

# A BROADER PERSPECTIVE



Adelaide Airport  
Integrated Review

# 18-19





### About this Report

Adelaide Airport Limited (AAL or the 'Group') presents its 2019 Annual Review using an integrated approach. This report communicates both Adelaide and Parafield Airports' overall performance for the financial year ending 30 June 2019, and includes our impacts and contributions to society and the environment. This Review demonstrates how our strategy, governance and performance create value over the short, medium and long-term for shareholders and other important stakeholders.

AAL is the main operating entity holding the lease rights and management rights to Adelaide and Parafield airports. This Review should be read in conjunction with the Annual Financial Statements, providing a more detailed understanding of the financial aspects of the business.

Unless otherwise stated all information in this report relates to the Group. Further information on the Financial Report 2018/2019 can be accessed here.

# OUR REPORTING APPROACH

Our 2019 Annual Review is inspired by the principles of the international Integrated Reporting (<IR>) Framework. In our journey to full alignment with <IR>, we are expressing to all our stakeholders how we create value. We provide more detail on our value creation outcomes in the 'Our Strategic Performance' section.

This report has also been informed by the Global Reporting Initiative (GRI) Standards. Our GRI content index can be found in the Appendix and, as this report is informed by the GRI Standards, we have not included Disclosures on Management Approach (DMAs) for each material issue.

During 2018/19 there have been no significant changes to AAL's organisational or shareholder structure.

To inform the preparation of this report, we have sought feedback from our internal and external stakeholders. This valuable feedback has helped us to determine the most relevant areas to focus on in this report and are described in the Material Issues and Stakeholder Engagement section.

Your feedback on what information you would like to see in future reports is important to us. Please contact us at [reception@aal.com.au](mailto:reception@aal.com.au)

## 2019 AT A GLANCE



**13 July**

Adelaide Airport announces it has hit 1 million international passengers in FY18

**15 August**

Construction starts on the \$165m terminal expansion

**6 September**

The new Atura Hotel officially opens

**6 September**

Singapore Airlines announces ADL as the official launch destination of its new Airbus A350-900 medium haul aircraft

**11 September**

First retail Request For Proposal released for terminal expansion

**2 October**

New Kennards Self Storage facility opens in Airport Business District

**29 January**

Australian Clinical Labs opens new pathology facilities in Airport Business District

**24 January**

SA Ambulance Service opens new Medstar base in Tapleys Precinct

**20 December**

Adelaide Airport secures Australia's first Sustainability Loan with ANZ

**20 November**

Successful US private placement bond market finances terminal expansion

**28 October**

United Way Read Aloud Open Day hosted by Parafield Airport

**28 October**

China Southern commences up to daily service during peak summer season

**12 February**

New Executive GM appointments announced

**19 February**

Platinum status secured for the second year running from Airport Councils International Asia-Pacific for sustainability initiatives

**7 March**

Lagardere Travel Retail secures duty free and international F&B concessions as part of terminal expansion

**15 March**

One of the world's largest aircraft, an Antonov AN-124, touches down in Adelaide

**18 March**

SNP Security takes over passenger and baggage screening services contract

**31 March**

Adelaide Airport overtakes Gold Coast as Australia's 5th largest international airport

**29 June**

AFL Max facility opens in Airport Business District

**17 April**

Malindo Air commences four-weekly service to Kuala Lumpur via Bali

**6 April**

Trial of new 3D x-ray scanner, body scanner and automated tray return system commences

# YEAR IN REVIEW



# CHAIRMAN & MD'S REPORT

Adelaide Airport for a number of years has carried the following sign along our main concourse: **“When everything seems to be going against you, remember that the airplane takes off against the wind, not with it.”**

It's a message we take to heart and helps us focus on our goals even in less favourable operating conditions.

In 2018/19 we have maintained solid growth across all areas of our business despite global economic headwinds.

Our ability to plan and invest in new infrastructure at a time of slow growth and constrained capacity in the aviation sector has provided a solid base on which to build our future sustainability.

We have achieved extraordinary international growth over the past decade. It is just seven years since we attracted Emirates to Adelaide, which at the time was considered a game-changer in demonstrating our ability to attract major international carriers. This has proven to be true, with the likes of Qatar Airways and China Southern adding Adelaide to their network and opening up new opportunities in the Middle East and mainland China.

In 2018/19 we have again been recognised as the fastest growing international airport in Australia – a significant achievement in a highly competitive market. We have welcomed Malindo Air, operating to Kuala Lumpur via Bali, and seen incumbent airlines either adding more services or upgrading aircraft to bigger, new-generation aircraft such as the Boeing 787 Dreamliner and Airbus A350 to meet demand.

We now have more than 300 excellent one-stop connections across Asia, Europe, North America and Africa via global hubs such as Singapore, Guangzhou, Hong Kong, Dubai, Doha, Auckland and Kuala Lumpur.

## Growing our business

This financial year we have achieved a 5.0 per cent increase in our EBITDA (excluding property revaluations) result to \$139.3m, compared with \$132.7m in 2017/18. Revenue has increased by 5.2 per cent to \$225.5m.

Far from hitting the auto-pilot button, we are re-doubling our efforts and setting sustainable, long-term goals to grow our business on the ground and in the air.

Adelaide has hosted the 2019 World Routes Conference in September 2019, which was an excellent opportunity to showcase our airport as well as South Australia's tourism and convention facilities. The development of new routes can take decades and this conference presented an opportunity to continue a number of our ongoing conversations with airlines.

We remain under-served to a number of destinations, including the United States. We also believe there are opportunities to attract direct links with new Asian destinations such as Japan, the Philippines, Vietnam, Thailand and India – to name just a few - and to continue to grow our Chinese market.

However, the effort required to attract growth continues to increase - global destination competition and demand for new services has intensified but in an environment where airlines are restricting growth in seat capacity.

## Building for the future ...

We have an excellent track record in delivering on our commitments to invest in new infrastructure, while encouraging and facilitating investment by our key tenants.

Leading our infrastructure investment is the expansion of our international and domestic terminal, which will significantly upgrade international arrivals and departures, and create more retail and dining options for both domestic and international travellers.

International upgrades will include a second, longer baggage belt for arrivals, more space for emigration and immigration processing, expanded security screening, a larger duty-free precinct for arrivals and departures, and expanded dining and retail options.

As is the nature of a project this size, we've undertaken significant planning and years of discussions with our key partners, including airlines, retailers and regulatory agencies to reach this point. We also undertook customer surveys and reviewed our customer feedback to understand the key elements our travellers wanted to see.

Just as construction started on the terminal expansion project, we completed and opened the new Atura Hotel, operated by Event Hospitality & Entertainment Ltd. It is the first hotel in Australia to directly link with the main domestic and international terminal of a capital city airport.

The 165-room, seven-storey hotel features the Hangar Bar & Grill, a business centre, eight flexible function and meeting spaces, plus a port-cochere for guest drop off and collection. The hotel will strengthen our ability to attract other on-airport investment because of the seamless connectivity it offers our tenants and their business stakeholders.

## ... While remembering our Past

As part of the terminal expansion project, we were delighted to receive a funding commitment, in addition to our own commitment, from the State and Federal governments to assist with the relocation of the historic Vickers Vimy aircraft from its current location near the long-term car park to a new home within the expanded terminal.

## Delivering an exceptional experience

Such developments are about prioritising the customer experience to create a seamless and enjoyable journey from the minute you drive into the airport until you're ready for take-off.

In the most recent quarter Australian Service Quality rankings place Adelaide as the top airport in Australia, and in the top 25 per cent of airports in the Asia Pacific.

Looking forward, we see the 'airport of tomorrow' as featuring new technologies and processes that make the customer experience faster, easier and more intuitive.

## Shaping our business to perform

Adelaide Airport is a dynamic and diverse environment that links local and global communities, creates jobs and fosters economic development.

We have recently released our Adelaide 2019 Preliminary Draft Master Plan, which sets the course for future development over the next 20 years. This will provide an essential blueprint for future on-airport investment by providing a detailed vision and a level of certainty for future development.

As well as providing an important planning framework, this document highlights the significant contribution Adelaide Airport makes to South Australia's economic prosperity.

Key among our future plans will be a transport, logistics and freight hub at Airport East, and including a dedicated new entrance via Richmond Road.

Over the past five years, our economic contribution to the State has increased from \$1.95 billion to \$2.98 billion. By 2039 we forecast our contribution to increase to \$7.48 billion.

Since 2014, total employment (direct and indirect) as a result of airport activities has jumped by 30 per cent to 22,800 jobs. By 2039 we forecast that figure to reach 56,000 jobs.

We continue to grow our property business. In addition to the opening of the Atura Hotel, we have welcomed Kennards Self Storage, Otis Elevators and AFL Max to Adelaide Airport, while work is progressing on a new district outlet centre at Parafield Airport.

## Sustainability

Sustainability is understandably a key driver of all that we do. We have signed a \$50 million 7-year Sustainability Performance Linked Loan with ANZ, the first of its type in Australia that incentivises a borrower to even further improve its performance against a set of Environment, Social and Governance (ESG) criteria. We also topped the global airports ranking for sustainability in the GRESB Sector Leader Awards program.

