



ANNUAL REPORT 21/22

MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

It's been both a challenging and exciting 12 months for aviation as the industry bounces back from the impacts of Covid-19, and Newcastle Airport has come out stronger than ever with our sights firmly set on serving our region's future. Despite the roadblocks, nothing has stopped us from reaching new heights and our business is well and truly on the road to recovery.

As always we are driven by our purpose of being the airport our region deserves.

As an industry, airports, airlines, and aviation service providers have all faced significant challenges due to the ongoing impacts of COVID-19 on our workforce. These barriers to air travel continued to impact passenger movements through our airport, however we remained optimistic and future focussed. In late 2021 the Victorian and Queensland state borders reopened, allowing for domestic flights to Melbourne, Brisbane, the Gold Coast and Cairns to resume. We were thrilled to see smiles all round in our arrivals terminal in December as we welcomed travellers from Queensland and watched families and friends reunite after a five month-long border closure.

Our region has eagerly re-embraced travel, and in April 2022 passenger numbers reached pre-pandemic levels. While industry-wide shortages have impacted capacity, airline travel has continued to prove popular as holidaymakers spread their wings – and we couldn't be happier knowing Newcastle Airport is helping people rediscover the joy of travel once again.

Every challenge presents an opportunity, and the aviation industry has banded together to achieve positive change during the pandemic. Our Aviation Business Development Team worked closely with our airline partners and the community to rethink existing networks, and this hard work paid off with several new routes launched in the past 12 months showing a great deal of confidence in our region.

New low-cost carrier Bonza announced two direct routes between Newcastle and The Whitsundays and Sunshine Coast in February 2022, with services expected to commence in the near future. Bonza adds to Newcastle Airport's growing route map and gives the people of our region certainty that when they want to fly, they can do it at the right cost, easily and conveniently from their local airport.



Qantas launched a new direct service to popular destination Adelaide in March. Not only does the direct route bolster our network and give our region convenient access to all their favourite destinations, but it also provides a tourism boost in both cities. This is especially great for local business after the challenges of the past two years.


A second season of Jetstar's direct service to Cairns kicked off in June, and demand for travel in both directions continues to be incredibly strong. People from our region love Tropical North Queensland, and the direct service makes it easier than ever to get there. We are confident the popularity of this service will see it become a permanent seasonal route.

New routes are just the beginning of what's to come in this exciting period of growth for Newcastle Airport. In November 2021 we were named Major Airport of the Year 2021 by Australian Airports Association (AAA), an accolade that is not only testament to the hard work and dedication of our people, but one that reflects the confidence the region has shown in us.

In February the Hunter Joint Organisation of Councils brought the region together at The Hunter Global Summit, and the event focused on ways to leverage Newcastle Airport's impending long distance international capability from a whole of region economic perspective. The Summit was a key step in boosting collaboration and advocacy to capitalise on international opportunities arising from the airfield upgrade. The event brought together leaders from across the region and demonstrated the clear and unified vision of a global future.

In April 2022, \$55 million in funding for a significant upgrade and expansion of Newcastle Airport's passenger terminal was announced. On the back of \$66 million dollars in funding for the airfield in May 2021, the Commonwealth's total investment of \$121 million in our region's international growth has the potential to move us from a regional centre to a truly global city with more capacity to support and facilitate development throughout Northern NSW.

Continued...



Our regional growth goes far beyond infrastructure and will bring significant and lasting benefit to our community, and our region, for years to come. All of this wouldn't have been possible without the continued support of RAAF Base Williamstown which celebrated its 80-year anniversary in 2021. The RAAF play an important role in protecting our country and have done a stellar job in supporting the civil operations on the airfield again this year. It is also worth celebrating the efforts of our serving personnel in providing direct support to the community both during the pandemic and in disaster relief efforts. We are also grateful to our local members and the advocacy contributions of our shareholders, Port Stephens Council and City of Newcastle, together with regional stakeholders.

Our efforts are now firmly focused on delivering a Newcastle Airport that is international ready. Work is underway to upgrade the airfield to Code E status, and preliminary work has kicked off landside in preparation for the expanded passenger terminal. We're in the process of exploring new international routes, and conversations are well underway with prospective international airlines. We have our sights set on securing partnerships with multiple airlines, opening our region to the world and bringing travellers from all corners of the globe to our doorstep.

Our expansion couldn't come at a more opportune time with the Lower Hunter and Greater Newcastle City being named part of the Six Cities Region in NSW – Australia's first global city region. This recognises us as one of the greatest places to live and work, to invest, and to do business.

