

Question on Notice

No. 711

Asked on Tuesday, 22 May 2007

MR NICHOLLS asked the Minister for Transport and Main Roads (MR LUCAS)—

QUESTION:

With reference to the Airtrain since its commissioning, for each year, reported separately—What are the (a) passenger numbers using the Airtrain, (b) per annum costs of running the Airtrain and (c) profits or losses per annum incurred by Airtrain?

ANSWER:

Airtrain Citylink Ltd (Airtrain) is a private company which built, owns and operates the Brisbane Airport Rail Link under a BOOT (Build, Own, Operate and Transfer) arrangement entered into with the Borbidge Coalition Government in 1998.

I have been advised that, under the relevant legal agreements, information received by the Government from Airtrain about:

- a) patronage on the service;
- b) operating costs; and
- c) profitability

is received on a commercial in confidence basis. Accordingly, it cannot be released as requested by the Member for Clayfield. The Member for Clayfield should make enquiries directly of Airtrain.

I would also refer the Honourable member to an article in the Australian Financial Review on 30 March 2007 (copy attached), stating that Airtrain achieved its maiden half year profit for the six months to 31 December 2006, earning \$1.4 million during that period. Patronage on the service in that period averaged 120,000 passengers per month, up from 100,000 per month during the previous corresponding period, and forecast patronage for the service for 2006-2007 financial year is 1.5 million passengers, up from 1.3 million passengers during the 2005-06 financial year.

Airtrain pulls into profit street

Stephen Wisenthal

Airtrain Holdings, owner of the rail link to Brisbane Airport, has achieved its maiden half-year profit, earning \$1.4 million in the six months to December 31.

The profit, the first since the eight-kilometre line began operating in May 2001, came as passenger numbers averaged 120,000 a month, up from 100,000 in the previous corresponding period.

Airtrain was likely to carry more than 1.5 million passengers in 2007 after traffic increased 14 per cent to 1.3 million passengers in 2006, chairman Mike Pelly said.

"We will definitely be in the black this year and the business is now viable," he said.

"Things that are in our control will make it viable from here on in."

Mr Pelly said Airtrain was exceeding targets set in April 2005, when bondholders agreed to swap \$108.6 million of debt for equity.

"It has been a very, very difficult

"We will definitely be in the black this year and the business is viable."

project and now we can start to ensure our shareholders get some money back."

Airtrain was benefiting from the road construction around Brisbane, he said.

Kingsford-Smith Drive, one of the main roads to the airport, was clogged with trucks removing fill excavated during the building of the city's North-South Bypass Tunnel.

Big growth markets included the outskirts of Brisbane and nearby cities such as Ipswich, where residents faced several potential traffic bottlenecks on their way to the airport.

Airtrain, which reduced the frequency of trains to the airport before the refinancing to conserve cash, was considering adding more services as demand picked up, Mr Pelly said.

The 2005 refinancing involved swapping mezzanine loans into shares, as well as the bond conversion, leaving original equity holders, including Transfield Holdings and investors advised by Macquarie Bank, with less than half of the company.

The maiden full-year profit would come after the company lost less money than expected last financial year. It reported a loss of \$700,000 in the 12 months to June 30, 2006, compared with a budgeted \$1.9 million when it completed the debt-to-equity swap.