## Our changing climate

Our continued leadership in environmental management has seen us trial two separate initiatives aimed at reducing the temperature of our airfield on very hot days. This is being achieved through irrigated crop trials and the use of 'cool' pavement applications.

## Nurturing great people

AAL's vision is to be a top tier airport business in Asia Pacific, recognised for delivering exceptional outcomes to its customers, partners, shareholders and community.

Our employees are our biggest asset in this pursuit, and they in turn nurture the strong relationships that exist with our stakeholders. We have a clear set of objectives to encourage diversity, and to ensure the health and wellbeing of our employees. Our employee engagement in 2019 has improved year-on-year to a new high of 73.3 per cent.

## The future

Our challenge is to maintain our drive and focus across our business, including in areas such as passenger growth, sustainability and environmental initiatives.

We are proud of what we achieve given our size, and we will continue to push ourselves to be innovators and leaders for our industry and for our State.

# EXECUTIVE GENERAL MANAGEMENT TEAM



**Mark Young**  
Managing Director



**Brenton Cox**  
Executive General Manager  
- Finance & Corporate



**Kym Meys**  
Executive General Manager  
- Planning & Infrastructure



**David Blackwell**  
Executive General Manager  
- Technology & Innovation



**James Sangster**  
Executive General Manager  
- Property



**Dermot O'Neill**  
Executive General Manager  
- People, Culture & Terminals



**Emma Boulby**  
Executive General Manager  
- Airport Operations



**Sue Doyle**  
Executive General Manager  
- People & Culture (extended leave)

# HOW AAL CREATES VALUE

## Value Creation Inputs

We use a range of resources (or capitals) to create value and deliver on our strategy.

### People Capital



### Intellect Knowledge



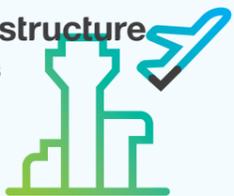
### Relationships Partnership



### Natural Resources



### Infrastructure Assets



### Financial Capital





# RISKS & OPPORTUNITIES

**In looking forward and determining where AAL can create value, we must also understand our operating environment, and the risks and opportunities that may impact or enhance our ability to maximise our contribution to shareholders and other stakeholders.**

Adelaide Airport in 2018 identified and defined what we see as our key material issues. These have been reviewed in 2019 and remain unchanged. This materiality review is part of our wider stakeholder engagement.

Our leadership team regularly analyses how material issues may substantially influence and maximise value for the business, or conversely be considered a headwind that can inhibit or jeopardise strategic opportunities to grow.

These prioritised risks shape the themes of our reporting, reflecting what matters most to our stakeholders and business.

## MATERIAL ISSUES

### Key Focus

Adelaide Airport has undergone a sustained period of solid to significant growth across our operations – both aeronautical and non-aeronautical. With this growth comes challenges associated with needing to stay ahead of the curve so our customer experience is in step with our growth.

Our goal is to ensure we are proactive rather than reactive to future growth scenarios. By example – international education is South Australia’s fourth largest export market. The potential significant driver of international student travel is an example of where we can look to tailor opportunities to meet customer needs.

Our relationships with our airline partners is crucial in terms of attracting new services, maintaining existing services, and seeking their guidance and support for improved infrastructure as demonstrated by the current terminal expansion project.

Unforeseen risks can have an immediate impact on our business, as demonstrated by the grounding of the 737 MAX 8 in March, which directly impacted our Fiji Airways service.

Future security and regulatory requirements will continue to require careful thought on the future planning and design of our infrastructure, notably the domestic and international terminal. This also impacts our customer experience and commercial customers.

Digital disruption, for example through the rapid expansion of ride-sharing (ground transport) and online shopping (retail) present significant challenges but also create a new dynamic that ultimately benefits our customer and their travel habits.

There have and will continue to be substantial developments in emerging and innovative transport technologies, some of which include autonomous vehicles, air taxis (personnel airborne rideshare) and the use of drones for parcel delivery. While these technological advances have the potential to improve access and connectivity, they may also create challenges for ground transport systems and other infrastructure associated with the airport. Adelaide Airport will continue to monitor and respond to such emerging technologies.

Our people are our most important resource, and our diversity outcomes significantly shape our success.

Feedback from our stakeholders continues to come through a number of touchpoints, ranging from regular consultative committee meetings to airport passengers and visitors who provide us with input on material matters to them, through our website and social media channels. We have prioritised and validated these material issues through consultation and engagement with our leadership team.

Airports are an inherently high-risk environment, and the many moving parts provided by a large number of customers and suppliers, including airlines and regulatory authorities are often outside the control of AAL.

However, we work very closely with all stakeholders to ensure we maintain the highest possible levels of safety, security, compliance and training. For example, we conducted or were involved in five airport emergency exercises across Adelaide and Parafield airports in 2018/19.

The prevalence of drones means we need to educate the public of the risks, plus concentrate on our own preparedness for potential incidents while identifying locations where drone use may impact our operations.

Much of the above is informed by our key stakeholders that can be significantly affected by our activities and/or whose actions can affect Adelaide Airport’s ability to successfully fulfil its strategic objectives. These stakeholders are passengers, airlines, employees, investors, providers of financial capital, industry and regulatory bodies, government and communities in which the Group has an impact.

We acknowledge climate change and the associated risks it poses society and business and recognise that climate change and carbon risk management are essential aspects of operating a sustainable business over the long-term.

In addition to taking action to mitigate climate change by reducing carbon emissions demonstrated through our commitment to maintaining level 3 ‘optimisation’ in Airport Carbon Accreditation, we undertook a comprehensive review of climate related risk and opportunities in 2019 and are redeveloping our climate change adaption plan through 2020.

# KEY FOCUS

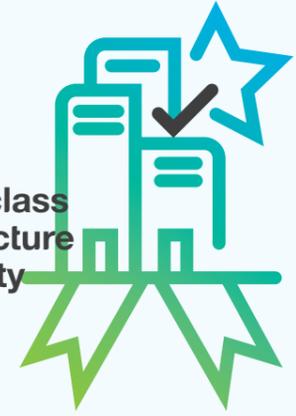


## Resilience, Risk & Compliance



As an essential piece of transport infrastructure, we must undertake all available measures to assess risks and implement compliance measures so that we continue to operate in a safe and secure manner under a range of circumstances.

## Best-in-class Infrastructure & Property



Meeting and exceeding future expectations of our customers and stakeholders requires timely investment in world-class infrastructure and facilities that support our aeronautical and non-aeronautical business growth.

## Sustainable Procurement



We must aim to meet the business needs within our supply chain for materials, goods, utilities and services in an environmentally-friendly, responsible and ethical way.

## Resource Efficiency



Using our resources in a sustainable manner while minimising impacts on the environment allows us to create more with less and to deliver greater value with less input.

## Customer Service & Experience



A key focus should be to provide a memorable customer experience to our customers and to our key stakeholders such as airlines and tenants.

## Innovation & Technology



We must seek to increase customer engagement and expand data capabilities by driving the deployment of innovative technologies across our business.

## Climate Resilience



We recognise the importance of anticipating and responding to climate related events by improving our resilience through assessment and action to better cope with these risks.

## Passenger Growth



As first and foremost a facilitator of aviation access to our State, we must develop business opportunities to expand our global reach and created additional capacity on existing networks.

## Shareholder Value



Generating value to our shareholders means creating and delivering on opportunities across our business to maximise the total worth of our company.

## People & Relationships



We recognise the value of our people and the relationships we have with all stakeholders has a positive long-lasting and tangible impact on the sustainability of our business.

# OUR BUSINESS ENVIRONMENT



Adelaide Airport plays an important role in the lives of South Australians.

## Economic conditions

We perceive mixed messages on economic conditions. Across Australia, growth is considered weak with low consumer spending, stagnant employment and low wage growth. However, the South Australian economy appears to be weathering these conditions better than others. Our property market is more stable and business confidence stronger than other states, while green shoots in the mining industry suggest a positive market ahead.

## Democratisation of air travel

Our customers have more choice than ever before in terms of choosing airlines, travelling to new destinations and finding the best airfare through airline and independent booking sites.

Airlines are offering more product choices once on board, as demonstrated by Singapore Airlines' latest A350 medium haul product, Qatar Airways' QSuite and Air New Zealand's 'Sky Couch'.

## Ground transport / Accessibility

Ride sharing continues to expand its market share, while innovation in parking products creates new revenue opportunities and helps manage capacity. The short-term future holds promise through the development of autonomous vehicles.

## Regulatory

Aviation remains in a relatively stable regulatory environment. Recent changes to the Airports Act mean Adelaide and Parafield airports are now required to complete a master plan every 8 years instead of every 5 years.

## Social responsibility

Adelaide Airport plays an important role in the lives of South Australians, which means our social responsibilities are critically important.

Aircraft noise is an unavoidable impact of airport operations. Roles and responsibilities regarding aircraft noise management vary across a range of organisations, including but not limited to airlines, Airservices Australia (AsA), the Civil Aviation Safety Authority (CASA) and the Aircraft Noise Ombudsman.

Adelaide and Parafield airports do not control aircraft noise. However, we adopt a balanced approach to stakeholder engagement in relation to noise resulting from both aircraft and other on-airport activities. This balanced approach considers land use planning, working with airlines on improved technology and coordination with AsA.