As the region continues to grow, so does our airport. We continued to build capacity through an increased workforce by recruiting 30 roles in the last 12 months to support our continued growth. We also continue to focus on growing and improving the many facets of our business. We're investing millions of dollars in sustainable practices, including a 5-Star Green Star rating for new buildings and solar energy systems to become an industry leader in environmental social governance. Newcastle Airport will achieve net zero greenhouse gas emissions by no later than 2030 for our scope 1 and 2 emissions.

Our property business has also gone from strength to strength in the last 12 months, and Astra Aerolab – the heart of the NSW Government's Williamstown Special Activation Precinct – continues to take shape. Expressions of interest for design and construct of the first commercial and industrial buildings have gone to market, and we expect to see buildings coming out of the ground in the first half of 2023. We welcomed HENSOLDT to the airport aviation precinct, and BAE Systems Australia signed a 34-year lease extension and pre-commitment to expand their presence at Astra Aerolab, further bolstering Williamstown as the state's premier location for Defence, aerospace, and innovation. Defence industry contractors Daronmont Technologies and PLEXSYS Australia also joined the airport's aviation precinct in the second half of 2022.

We strengthened our Board with the appointment of two new non-executive Directors – Lee de Winton and Neil Hart – who bring with them extensive skills spanning aviation, Defence, space, and national security, and add a wealth of experience and expertise to an already robust Newcastle Airport Board. Named one of the 100 Women of Influence by the 2019 Australian Financial Review, and most recently working with Sydney Metro Airports, Lee de Winton is a Chief Executive with experience in aviation and Defence. Her time spent with the RAAF and in aviation within complex environments is invaluable to Newcastle Airport.

A retired Air Vice-Marshal, Neil Hart has held command at all levels in the military, including operational command of coalition air and space operations embedded with the US Air Force. The former Professor in Defence Technologies with Deakin University is highly regarded for his coaching of resilient expert teams. These acquisitions are a coup for the organisation, with Lee and Neil sharing our bold ambitions for growth and our vision for being the airport our region deserves.

This might just be the most exciting time to live, work and play in the Greater Hunter, Central Coast and Northern NSW.

While the impacts of Covid remain with us, we look to the future with confidence and thank you all for joining us on this incredibly exciting journey. We are only just getting started and, with your support, there is nothing that can hold us back from our global potential.



Kirby Clark
Chair



Dr Peter Cock
Chief Executive Officer

MILESTONES

2021



September 2021

Replacement of airside lighting

with LED, reducing the airport's electricity usage



November 2021

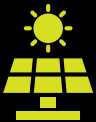
Qantas announces **new direct route to Adelaide** starting March 2022



November 2021

Victoria reopens border

with NSW allowing for unrestricted travel between the states



November 2021

99kWh solar installed on the NTL Hangar, **producing 3.9% of electricity** needs in FY21/22 and reducing the airport's carbon footprint by more than 75 tonnes



December 2021

Flights to **Brisbane and Gold Coast** resume



January 2022

Appointment of Principal Design Consultant (PDC) Cox Architecture for **Terminal Expansion Project**



February 2022

Lee de Winton and Neil Hart appointed as new **non-executive Directors**



October 2021

BAE Systems Australia sign 34-year lease extension and pre-commitment to **expand presence at Astra Aerolab**



November 2021

Newcastle Airport named **Major Airport of the Year 2021** by Australian Airports Association (AAA)



November 2021

Astra Aerolab stage 1 pocket parks commissioned including new picnic and exercise area, green space and seating, and preservation of Aboriginal Keeping Place



December 2021

Queensland reopens border for interstate travellers after being closed for five months



December 2021

Jetstar restart direct seasonal service to **Cairns**



February 2022

FlyPelican sign new lease at Newcastle Airport, bringing maintenance facility and base operations under one roof and creating 15 new jobs

MILESTONES



February 2022

The Hunter Global Summit

brings together leaders to boost collaboration and advocacy across the region to capitalise on international opportunities arising from the airport's airfield upgrade



March 2022

\$100 million debt facility secured to **support the growth of the airport**



April 2022

Commonwealth Government announces \$55 million in funding for an **upgraded and expanded terminal**



May 2022

Ambassador team celebrates 14 years of service

coinciding with National Volunteer Week



June 2022

Jetstar's second seasonal service to **Cairns** begins



June 2022

30 roles recruited

in FY21/22, supporting our continued growth



June 2022

Newcastle Airport generated 142.2 tonnes of waste in FY21/22, of which **86 tonnes (65.5%)** were diverted from land fill



February 2022

Bonza announces new direct routes between Newcastle and **The Whitsundays and Sunshine Coast**



