

Annual Report

15/
16

Reaching
new heights



Newcastle
Airport



Message from the Chairman

The year to 30 June 2016 was a landmark year for Newcastle Airport and the Hunter region.

The \$14.5 million Terminal Expansion Project, majority funded by the NSW Government's Hunter Infrastructure and Investment Fund, was completed and officially opened on 28 August 2015 by Parliamentary Secretary for the Hunter and Central Coast, Scot MacDonald MLC.

Our CEO had his first full year in the role—which wasn't without both challenges and successes. The most visible success was that passenger throughput continued to grow. Annual passenger numbers were 3.1% higher year-on-year with 1,179,630 total passengers using Newcastle Airport during the financial year. Summer 2015/16 recorded growth of 7.5% compared with the previous summer.

During the year Peter was faced with the challenge of recruiting a new executive team. He successfully completed this task by promoting from within the organisation and by attracting international talent. His team has already shown they are hungry for success.

Profit for the business was \$5.5 million. Total capital expenditure for the year was \$3.5 million—a result of investment in the Terminal Expansion, the Low Pressure Sewer System, and the Long Stay Saver Car Park Extension projects.

In December, the Minister for Regional Development, Skills, and Small Business, John Barilaro MP announced that Newcastle Airport had secured \$855,000 from the Regional Tourism Investment Fund to support the fit-out of the international processing areas of the Terminal Expansion Project. It is expected that this project will be completed in early 2017.

In May, I was delighted to announce that Newcastle Airport had signed a landmark agreement with Department of Defence to extend the Head Lease agreement for 60 years with three options of 10 years. This agreement provides the certainty needed for future investment in Newcastle Airport and the region.

This positive announcement was followed by Newcastle Airport's Board endorsing, in June, a new Operating Deed with RAAF Base, Williamtown.

Management and staff continued to foster an excellent and positive relationship with our Defence landlord, and RAAF Base, Williamtown. The seamless operation of both military and civil aviation services on the same site is a credit to the team that manages this relationship. I also thank Department of Defence for their ongoing support of civil operations at Newcastle Airport.

In January, we welcomed Newcastle City Council Interim CEO, Frank Cordingley, to the Board. The Board was energised and set a strong strategy for the year during the annual planning session. I thank them for their ongoing commitment to the business.

During the year the executive team and staff commenced a culture renewal program. Interim results of this ongoing program indicate an improvement to organisational culture. The program will continue into financial year 2016/17.

I acknowledge the dedication and commitment of our CEO, his executive team, and staff. I also sincerely thank our stakeholders for their ongoing support.

Peter Gesling

Chairman



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Message from the CEO

It has again been a privilege to lead this important Hunter asset during the past 12 months; a year that has been one of growth for Newcastle Airport.

The year saw the completion of the Terminal Expansion Project. This project, a 12-month build, was an enormous accomplishment by the team. Even more so given there was no lost time due to injury during construction. As the gateway to and from the region, the final outcome is one that the Hunter can be proud of.

Following the official opening of the Terminal Expansion Project in August, we enjoyed a succession of positive airline announcements. Within months of the airline's launch, local airline FlyPelican expanded its regional NSW network, adding Ballina / Byron Bay to its network in December.

Following lengthy negotiations, Newcastle Airport and Jetstar successfully agreed and finalised a commercial agreement. This has proven to have a positive outcome for the community with Jetstar increasing its capacity into the market.

The Airport enjoyed a record number of available seats during summer, and in a first for Virgin Australia at Newcastle Airport, the airline announced it would commence overnighting aircraft from February. This resulted in additional passenger choice and convenience, and an economic boost to the region from visitor and overnight-crew stays.

This year we launched our inaugural Christmas Giving Appeal to raise funds for our Charity of Choice, Hunter Breast Cancer Foundation. The Appeal was a huge success with the terminal being decorated in pink Christmas decorations and our retail partners helping us raise almost \$5,000 by selling thousands of pink baubles to the travelling public.