We continue to encourage an integrated approach to planning with the State Government, noting that off-airport developments can equally impact future airport operations and growth opportunities just as our own master planning can impact our community stakeholders.

## Capacity

Global aviation continues to grow, albeit at a slower pace and a time of constrained capacity. We continue to plan and invest in new infrastructure to ensure our business remains sustainable in the long term.

## Digitisation & innovation

Innovation and technology will continue to play a key role in airport development.

The Adelaide Airport of tomorrow will feature new technologies and processes that make the customer experience faster, easier and more intuitive. Future technologies may potentially include smart phone wayfinding for the entire journey from home to the boarding gate, permanent bag tags built into luggage, decentralised bag drops such as at hotels, and combined security and emigration walk-through screening using biometrics.

Digital disruption requires a greater focus across many facets of our customer experience. Examples include the rapid expansion of ride sharing and online shopping.

## Productivity Commission

The Australian Productivity Commission's review of regulation at Australia's airports is a welcome health check. The draft findings have indicated the current 'light touch' regulatory regime has been effective in managing Australia's aviation landscape.

## Property

Adelaide's commercial property market has remained strong despite a weakening economy. The move in the threshold for a Major Development Plan (MDP) from \$20m to \$25m, together with a change in the Master Plan reporting cycle for Adelaide and Parafield Airports from 5 years to 8 years has lessened our regulatory exposure.

# OUR STRATEGIC PERFORMANCE

## Growing our business

Adelaide Airport Ltd (AAL) achieved a 5.0 per cent increase in our EBITDA (excluding property revaluations) result in 2018/19 to \$139.3m, compared with \$132.7m in 2017/18. Revenue increased by 5.2 per cent to \$225.5m.

Passenger numbers have increased overall by 1.3 per cent, led by continuing strength in our international traffic.

International passengers increased by 5.8 per cent on the back of new airline entrants Malindo Air, increased services and upgauging of aircraft on key routes.

Domestic passenger numbers were up 0.5 per cent, assisted by the introduction of a new Uluru service but constrained by stagnant or reduced capacity on some major routes.

Regional passenger numbers increased by 2.6 per cent, largely due to a more positive outlook in the mining industry and resultant 'fly-in fly-out' traffic.

Our forward projections suggest we should be able to maintain positive growth, again despite a less than favourable global aviation outlook.



Commercial property income  
**Up 6.09%**

Singapore Airlines has proudly operated to Adelaide for 35 years and has continued to work closely with Adelaide Airport to invest in, and grow its services to, the South Australian Capital. In 2018 the Airline chose Adelaide as the launch destination for its new Airbus A350-900 medium-haul aircraft, a reinforcement of its commitment to the city.

In December 2019 and January 2020 Singapore Airlines will again operate supplementary flights to cater for the increase in demand for travel to and from South Australia.

**Philp Goh**  
Regional Vice President  
South West Pacific



## Aeronautical

Adelaide Airport remains one of the fastest growing airports in Australia. Despite the current economic headwinds and constrained airline capacity, Adelaide has sustained its growth.

We are the fifth largest domestic airport, and this year have reclaimed our spot as fifth largest international airport (from Gold Coast).

Adelaide Airport is currently served by 8 international carriers to 8 destinations, connecting South Australia to more than 300 cities around the globe either direct or via one-stop connections.

- Fiji Airways upgauged to a Boeing 737 MAX 8 aircraft in December (the MAX 8 was subsequently grounded for safety reasons unrelated to Fiji);
- Malaysia Airlines increased from 4 to 5 weekly flights in July;
- Cathay Pacific grew seasonally from 5 to 6 weekly return flights in October;
- Air New Zealand upgauged its remaining narrowbody aircraft to widebody Dreamliner and 777s on all services in October;
- China Southern increased services up to daily over the peak December-January season;
- Singapore Airlines used Adelaide as its global launch destination for its new A350 medium haul aircraft in December;
- Malindo Air commenced services to Kuala Lumpur via Bali in April;
- Qantas commenced twice weekly services to Uluru for the first time in April;

We see excellent opportunities for ongoing growth by targeting key marketing segments. For example, international inbound passengers make up 35 per cent of our traffic compared with 65 per cent outbound. Our focus is on 'shifting the needle' to provide a more balanced inbound/outbound ratio.

The development of new routes can take a number of years, but we believe we remain under-served to a number of destinations, including the United States. As a result, we see future opportunities to attract direct links with new Asian destinations such as Japan, the Philippines, Vietnam, Thailand and India – to name just a few - and to continue to grow our Chinese market.

Securing freight in the belly of international passenger services is a key driver for airline profitability. Adelaide Airport's international air freight increased in value by 1.1 per cent in 2018/19 but decreased in volume by 1.3 per cent, indicating an increased unit value of air freight. This is on the back of exports growth of 11.1 per cent, representing \$49 million in value.

We will continue to work closely with our airline partners, freight forwarders, major exporters and the relevant industry bodies to continue this momentum and ultimately benefit for exporters and travellers.

Adelaide Airport is a long-standing asset in our Australian Infrastructure portfolio and it continues to impress with its strong commitment to high quality design outcomes for recent developments that are focused on providing travellers a first class experience.

This is helping to drive further growth in existing services and in attracting new international services which helps drive jobs growth for South Australia and supports our Fund's returns to super fund members' retirement savings.

**Michael Hanna**  
Head of Infrastructure –  
Australia, IFM Investors

	1998	FY18	FY19	Growth	Change since Privatisation
<b>Passengers</b>					
Domestic	3,745,443	7,415,265	7,463,646	0.7%	99.3%
International	227,381	1,005,000	1,063,216	5.8%	367.6%
Total	3,972,824	8,420,265	8,526,862	1.3%	114.6%
Int Transit Pax	31,107	38			
<b>Total</b>	<b>4,003,931</b>	<b>8,420,303</b>	<b>8,526,862</b>	<b>1.3%</b>	<b>113.0%</b>
<b>Movements</b>					
RPT	70,204	80,533	81,374	1.0%	15.9%
GA	35,076	22,624	22,092	-2.4%	-37.0%
TTL	105,280	103,157	103,466	0.3%	-1.7%
<b>Landed Tonnes</b>	<b>1,622,681</b>	<b>2,723,650</b>	<b>2,769,110</b>	<b>1.7%</b>	<b>70.7%</b>





## Terminal expansion

Our largest construction project since the completion of our existing terminal in 2005 is underway, with construction starting on the domestic and international terminal expansion. Some stages of this expansion will be open by mid 2020 with the final stages completed in the second half of 2021.

This project is vital for our continued growth and our wish to provide the best possible service offering to our customers.

The expansion will significantly upgrade international arrivals and departures, and create more retail and dining options for both domestic and international travellers.

International upgrades will include a second, longer baggage belt for arrivals, more space for emigration and immigration processing, expanded security screening, a larger duty free precinct for arrivals and departures, and expanded dining and retail options.

Gate 18 will become a permanent international gate and will be the focus of the improved retail and boarding facilities. Other international gates will continue to utilise Adelaide Airport's unique swing gate system to allow both international and domestic operations.

The expansion will also see a complete refurbishment of retail

areas, resulting in a more than 80 per cent increase in the overall size of the terminal's retail and dining precinct across domestic and international areas.

Other improvements include:

- A new common user premium international lounge;
- New VIP facilities for international arrivals and departures;
- Relocation of the Virgin Australia Lounge; and
- Expansion of office space for terminal tenants including airlines and regulatory agencies.

The new Atura Hotel, operated by Event Hospitality & Entertainment Ltd, opened its doors in September and has already proved very popular with business and leisure travellers – reaching full capacity during peak periods. It is the first airport hotel in Australia to directly link into the main terminal.

The 165-room, seven-storey hotel features the Hangar Bar & Grill, a business centre, eight flexible function and meeting spaces, plus a dedicated guest drop-off and pick-up point.

The hotel strengthens our ability to attract future on-airport investment because of the seamless connectivity it offers our tenants by accommodating their business stakeholders as well as providing premium spaces for meetings, conferences and workshops within the airport precinct.



## Retail

Adelaide Airport is undergoing its most significant retail changes since the opening of the new terminal in 2005. The terminal expansion project provides us with the opportunity to re-imagine our retail space, with an even stronger focus on South Australia's position as a world leading provider of fine wines and fresh produce. The retail space will create new opportunities in both the domestic and international precincts of the terminal, including a larger duty-free space.

The future of retailing is around easier and more accessible payment platforms, and allowing customers to purchase products in store that can then be shipped to their preferred address so they're not having to carry items on their travels.

The first contracts have been awarded to operate specific retail

spaces, and we will continue with our Request for Proposal process that will allow us to select the most suitable operators offering iconic SA brands to complement our long-term retail vision.

Our new app - Shake Off - has helped provide a better retail experience with special offers tailored around events and holidays.

Adelaide Airport is a strong supporter of arts in South Australia. We have showcased local artists and invested in our creative economy through hosting curated art exhibitions in the main terminal throughout 2018/19.

We have also continued our partnership with Music SA and the Adelaide Sounds program, with more than 100 performances by local musicians in the terminal over the past year.

## Compostable foodservice ware

Adelaide Airport has been working with its tenants to divert waste from landfill by transitioning to compostable foodservice ware.

The cost of compostable foodservice ware has reduced significantly over the past five years, and we have demonstrated that some tenants will achieve savings by transitioning to compostable alternatives.

