



Australian Infrastructure Fund Limited
A.C.N. 063 935 553

Level 15, 90 Collins Street
Melbourne Vic 3000 Australia
Telephone (613) 9654 4477
Facsimile (613) 9650 6555
www.aif.net.au

TO: Australian Stock Exchange Limited
Company Announcements Office
10th Floor, 20 Bond Street
Sydney NSW 2000

FROM: Claire Filson, Company Secretary

DATE: 21 July 2006

PAGES: 3

AUSTRALIAN INFRASTRUCTURE FUND (CODE AIX)

CONTINUED PASSENGER GROWTH AT MELBOURNE AIRPORT

Melbourne Airport today reported record total passenger numbers for the full year to 30 June 2006.

Domestic passengers increased by 4 percent to 16,875,000 and international passengers increased by 2 percent to 4,385,000.

Australian Infrastructure Fund owns 8.1 percent of Melbourne Airport. Please find attached Melbourne Airport's update on its passenger results.

For further enquiries, please contact:

Peter McGregor
Chief Operating Officer
Australian Infrastructure Fund
Tel: (03) 9654 4477
Fax: (03) 9650 6555
E-mail: investor_relations@aif.net.au
Website: www.aif.net.au

Simon Ondaatje
Head of Marketing
Hastings Funds Management Limited
Tel: (03) 9654 4477
Fax: (03) 9650 6555

Claire Filson
Company Secretary
Australian Infrastructure Fund Limited

CONTINUED PASSENGER GROWTH AT MELBOURNE AIRPORT

Passenger numbers at Melbourne Airport have continued to grow in 2005/06, albeit at a slower rate than in the past several years.

Overall passengers increased by over 650,000 to 21.4 million, which is the equivalent of **more than 12,500 extra passengers every week** at Melbourne Airport in 2005/06 compared to the previous year.

Domestic traffic continued its steady increase, up 4% compared to 2004/05, indicating ongoing buoyancy in domestic travel. International passenger numbers increased 2% to 4.4 million. This follows two years of record double-digit passenger growth.

Melbourne Airport CEO Chris Barlow said that although continued growth was welcome, Victoria's business and tourism sectors would be feeling the impact of a sharp decline in the rate of international passenger growth.

"In 2004 and 2005, Melbourne Airport's international passenger numbers increased by 15% and 14% respectively. While it is great to see growth on top of those figures, an increase of 2% is, in fact, a substantial softening of that growth rate," said Mr Barlow.

Between 1996/97 and 2004/05, Melbourne's international passenger traffic grew faster than that of any other major Australian city, increasing by an average of 7.5% per year. While still a record result for international passenger numbers, the increase of 2% reflects a significant decrease in international passenger growth compared to the previous 8 years.

"This decline in international passenger growth will impact on Victoria's business and tourism industries, as well as the broader economy. The decrease will certainly be felt by small and regional tourism operators, who have reaped the benefits of strong tourism growth in the past few years," said Mr Barlow.

Growth in seat capacity remains essential to growth in passengers. Between 2002 and 2005 Melbourne Airport experienced strong growth in seat capacity for five consecutive international airline schedule periods. In the past twelve months, seat capacity into Melbourne has declined.

A range of external factors have contributed to this decline, which has resulted in softening international passenger numbers.

An industry-wide wait on new aircraft is currently restricting the ability of airlines to introduce additional international services. This presents an enormous challenge for airport and State Government marketing efforts to attract new international flights and seat capacity.

This is further compounded by Australia's relative geographic isolation, which makes availability of long-range aircraft an important consideration for airlines contemplating an Australian route.

Very few international airlines have new-generation aircraft available to them at present – most airlines are maintaining their existing fleet while they wait on delivery of new technology from Boeing and Airbus. Setbacks on the delivery of the A380 have exacerbated this shortage, as well as having the flow on affect of delaying existing aircraft from being available for use on other routes.

"Given these challenges, it is vital that efforts by international airlines to introduce new services to Victoria are encouraged and supported. Without new capacity, Melbourne Airport's passenger traffic will struggle to grow," said Mr Barlow.

"Melbourne Airport will continue to work with the Federal Government to promote the importance of increased international airline access for the growth of Victorian tourism, trade and the broader economy," he said.

MELBOURNE AIRPORT PASSENGER NUMBERS

	Quarter 4			Financial year		
	2005/ 2006 (‘000)	2004/ 2005 (‘000)	% Change	2005/ 2006 (‘000)	2004/ 2005 (‘000)	% Change
International	1,006	989	+ 2%	4,385	4,299	+ 2%
Domestic	4,115	3,980	+ 3%	16,875	16,296	+ 4%
Transit	39	38	+ 3%	170	181	- 6%
Total	5,160	5,007	+ 3%	21,430	20,776	+ 3%

Further information from Melbourne Airport Media Unit – (03) 9335 3666