This year Mother Nature challenged the team with nearby bushfires impacting the airspace, and numerous storms impacting our terminal and airside operations. I thank the team for their efforts during these events to maintain normal operations, and I thank the community for their support and patience during these unrepresented weather events.

During the year I recruited and welcomed a full Senior Executive team. Long-standing employee Marcus Lancaster was promoted to the role of Executive Manager Operational Delivery in December; Matthew Findlay joined the team as Executive Manager Commercial and Aviation Business Development in January and brings with him a wealth of aviation experience; and Andrew Gill was appointed to the role of Executive Manager Corporate Services in March. I am confident the energy of this new team will see great outcomes for the business and the Hunter region.

The year to come looks as if it will be just as exciting as this year was: new services to Dubbo and Coffs Harbour have been announced. First quarter passenger throughput has all the promise of being very strong.

I take this opportunity to thank my team for their hard work and dedication of the past 12 months. It is the enthusiasm and commitment of all Newcastle Airport staff that make us a successful business and will lead us to success in the coming year.

Dr Peter Cock

CEO

Terminal Expansion Project

On Friday, 28 August 2015, Parliamentary Secretary for the Hunter and Central Coast, Scot MacDonald, ceremonially cut the ribbon and officially opened the newly refurbished terminal to the public. This marked the end of a 12-month build to expand and refurbish Newcastle Airport's terminal. The \$14.5 million project, majority funded by the NSW Government's Hunter Infrastructure and Investment Fund, extended the terminal building by 50%. The project created a brand new departure lounge and arrivals hall, and provided dedicated facilities for Border Force in readiness for international services.

Head Lease agreement secures land for another 60-plus years

A landmark agreement with Department of Defence has resulted in the Airport's Head Lease with Defence being extended for 60 years with three options of 10 years. The new Head Lease expires on 31 December 2075 and offers an additional three 10-year options (by mutual consent).

Funding secured to complete Border Force fitout

In December the NSW Government announced that as part of its Regional Tourism Infrastructure Fund it would be providing Newcastle Airport with \$855,000. This funding will support the fit-out of the infrastructure and technology required for the international processing areas of the terminal. The project is expected to commence in early 2017.

2016/17 outlook

Our airline partners have increased capacity by 15% for summer (December to January) compared with the same period 2015/16.

Capital projects for 2016/17 include the fit-out of the infrastructure and technology required for the international processing areas of the terminal, and airside pavement remediation works.

Newcastle Airport will undertake a full Master Plan review, providing a future view of the Airport's full build potential.

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Terminal Expansion Project numbers

Opened on 28 August 2015

3 new departure gates

Departure lounge doubled in size

x2



5 new food and beverage offerings:

- > Broughton & Bay
- > Cibo Cafe
- > Epicure Kitchen Cafe
- > Hunter & King Coffee Co.
- > Red Rooster

Charity



Almost

\$5,000

raised for Hunter Breast Cancer Foundation during our first ever Christmas Giving Appeal



New destinations

**FlyPelican commenced
Newcastle - Ballina / Byron Bay**

flights in December

**FlyPelican announced
Newcastle - Dubbo flights**

will start in July

Passenger movements



2014/15 **1,144,002**

2015/16 **1,179,630**

Annual average load factor

78% All airlines,
all destinations

Statement of financial position

	2016	2015*
	\$	\$
Total current assets	25,665,303	22,545,159
Total non-current assets	58,372,746	58,480,421
Total assets	84,038,049	81,025,580
Total current liabilities	4,635,257	3,799,241
Total non-current liabilities	22,395,215	23,596,172
Total liabilities	27,030,472	27,395,413
Net assets	57,007,577	53,630,167
Total equity	57,007,577	53,630,167

Statement of comprehensive income

	2016	2015*
	\$	\$
Operating revenue	25,728,603	23,930,000
Operating expenses	20,193,513	19,391,746
Profit for the year	5,535,090	4,538,254
Total profit attributable to: Partners of Newcastle Airport Partnership	5,535,090	4,538,254

Newcastle Airport Pty Limited (NAPL) operates as agent and trustee for the Newcastle Airport Partnership.

*Subject to prior year adjustments.

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