To underpin this work, we have included specific clauses within our lease agreements that require terminal tenants use either durable or compostable foodservice ware.

## Car parking

We have significantly increased the number of online customer bookings by 21 per cent. This allows us to compete effectively with off-site parking providers and to incentivise customers to use a particular parking product, which in turn allows us to manage capacity.

We utilise the latest technology such as licence plate recognition to make the customer experience as seamless as possible. Customer engagement with our online parking customers adds to our favourable Net Promoter Score for car parking products and services.

## Commercial

Our commercial business revenues comprise of car parking, retail tenancies and advertising. These commercial activities support our vision by aligning with our aeronautical and property business activities as the airport grows. This year, total commercial business trading revenue increased by 4.4 per cent.

## Advertising

Advertising revenue from Adelaide and Parafield airport assets has remained steady, despite a small reduction in lettable space due to the current terminal expansion construction works. We plan to roll out a new suite of digital and static advertising products on completion of the terminal expansion.



## Property

Adelaide Airport is benefiting from a strong commercial property sector with a high level of confidence belying current economic weakness. Over the past year we have seen the opening of facilities for AFL Max, Otis, Kennards Storage and Australian Clinical Laboratories, thereby increasing returns on lettable real estate.

Site works are underway for a new Pilatus aircraft base on the western edge of the airfield, with a completion date of 2020. Negotiations are also continuing with Mitsubishi to set up its head office at Adelaide Airport.

Property investment plays a crucial role in maximising revenue opportunities from non-aviation parts of the business.

Just as we seek international airlines travelling to new destinations, our future focus is on attracting companies with a global footprint. By example, South Australia's burgeoning defence sector, particularly in naval shipbuilding, creates opportunities for us to attract key suppliers who see a benefit in a location centrally based, close to the city and the naval precinct, and with immediate air access to international markets and suppliers.

We have set up the Airport Business District as a global next-generation hub and economic gateway that seamlessly integrates zones or clusters for a range of industries. While we have been successful in attracting property investment on-airport, we recognise there is more to do in creating a true centre for business that leverages its proximity and access to both local and international markets, as well as us differentiating us from other business centres including the CBD.



## Supply chain

The opening of the new AFL Max warehouse in what was a greenfields space in the north-west corner of the airport is a case-in-point of providing the services and infrastructure required to create an attractive site for investment.

We constantly seek feedback from our tenants to ensure we can benchmark and measure our responsiveness and service levels to meet their needs.

We will continue to focus on precincts development such as Airport East, maintaining our existing tenant base, and creating year-on-year growth of our revenue stream and valuation of existing assets. At the same time we will mitigate against any market downturn and competitor strategies.

As part of our vision, we will continue to provide an efficient and effective freight handling capability. Our master planning process has identified capacity and demand for a dedicated transport, logistics and freight precinct. We are actively exploring the creation of Airport East, which will provide a centralised freight capability with a new entry point via Richmond Rd to assist in separating traveller and freight ground transport movements.

Adelaide Airport recognises the need to be 'development ready' by putting in place the necessary infrastructure to attract and retain long-term tenants.

AAL has introduced guidelines for integrating sustainability into its procurements processes and to assist management in aligning procurement to the organisation's goals and objectives. Consideration is given as to how to reduce impacts on the environment, tackle human rights and manage supplier relations to ultimately improve purchasing performance.

Following a tender process, the main security contract has been awarded to SNP Security. The changeover to the new security provider took place in March.



# DELIVERING AN EXCEPTIONAL EXPERIENCE

We are continually looking to integrate our systems to ensure we understand and exceed our customers' expectations.

AAL seeks to put the customer at the forefront of our attitudes and actions in all that we do.



## Putting the customer first

Our customers' experiences underpin our long-term shareholder value. The majority of our transactions may be considered business-to-business, but our relationship with all of our customers – travellers, airlines, retailers, tenants and regulatory bodies – remain critical in a high-profile operational environment of an airport. More than anything we are the gateway to Adelaide and often Australia, and therefore the first 'public face' for many travellers.

In the most recent quarter Adelaide Airport has ranked as Number 1 in Australia by the latest Australian Service Quality (ASQ) ranking. This also puts us in the top 25 per cent of airports in the Asia Pacific.

Adelaide Airport's published Customer Service Charter includes a commitment to welcome and listen to feedback. Our Service quality results are published on a quarterly basis provide visibility to our customers and stakeholders

on our service level performance.

We remain highly attuned to the Asia Pacific market as we develop and implement new services, products and infrastructure to meet the strong demand resulting from our direct mainland China services.

## On the ground

On ground transport, we are constructing a new taxi drop-off zone, which will create a better customer experience for taxi passengers, as well as reducing the traffic flow in our existing pick-up and drop-off zone. We are also streamlining the facilities we offer to taxis and ride sharing through the creation of a remote ground transport hub.

Adelaide Airport works closely on public transport integration with the State Government, which is responsible for setting policy and strategic direction for transport in SA. We continue to reserve land for a potential high capacity public transport corridor along Sir Richard Williams Ave.

## Helping with disabilities

AAL has been working across its business and precinct to develop a program to assist people with hidden disabilities, for example those on the autism spectrum. We have identified the need for a common understanding of associated issues across the airport and ensuring we are 'one team' delivering a program that allows us to accommodate and assist our customers.

We have identified that more airports are meeting this challenge. Looking forward, the airport eco-system creates the ability for a more consistent and aligned approach to working with people with a disability as our customers move between ports.

## New technologies

Through our technology and innovation strategy, we continue to increase customer engagement, expand our data capabilities, and ensure that business value and solving customer issues drives our innovation and technology deployment.

As a result, we are building more meaningful, personal relationships with our customers, discovering new opportunities and enabling products and services via our customers' preferred communications channel.

Our maturity in the digital space is evolving and we are identifying opportunities to grow our competencies and capabilities in this space.

AAL is investing in passenger analytics to better understand 'passenger waiting time' as they move through the airport from ground transport to the boarding gate. This research will allow us to better manage the services and facilities we provide, and make decisions on how the various elements of the arrivals and departures process can become more efficient and seamless.

The data we collect from our common-use self-service airline check-in kiosks will turn information into knowledge and allow us to focus on what matters for improved performance.

Technologies that may be potentially considered in the future include:

- Use of smart phones to guide passengers through the entire travel journey, from when they leave home to when they are at the airport;
- Permanent bag tags embedded in passenger luggage;
- Bag factory, allowing luggage to be checked-in at any time and screened and stored until ready for loading on aircraft;
- Combined security and emigration walk-through screening that applies biometric technology;
- Self-boarding or boarding by autonomous shuttles for aircraft departures;
- Baggage on-demand, which provides smart phone notification when bags are ready for collection and allows bags to be delivered direct to the customer within the terminal or to the customer's destination (e.g. house or hotel); and
- Autonomous vehicles within and around the Airport Business District.

## Cool new features

**Adelaide Airport has a strong and sustainable shareholder group that hold a long-term view and support our plans to develop and grow our infrastructure on the back of compelling business cases.**

**Our assumptions on growth have a significant bearing on our infrastructure planning. Structural changes have allowed us to be set up for the future and be more agile in our planning.**

**Adelaide Airport has a proven track record in sustainability with our environmental objectives closely linked to international climate-related ambitions.**

**We achieved sector leader status on the global sustainability benchmark GRESB in both 2017 and 2018. We were also the first Australian Airport to achieve level 3 (optimisation) under Airports Council International's Airport Carbon Accreditation program and secured Platinum awards for our waste program and SMART building analytics initiative in the Airport Council International – Asia Pacific Green Airports Recognition in 2018 and 2019 respectively.**

**We also received the Australian Airports Wildlife Hazard Management Award in August 2018.**

The world is heading towards a carbon constrained future which demands that businesses address the various risks associated with climate change and energy. Our commitment to managing and minimising carbon emissions generated by operated activities and reducing energy consumption is underpinned by our Low Carbon Statement and Carbon Management Plan.

Adelaide Airport and SA Water have been running a trial using stormwater to irrigate a 4-hectare site within the airport boundary to understand the potential benefits that maintaining appropriate vegetative cover and reducing surface and air temperatures can provide airport operations. The trial has been running since 2015 and the data collected to date has demonstrated that irrigation can lead to an air temperature reduction of over 3 degrees Celsius on hot days when compared with unirrigated areas.

We are now commencing the second phase of this project, which includes the expansion of the trial area to a 7-hectare site and further research into the extent of cooling required to impact on aircraft performance and to quantify the potential benefits to aircraft performance from this cooling.

Adelaide Airport is also looking at other ways to mitigate the urban heat island effect and reduce local temperatures, including investigating the use of 'cool' pavement applications through a trial of a lighter coloured fuel resistant membrane.

Our initial research indicated that lighter coloured pavements can significantly reduce surface temperatures, translating to a reduction in ambient temperature of around 2 degrees.

We continued to implement a range of efficiency measures in 2019, most notably the implementation of the CIM Enviro – SMART building analytics, which has focussed on improving the efficiency of the terminal's HVAC system. This has saved 795MWh in electricity and 185GJ of gas in the past 12 months.

