link are the very successful and heavily trafficked Melbourne City Link, the Eastern Distributor connection to the Sydney Airport and Botany Bay area, and the regional connecting M7 in Western Sydney.

CLEM7 is our neighbour, not our competitor. We wish them well and will actively look to work with them to assist their ramp-up. It is still early days for them.

The case for an expansion of this city's road network is unarguable. Brisbane and SE Queensland are experiencing a population boom, with over 300 new civilian residents a day calling the State home. More than a million extra people in SEQ will need better transport networks by 2026.

Passenger traffic through both the domestic and international terminals at Brisbane Airport is forecast to grow rapidly over the next twenty years, with Brisbane becoming the second busiest entry point for international visitors. Vehicular traffic movements within and to and from the Airport are expected to increase from 90,000 to 267,000 daily journeys by 2030. 60 percent of these will pass over the Airport Flyover or the new fast diamond interchange below, commissioned last weekend. Despite the economic downturn, the overall outlook for the Queensland economy remains buoyant. The current million trips per day to inner city Brisbane is expected to double in the same period. 80 percent of these trips are forecast to be made by car.

The business case for BrisConnections' inter-connected projects is therefore clear and compelling. We believe that, from its inauguration in mid-2012, Airport Link will rapidly become as well-patronised as other proven and essential Australian 'origin destination' and economically focused toll roads in Melbourne and Sydney.

There are other benefits too, in particular as Australia sets out to become a greener nation. Car journeys to Airport Link's destinations without the stop/start of today's traffic will be quicker, use less fuel and emit fewer greenhouse gases. Many people who need to travel these routes frequently – for example, light and heavy commercial vehicles, couriers, taxis, hire cars and daily commuters – will gain a real productivity boost. They will do so with less stress and, I imagine, with greater good humour.

Airport Link is Australia's largest privately funded transport infrastructure project. It will assist in reducing congestion, transform the road network north of the Brisbane River and provide the much needed direct connection between the CBD and the Airport and TradeCoast. It will also complete the East-West link across the northern suburbs of Brisbane which began 30 years ago and reduce heavy traffic movements through the suburban road network. It will link key economic community and urban centres. When Northern Link (Legacy Way) opens in 2014, it will also provide a new and direct route from the South/southern suburbs and Ipswich to the Airport, TradeCoast and beyond.

BrisConnections has a concession to 2053 to own and operate Airport Link. We are here for the long haul, and our priority is to provide great service to future road users. We remain confident that the underlying economic parameters for our forecast traffic numbers remain sound. The rapid network development in and around Brisbane plus the economic and other demographic data continue, on balance, to show recovery post the GFC. However, it must be noted that people and road users take time to adapt to new infrastructure, how it fits into the overall road network and how best it improves their own journeys. Locally, the ICB is a relevant demonstration of how usage does build up

over time (as I was able to observe from regular personal use of this road). Airport Link has very positive economic drivers which I am certain will underlie its future performance.

The BrisConnections team is confident that we are delivering an economic and city transforming project of substantial long-term benefit to both our unitholders and the community at large.

Finally I want to acknowledge the support received by BrisConnections from all of our stakeholders, unitholders, both retail and institutional, the banking syndicate, Government counterparts, particularly City North Infrastructure, our contractor Thiess John Holland (TJH) and members of the community through our second and very positive year of development. The progress made by BrisConnections both as an entity and in the delivery of the project itself, has only been possible because of the effort and support provided by my small but extremely competent and focused team.

Thank you