Adelaide Airport uses recycled water supplied by SA Water from the Glenelg Waste Water Treatment Plant to irrigate vegetated areas across the precinct. Annual groundwater monitoring and regular soil sampling is undertaken to assess any potential impacts from the use of recycled water.

## Managing our impact

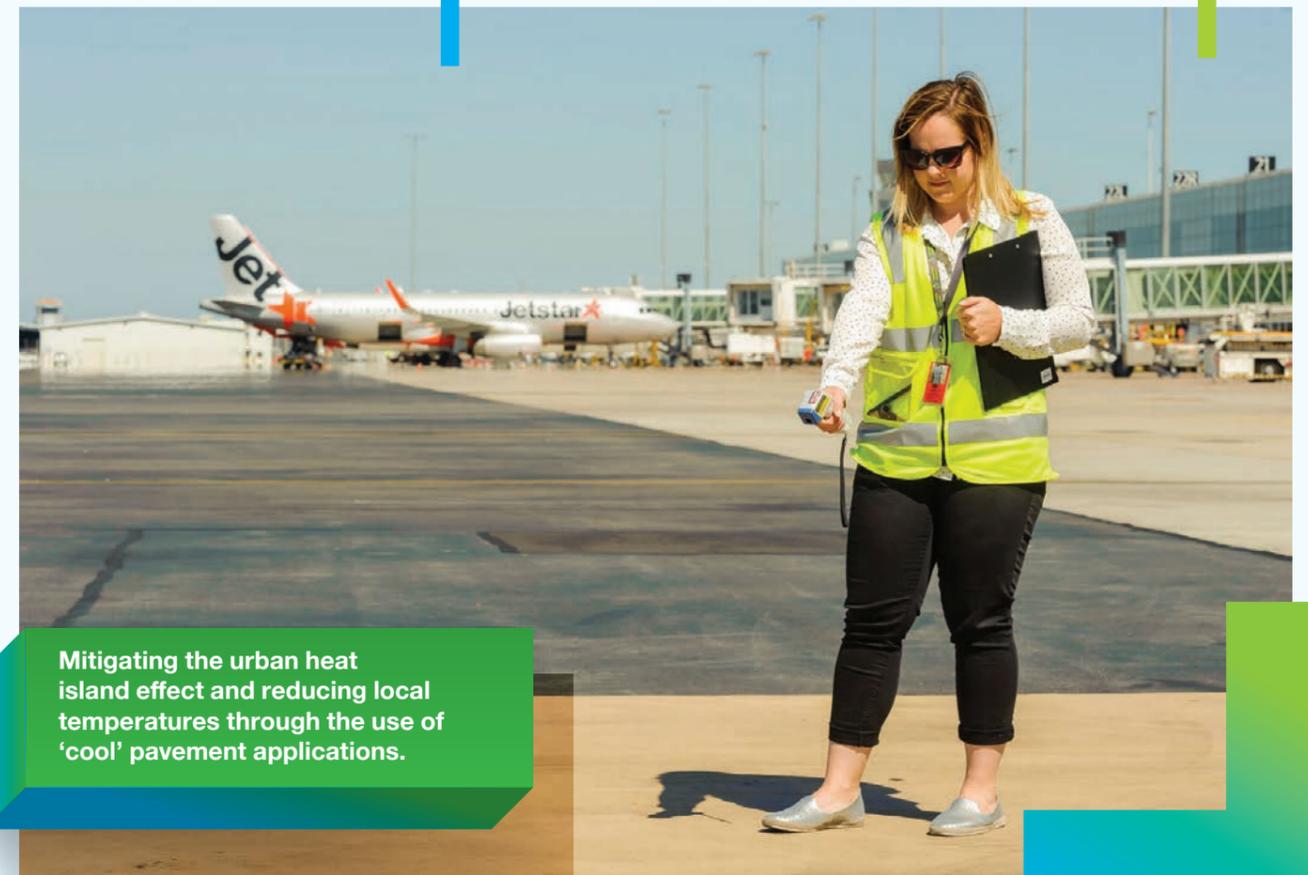
We are conscious of our environmental impact on surrounding communities. This includes the emerging science around per-fluoro Per- and poly-fluorinated alkyl substances (PFAS) which have been found in fire fighting foam historically used at aerodromes around Australia.

At Parafield Airport, we have conducted extensive surveys and testing determine the use of groundwater extraction bores on properties adjacent the airport, in relation to the historical use of fire-fighting foam containing PFAS on the airport by a number of former Commonwealth agencies until 1986.

Similar testing has been undertaken at Adelaide Airport by Airservices Australia, which operates the aviation rescue fire fighting service within the airport precinct.

We continue to work closely with key stakeholders on key biodiversity areas such as the Patawalonga Creek Conservation Zone through the support of Conservation Volunteers Australia.

# SHAPING OUR BUSINESS TO PERFORM



Mitigating the urban heat island effect and reducing local temperatures through the use of 'cool' pavement applications.

# ENVIRONMENTAL DATA

## Carbon emissions

Scope 1 (tCO2-e)

Scope 2 (tCO2-e)

Scope 1 + 2 (tCO2-e)

Emissions Intensity (tCO2-e/PAX)

## Electricity

Renewable electricity generated (kWh)

Total electricity consumed, including renewable electricity generated (kWh)

Electricity Intensity (kWh/PAX)

Renewable energy generation %

## Waste

Total waste and recycling (t)

Cardboard (t)

Commingled (t)

Organic (t)

Soft Plastic (t)

Hazardous (t)

General (t)

Total recycling (t)

Proportion of total waste diverted from landfill

## Water resources

Potable water consumption

Recycled water consumption

Total water consumption

Percentage of recycled water use

FY19			Percentage Change Group 18-19	Comment
AAL	PAL	Group		
597.7	20.4	618.10		
7,734.70	273.00	8007.70		
8,332.40	293.40	8625.80	-9%	9% reduction in Scope 1 + 2 carbon emissions from 2018
1,718,192		1,718,192		
13,237,127	538,895	13,776,022	-4%	4% reduction in electricity across AAL and PAL from 2018
1.55			-4%	4% reduction in energy intensity from 2018
13%				
1,012.46	4.14	1,016.60		
247.03	0.98	248.01		
14.72		14.72		
36.12	0.65	36.77		
0.35		0.35		
0.18		0.18		
714.05	2.51	716.57		
298.22	1.63	299.85		
29%	39%	29%		
83.51	25.00	108.59		
77.92				
161.43	25.00	186.43		
48%				48% of total water consumption is recycled water

## Loan sustainability

We strive to be a leader in sustainability and will always work hard to embed the principles of sustainable business practice throughout our operations.

In December 2018, AAL signed a A\$50 million 7-year Sustainability Performance Linked Loan with ANZ, the first loan in Australia that incentivises a borrower to even further improve its performance against a set of Environment, Social and Governance (ESG) criteria.

We also successfully returned to the US private placement market pricing approximately AUD\$280 million in bonds. US investors remain impressed by the diversified nature of South Australia's economy, which do not display over-reliance on any one particular industry.

These funds went towards refinancing bank debt as well as providing the debt funding component for our terminal expansion.

We continue to invest in data intelligence, and the sharing of this data for example with airlines. This significantly influences our ability to create a business case for new and/or improved services.

We are working closely with tenants and relevant providers to create opportunities where we are less reliant on the energy grid through innovative products and services that will create a 'win-win' for both our tenants and for Adelaide Airport.

## Safety and security

The safety and security of all who visit and work at Adelaide and Parafield airports is our number one priority. We recognise the evolving aviation security picture and continue to focus on delivering smarter security outcomes that protect our assets and our people, while improving the efficiency of our operations and our customer experience offering.

We are a high reliability organisation with a proactive safety culture. The overarching objective for any airport operator is the safe and efficient movement of people and freight while preserving the safety of personnel, assets, the environment and each organisation's reputation.

As the operator of the infrastructure, AAL has the ability to set the tone for a safety culture that takes in airport precincts so as to drive the safety outcomes desired. We continue to prioritise and enhance our safety management processes.

The combination of our occupational health and safety management, hazard identification and risk management (JSEA) and industrial safety initiatives (ICAM) ensures high-risk work is carried out safely while meeting all our mandatory WHS compliance requirements.

Key initiatives include wildlife management and removal of FOD (foreign object debris) from runways and taxiways. We proactively participate in Airport Safety Week and our staff, from Board and Executive down, take part in FOD safety walks.

## Sustainable procurement

Adelaide Airport has undertaken a review of our procurement policy and activity against ISO20400 sustainable procurement.

We have identified areas for further improvement and are currently developing a roadmap to align our policy and activities with the ISO as we continue our progress towards a global standard. This includes our relationship with tenants, for example how we work together to achieve environmental goals such as emissions reductions.

The Airport Business District is a great central location that provides easy access for a wide catchment of users wanting to try out AFL Max. It was a real bonus to find such a prominent site like this so close to the city that gave us the room and freedom to create the facility we wanted.

The Adelaide Airport team were great to deal with and we are delighted with the result.

**James Podsiadly**  
Managing Director  
AFL Max



We have successfully trialed 3D x-ray scanners, state-of-the-art body scanners and a new automated tray return system.



# NURTURING OUR GREAT PEOPLE AND RELATIONSHIPS

**Our people are key to our future, which places a lot of emphasis on having modern and effective policies, procedures and programs that are designed with our people and our business in mind.**

We offer our people an array of opportunities with a diverse range of tasks in an exciting environment. Key to our value proposition is that we invest in employee satisfaction through a framework of flexible work and finding the right balance between family and career while investing in training and people development.

Our policy is to align with or exceed market or reward rates across the span of professional and vocational employment roles we offer. Annual performance reviews complement our remuneration reviews ensuring both remuneration and services strengthen employee satisfaction.

We measure employee satisfaction and engagement via tools spanning our engagement survey, our ideas box and performance reviews, while ensuring we make known and accessible the company whistleblower policy.

## Getting engaged

Adelaide Airport has a clear set of objectives that we live with in the business and through our stakeholder relationships, which encourage diversity; ensure health and wellbeing of staff, suppliers and customers; and consistently build high staff engagement.

We currently employ 187 staff – a net increase of 14 on 2017/18 - who in turn manage, support and facilitate the operations of the 130-plus businesses and the direct employment of more than 10,000 people on and off airport.

## Creating a safe workplace

The safety of our employees and everyone who works at Adelaide Airport is of utmost importance and we have strived to achieve a zero injury rate across our business. We came close to our goal in 2018/19 and have now achieved a zero Total Recordable Injury Frequency Rate (TRIFR) early in the first quarter of the new financial year.

We also seek to ensure we consider the health and safety of our contractors and other third-party providers.

## Health and wellbeing

We continue to ensure the health and wellbeing and safety of our staff, suppliers and customers.

We've worked hard to cultivate a culture of which we're proud. It's a culture that's inclusive, innovative, collaborative and sustainable. We place a strong emphasis on living our values together as a team and we're very genuine in our belief that our success as an organisation is driven from the ground up through our people.

Ensuring then that our team feels connected to each other, that they feel their contribution is valued and that they feel they belong is about creating the best environment we can for our team to live, work and achieve peak performance in.

In creating this environment, we know our team will be happier at work, they'll want to stay, they'll think innovatively and be more engaged and they're more likely to be inspired to work collaboratively across the organisation. Placing value on these things as an organisation is also about contributing to the overall wellbeing of our people.

One part of our Wellness program is with Healthy Minds, focussing on preventative measures for quality mental health.

## Training for success

On-the-job training has been highlighted recently by the Reserve Bank of Australia Governor as one of the most important drivers of economic activity.

Our employees spent an average of 42 hours per year in learning and development activities in 2018/19.

We connect our teams across the organisation through our staff Day-In-The-Life program.

This program promotes taking time out of our own roles to instead 'walk a day' in a colleague's shoes. Close to 90 per cent of our team have now participated in this program.

One such initiative is our Digital Fitness Program. We have been investigating training and tools that foster a common understanding of digital and technology concepts within our leadership team.

## A new home for the Vickers Vimy

Just as we look to the future, we also acknowledge the incredible feats of our historic aviators. Adelaide Airport houses the Vickers Vimy aircraft, which was the first to fly between England and Australia in 1919.

To mark the centenary of this amazing achievement, we have secured a funding commitment with the State and Commonwealth governments to relocate the Vickers Vimy to a new, purpose-built structure within the terminal and as part of the terminal expansion project. This is in addition to our own funding commitment in support of the relocation.

**Demonstrating leadership**

We consider our staff to be ‘best in business’ – not only in day-to-day interactions but through deep connections with industry peers across Australia and around the world. Members of our management team sit on Australian and international technical and other working committees across their fields of expertise, including the Airports Council International APAC Security Committee and the global GRESB Infrastructure Benchmark Committee.

In addition, we view the training of third parties to be equally important to our business sustainability and continuity. By example, AAL provides, services and maintains the central baggage handling system, but its operations are carried out by airlines and contracted providers. We are creating e-learning modules to ensure a consistent level of training is provided to these workers. Similar products are being developed for fire and safety training.

Looking forward we are developing strategies to retain, protect and commercialise where appropriate our intellectual property.

Our ambassador program continues to evolve, with training and recruitment reflecting changing traveller demographics.

AAL has undertaken significant work over many years to establish our brand in the community and how this translates into the delivery of our strategic objectives.

We also encourage our team to engage in our community investment program through, working with organisations such as Foodbank, The Adelaide Fringe or hosting students from Tauondi College. As well as benefiting these enterprises, the programs contribute to the sense of community we’ve built within our workplace.

**Keeping in touch**

There are opportunities for our staff in the way we exercise our social licence. We create opportunities for staff to volunteer as part of our community investment program. Our staff also nominate and vote each year for two charities. In 2019, our chosen charity partners are the Smith Family and the Cancer Council in support of Prostate Cancer research.

Our social licence also means having an open dialogue with and investing in the community and our key stakeholders. We demonstrate this through our Adelaide and Parafield Airport consultative groups, and through regular interaction at Government, business and residential level.

Adelaide Airport’s approach to consultation is focused on creating robust, transparent and collaborative communications, using creative, innovative and engaging techniques to interact with the community.

The Master Plan process plays a pivotal role in our stakeholder engagement, providing an opportunity for all stakeholders to review our future plans and provide feedback, which is in turn reviewed by AAL and subsequently provided to the Commonwealth Minister for approval. Adelaide Airport’s 2019 Master Plan process is currently underway.

These stakeholder and partner investments enhance our value, and in turn our community provides us with a mandate to grow and connect Adelaide with the rest of the world.

**Our people helping people**

Both Adelaide and Parafield Airports have adopted a partnership approach to community engagement. Our community investment program is built so as to make a social, economic and environmental impact. We invest in and engage with organisations that align with our values and ultimately create improved health, educational, cultural and environmental outcomes.

This community impact engages both internally and externally.

- Power Community Ltd – our employees visit the RAAF Edinburgh base as part of the Empowering Youth Program and are involved with events held at Adelaide Airport;
- Friends of the Patawalonga – volunteering for tree planting days within the Patawalonga Creek catchment, as well as supporting local organisations and schools;
- Tauondi College – Indigenous IT and Business Administration students spend time with our staff on airport;
- Foodbank- support of Foodbank pop-up stores and hamper packing; and
- Adelaide Fringe – taking part in the opening night.



## Values

Clearly aligning and embedding our values and culture is a crucial part of executing our strategy and maintaining strong ethical conduct.

AAL launched a supplier code of conduct that requires its contractors to comply with Human Rights, Equality and Diversity Standards, and Standards of Ethics and Ethical Trading. Further consideration of this scope is under review as part of our road map to compliance with the Modern Slavery Act.

The Atura Adelaide Airport Hotel opened its doors on 1 September 2018, offering business and leisure travellers the ultimate in comfort and convenience, without sacrificing stylish design.

With more than 100,000 guests having stayed since open, generating an average occupancy of 91.5 per cent, it's fair to say that the first year of operation has overwhelmingly exceeded expectations with strong bookings well into the future.

We've had an excellent working relationship with Adelaide Airport throughout the construction, fit-out and opening phases, and the strength of this partnership is reflected in our early success.

**Tim Newson**  
General Manager  
Atura Hotel

# A I R P O R T

Be **ACCOUNTABLE** and **AUTHENTIC**

Conduct ourselves with **INTEGRITY**

Be **RESPONSIVE**, efficient and **RESPECTFUL**

Take **PRIDE** in our achievements

Be **OPEN** and friendly and encourage diversity

Build **RELATIONSHIPS** based on trust

Foster great **TEAMS**

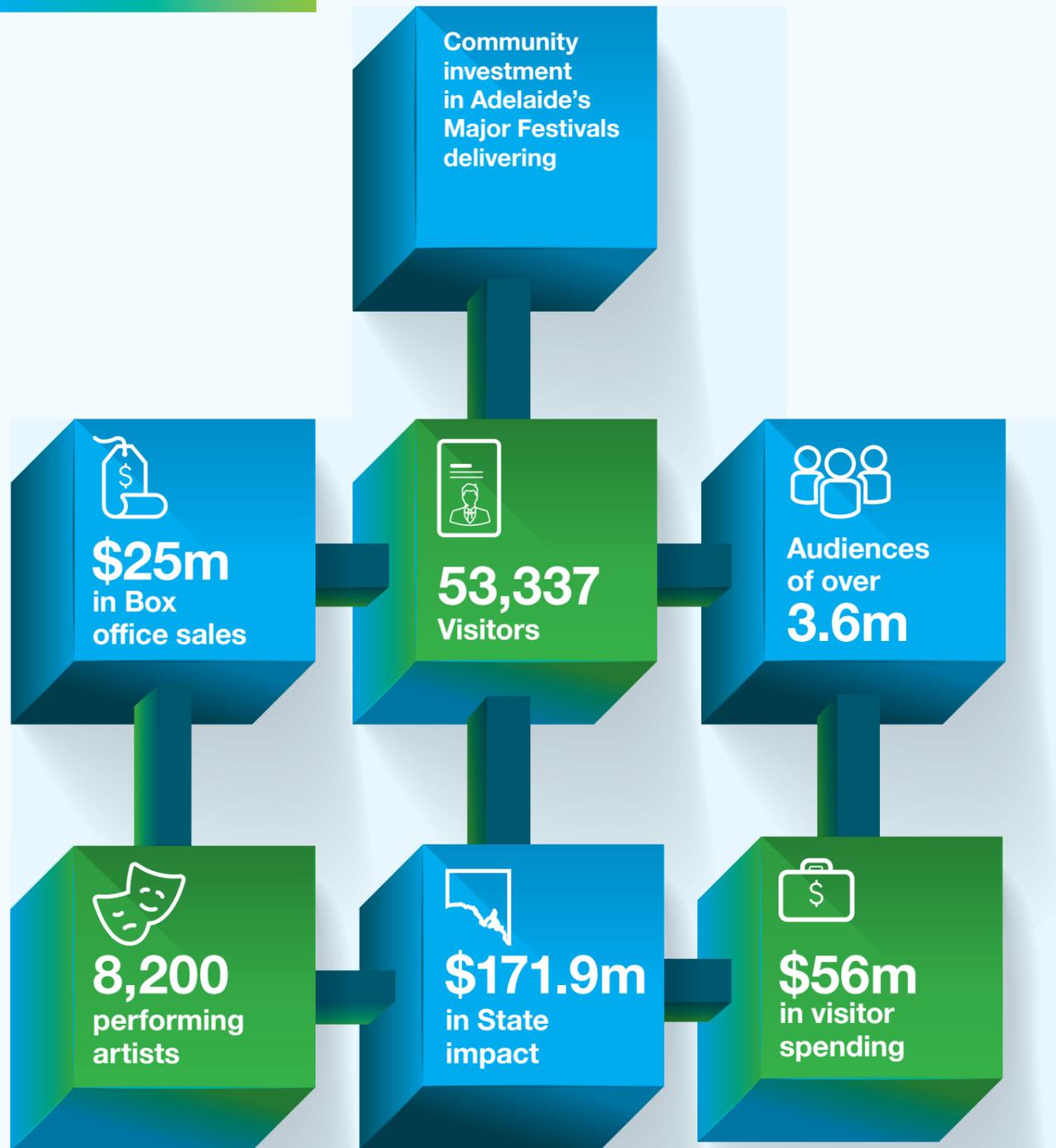


We consider our staff to be 'best in business' – not only in day-to-day interactions but through deep connections with industry peers across Australia and around the world.

# COMMUNITY IMPACT



## Economic Impact



## Socio Impact

For every \$1 AAL invested in Rural and Remote Aboriginal Health a \$1.50 hospital avoidance socio economic benefit was generated for South Australia. Rural and Remote Aboriginal heal contributes generational benefits through:

- Improved health population literacy
- Improved discharge planning and follow-up care
- Decreased hospital re-admissions
- Improved access to community and home-based health services
- Improved early identification and monitoring of populations at increased risk of hospitalisation
- Improved end-of-life care planning



"Denise Martin provides cultural and social support to Aboriginal patients during their admission to Port Augusta Hospital and Step-Down Unit."



# PARAFIELD AIRPORT

Parafield Airport remains one of Australia's most significant flight training locations and a major economic contributor to the northern region of Adelaide.

Parafield Airport Ltd (PAL) is a wholly owned subsidiary of Adelaide Airport Ltd (AAL) facilitating world-class pilot training facilities for several of the world's largest airlines.

We are delivering on our vision to be an aviation centre of excellence and vibrant economic hub, recognised for our positive influence on the community and economy.

## Aviation training

There has been a consolidation of flight training services and expansion of general aviation facilities offered by our aviation tenants.

Flight Training Adelaide has moved into 2,500 square metres of classroom and hangar space previously occupied by TAFE SA, while Hartwig Air has expanded its student numbers through a new partnership with RMIT University to provide commercial pilot training via the Associate Degree in Aviation.

Leading SA-owned aviation business, Aerotech has tripled the size of its hangar space including a double-storey office fitout.

## Building a better airport

As a major northern economic hub, Parafield Airport continues to pursue opportunities to develop aviation, retail and other businesses within the airport precinct.

Developer DevWest has formally taken over a 10,700 square metre site to house a district outlet centre, with preliminary works, including building access roads, to start in October. DevWest reports leasing interest has been strong with two thirds of the centre committed.

Rivergum Homes has moved to a new location to the south of the commercial precinct to create space for the DevWest development.

The SA Ambulance Service has opened a brand new ambulance station at Parafield Airport. The \$5.38 million facility is the largest in South Australia, housing nearly 100 staff including 30 paramedics.

## Working with the community

PAL continues to consult widely with the community on our activities, particularly where they may impact on surrounding neighbourhoods. We conduct quarterly stakeholder consultative committees and distribute community updates, while our master planning process gives the community a further chance to have their say on the future of Parafield Airport.

## Looking ahead

Our forecasts indicate the level of flight movements to remain stable, just as they have done over the past five years.

We will continue to broaden our appeal as a base for helicopter service and maintenance, as highlighted by Aerotech's recent investment, and enhance the role the airport plays in the State's transport infrastructure.

## Supporting future aviators

PAL has again awarded a major flight training scholarship to a young student in the northern suburbs. Scholarship recipient, Ariki O Te Rangi Pare Joseph, was a student at Parafield Gardens High School and graduated in 2018.

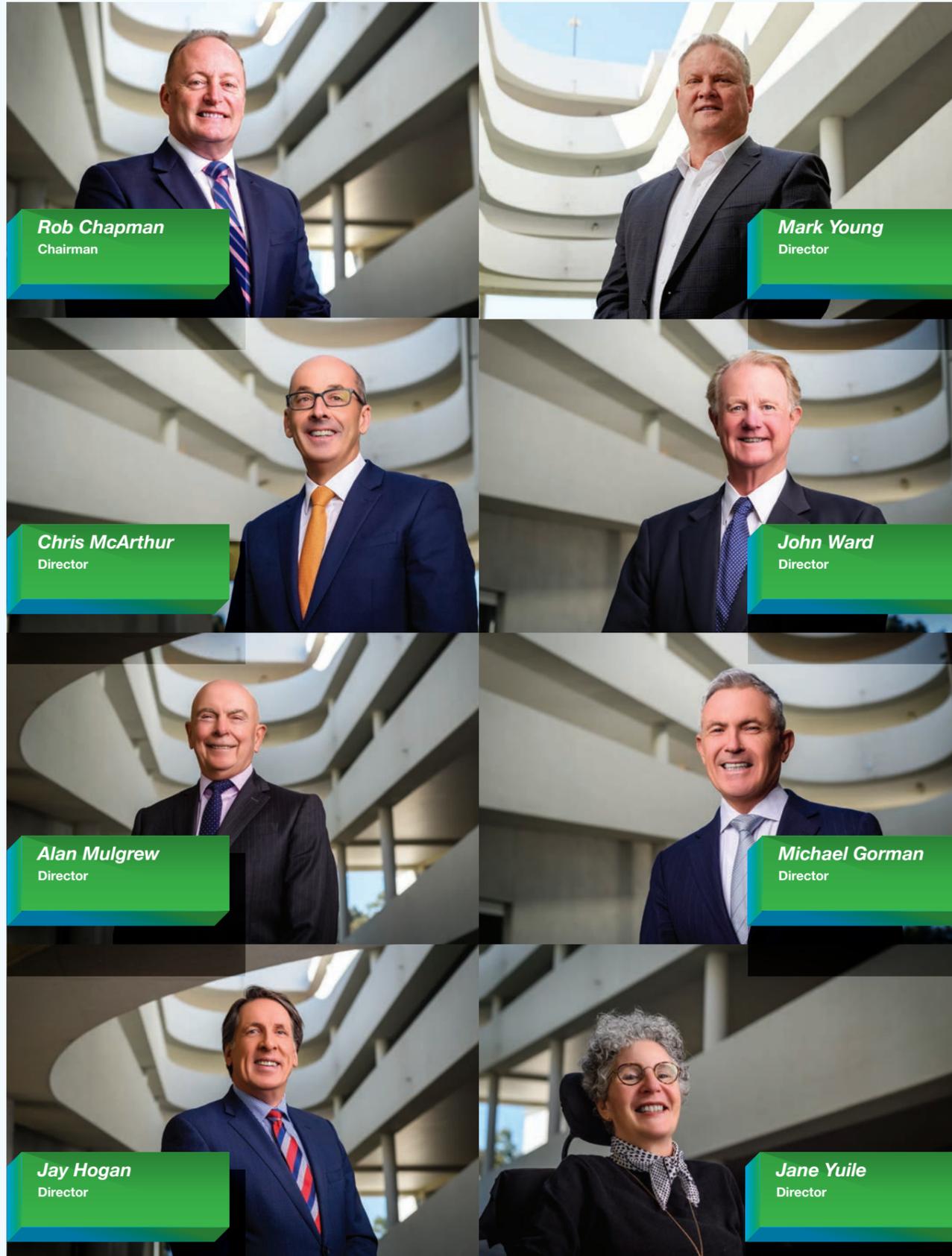
Ariki has progressed through his training with Aerostar Aviation and is aiming to take his first solo flight by the end of 2019. He is currently studying Aviation at the Mawson Lakes campus of the University of SA.

In 2019-20, two students from the northern suburbs have been given a chance to kick start a career in aviation through scholarships to obtain their private pilot's licence. Valued at \$20,000 each, the scholarships are available to students currently studying Year 11 or 12 and attending a school within the Salisbury, Tea Tree Gully or Playford council areas.

We continue to have a strong community engagement focus supporting the northern community through strategic partnerships with local organisations.

In October we facilitated the Read Aloud Open Day hosted by United Way SA in support of National Children's Week activities. The event saw hundreds of families take part in a range of fun activities at the airport.

# OUR GOVERNANCE



# AWARDS & RECOGNITION



**2019**  
Green Platinum  
Recognition –  
Airports Council  
International Asia  
Pacific (2nd year in  
a row)



**2018**  
GRESB global  
sustainability  
benchmark –  
GRESB: Sector  
leader status  
(2nd year in a row)



**2018**  
Australian Airports  
Wildlife Hazard  
Management Award

GRI Standard	Disclosure Title	AAL Response and GRI Content Index by Page Number and/or Section
<b>GENERAL DISCLOSURES</b>		
<b>Organisational Profile</b>		
102-1	Name of the organisation	Page 2 (Our Reporting Approach)
102-2	Activities, brands, products and services	Page 11 (How AAL Creates Value)
102-3	Location of headquarters	Page 2 (Our Reporting Approach)
102-4	Location of operations	Page 2 (Our Reporting Approach)
102-5	Ownership and legal form	Page 2 (Our Reporting Approach)
102-6	Markets served	Page 11 (How AAL Creates Value) Page 21 (Our Strategic Performance)
102-7	Scale of the organisation	Page 3 (2019 At A Glance) Page 18-21 (Our Strategic Performance)
102-8	Information on employees and other workers	Page 3 (2019 At A Glance) Page 36-40 (Nurturing Our Great People and Relationships)
102-9	Supply chain	Page 27 (Our Strategic Performance)
102-10	Significant changes to the organisation and its supply chain	Page 27 (Our Strategic Performance) Adelaide Airport Financial Report 18-19
102-11	Precautionary Principle or approach	Page 13 (Risks and Opportunities) Adelaide Airport Financial Report 18-19
102-12	External initiatives	Page 40 (Nurturing Our Great People and Relationships)
<b>Strategy &amp; Analysis</b>		
102-13	Membership of associations	Page 38 (Nurturing Our Great People and Relationships)
102-14	Statement from senior decision-maker	Page 6-8 (Chairman & MD's Report)
102-15	Key impacts, risks and opportunities	Page 6-8 (Chairman & MD's Report) Page 12-15 (Risks and Opportunities)
<b>Ethics &amp; Integrity</b>		
102-16	Values, principles, standards and norms of behaviour	Page 6-8 (Chairman & MD's Report) Page 10-11 (How AAL Creates Value) Refer to 2019 Corporate Governance Statement
102-17	Mechanisms for advice and concerns about ethics	Our Whistleblower policy is approved by the MD following external legal review

<b>Governance</b>		
102-18	Governance structure	Page 46 (Our Governance) Refer to 2019 Corporate Governance Statement
102-19	Delegating authority	Refer to 2019 Corporate Governance Statement
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 16-17 (Our Business Environment)
102-21	Consulting stakeholders on economic, environmental and social topics	Page 13 (Risks and Opportunities) Page 38 (Nurturing Our Great People and Relationships)
102-22	Composition of the highest governance body and its committees	Page 46 (Our Governance) Adelaide Airport Financial Report 18-19
102-23	Chair of the highest governance body	Page 46 (Our Governance) Adelaide Airport Financial Report 18-19
102-24	Nominating and selecting the highest governance body	Refer to 2019 Corporate Governance Statement
102-25	Conflicts of interest	Refer to 2019 Corporate Governance Statement
102-26	Role of highest governance body in setting purpose, values and strategy	Page 11 (How AAL Creates Value) Page 13 (Risks and Opportunities) Refer to 2019 Corporate Governance Statement
102-27	Collective knowledge of highest governance body	Refer to 2019 Corporate Governance Statement
102-28	Evaluating the highest governance body's performance	Refer to 2019 Corporate Governance Statement
102-29	Identifying and managing economic, environmental, and social topics	Page 12-15 (Risks and Opportunities) Refer to 2019 Corporate Governance Statement
102-30	Effectiveness of risk management processes	Page 12-15 (Risks and Opportunities) Refer to 2019 Corporate Governance Statement
102-31	Review of economic, environmental, and social topics	Annually
102-32	Highest governance body's role in sustainability reporting	Refer to 2019 Corporate Governance Statement
102-33	Communicating critical concerns	Refer to 2019 Corporate Governance Statement
102-34	Nature and total number of critical concerns	None
102-35	Remuneration policies	Board Remuneration Committee Refer to 2019 Corporate Governance Statement
102-36	Process for determining remuneration	In addition to the general market update, each position was benchmarked for market relativity

102-37	Stakeholders' involvement in remuneration	Refer to 2019 Corporate Governance Statement
102-38	Annual total compensation ratio	Not available
102-39	Percentage increase in annual total compensation ratio	Not available

#### Stakeholder Engagement

102-40	List of stakeholder groups	Page 13 (Risks and Opportunities)
102-41	Collective bargaining agreements	1.6% of employees
102-42	Identifying and selecting stakeholders	Page 13 (Risks and Opportunities)
102-43	Approach to stakeholder engagement	Page 13 (Risks and Opportunities)
102-44	Key topics and concerns raised	Page 12 (Risks and Opportunities)

#### Reporting Practice

102-45	Entities included in the consolidated financial statements	Page 2(Our Reporting Approach)
102-46	Defining report content and topic boundaries	Page 2 (Our Reporting Approach)
102-47	List of material topics	Page 13 (Risks and Opportunities)
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	Page 2 (Our Reporting Approach)
102-51	Date of most recent report	2017-18 Annual Review
102-52	Reporting cycle	Page 2 (Our Reporting Approach)
102-53	Contact point for questions regarding the report	Page 2 (Our Reporting Approach)
102-54	Claims of reporting in accordance with the GRI Standards	Page 2 (Our Reporting Approach)
102-55	GRI content index	This is AAL's GRI Content Index
102-56	External assurance	Page 2 (Our Reporting Approach)

#### Topic-Specific Standards

#### Economic Topics

##### Economic Performance

201-1	Direct economic value generated and distributed	Page 7-8 (Chairman & MD's Report) Page 42-43 (Community Impact)
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##### Indirect Economic Impacts

203-1	Infrastructure investments and services supported	Page 7 (Chairman & MD's Report) Page 26-27 (Our Strategic Performance)
203-2	Significant indirect economic impacts	Page 16 (Our Business Environment) Page 31-33 (Shaping Our Business to Perform)

#### Environmental Topics

##### Materials

301-2	Recycled input materials used	Page 30-33 (Shaping Our Business to Perform)
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##### Energy

302-1	Energy consumption within the organisation	Page 30-33 (Shaping Our Business to Perform)
302-3	Energy Intensity	Page 30-33 (Shaping Our Business to Perform)
302-4	Reduction of energy consumption	Page 30-33 (Shaping Our Business to Perform)

##### Water

303-1	Interaction with water as a shared resource	Page 30-33 (Shaping Our Business to Perform)
303-5	Water Consumption	Page 30-33 (Shaping Our Business to Perform)

##### Biodiversity

304-2	Significant impacts of activities, products and services	Page 30-33 (Shaping Our Business to Perform)
304-3	Habitats protected or restored	Page 30-33 (Shaping Our Business to Perform)

##### Emissions

305-1	Direct (Scope 1) GHG emissions	Page 30-33 (Shaping Our Business to Perform)
305-2	Energy indirect (Scope 2) GHG emissions	Page 30-33 (Shaping Our Business to Perform)
305-4	Greenhouse gas (GHG) emissions intensity	Page 30-33 (Shaping Our Business to Perform)
305-5	Reduction of greenhouse gas (GHG) emissions	Page 30-33 (Shaping Our Business to Perform)

##### Environmental Compliance

307-1	Non-compliance with environmental laws and regulations	Zero non-compliance Adelaide Airport Financial Report 18-19
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##### Supplier Environmental Assessment

308-1	New suppliers that were screened using environmental criteria	Page 27 (Our Strategic Performance)
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Social Topics		
Employment		
401-1	New employee hires and employee turnover	Page 39 (Nurturing Our Great People and Relationships)
Occupational Health & Safety		
403-1	Occupational health and safety management system	Page 37 (Nurturing Our Great People and Relationships)
403-2	Hazard identification, risk assessment, and incident investigation	Page 34 (Shaping Our Business to Perform)
403-3	Occupational health services	Page 34 (Shaping Our Business to Perform) Page 37 (Nurturing Our Great People and Relationships)
Training & Education		
404-1	Average hours of training per year, per employee	42 hours per employee in learning and development
404-2	Programs for upgrading employee skills and transition assistance programs	Page 37 (Nurturing Our Great People and Relationships)
404-3	Percentage of employees receiving regular performance and career development reviews	100% of employees
Diversity & Equal Opportunity		
405-1	Diversity of governance bodies and employees	Page 39 (Nurturing Our Great People and Relationships)
Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	None
Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	None

Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Page 38 (Nurturing Our Great People and Relationships) Page 44-45 (Parafield Airport)
Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	High value operational procurement considers Sustainability in evaluation and supplier selection including WHS performance, approach to Environment Management, Social Responsibility, Gender Diversity and approach to investigating Modern Slavery in its supply chain
Public Policy		
415-1	Political contributions	None
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None