February 2022

Leading defence contractor **HENSOLDT Australia** establish new office within Newcastle Airport aviation precinct



March 2022

First Qantas flight to **Adelaide**



April 2022

Airport passengers return to pre-Covid numbers



May 2022

Senior airport leaders head a business and government delegation to **Singapore** to discuss the region's aspirations with ASEAN regional leaders and key hub airlines



June 2022

Enabling works begin in **Short Stay Car Park** to add extra parking spaces, the first step in Newcastle Airport's expansion



June 2022

12 months lost time injury (LTI) free

2022





FINANCIAL PERFORMANCE

\$21,200,000

total revenue FY2021/22
across passenger facilitation and
property and commercial activities

(\$2.3 M)

total loss in FY2022 given the Covid-19
impact on the Aeronautical industry
and ongoing investment in the property
business

\$19.7 M

dividends provided to shareholders
since ownership of the Councils

\$64.1 M

invested in capital expenditure in the
last five years FY2018 – FY2022

\$1.16 Bn

in economic activity contributed to the
NSW economy each year pre-Covid-19 by
Newcastle Airport

5,600

number of FTE's currently employed
across the tourism and airport cluster

\$112,476

spent on sponsorships to support
community events and activities

KEY PROJECTS



\$55 million in funding for an upgraded and expanded terminal

On 14 April 2022 the Federal Government announced \$55 million in funding for a significant upgrade and expansion of Newcastle Airport's passenger terminal. This came on the back of the Government's 2021 announcement of \$66 million in funding for the upgrade of the Williamstown airfield. Our upgraded terminal is essential to process long-haul aircraft carrying around 400 passengers, an entirely different scale to the domestic fleet that carry around 180 passengers. By providing greater access to the global economy, the upgrade will help generate 850,000 additional visitors, 4,410 jobs, and \$12.7 billion in economic activity for the Hunter and Northern NSW across the next 20 years. Outside the grant, the terminal upgrade will also provide a much-needed expansion to our domestic facilities, allowing us to accommodate a large range of carriers and to cater for the increase in frequencies during busy times.



Aviation recovery

Newcastle Airport continued to make a strong recovery from the impacts of the pandemic in 2021 to 2022, with passenger numbers returning to pre-Covid-19 levels in April 2022; however, since that peak the impacts of COVID-19 on workforces has impacted capacity. Borders to Victoria and Queensland reopened in November and December 2021 respectively, allowing domestic flights to resume including the direct seasonal service to Cairns.

— New routes launched in 2022:

- Bonza announced two new direct routes between Newcastle and The Whitsundays and Sunshine Coast in February 2022 – services are expected to commence in early 2023.
- Qantas launched a new direct service to Adelaide in March 2022.
- Jetstar's second seasonal service to Cairns kicked off in June 2022.



Defence wrap-up

Williamstown is the state's premier location for Defence, aerospace and innovation, and this was further bolstered in 2021 to 2022 with the addition of Defence Primes to the Newcastle Airport aviation precinct. BAE Systems Australia signed a 34-year lease extension and pre-commitment to expand their presence at Astra Aerolab in October 2021, and leading defence contractor HENSOLDT Australia established a new office within the airport precinct in February 2022. We also welcomed two new non-executive Directors to our board in February 2022 – Lee de Winton and Neil Hart bring with them extensive skills in aviation and Defence.



International expansion

With a total of \$121 million in funding received from the Federal Government to date, Newcastle Airport's expansion is well underway. In January 2022 we appointed Principal Design Consultant (PDC) Cox Architecture to the terminal expansion project, and in February the Hunter Global Summit brought together leaders from across the region to boost collaboration and advocacy to capitalise on international opportunities arising from the airfield upgrade. In May, Newcastle Airport led a business and government delegation to Singapore and continued to Kuala Lumpur to discuss the region's international aspirations with key hub airlines. Back on the ground, enabling works kicked off in our Short Stay Car Park to add extra parking spaces – the first step in the airport's international expansion.



Sustainability

Newcastle Airport is committed to reducing our carbon footprint and partnering with our stakeholders to reduce our total emissions. We have a commitment to achieving net zero Scope 1 and Scope 2 carbon emissions by no later than 2030. In November 2021, 99kWh solar was installed on the NTL Hangar producing 3.9% of electricity needs in 2021 to 2022 and reducing our carbon footprint by more than 75 tonnes. We generated 142.2 tonnes of waste in 2021 to 2022, of which 86 tonnes (65.5%) were diverted from land fill. Driven by sustainability, our new terminal has been designed with a 5-Star Green Star rating, and our new Premium Car Park will feature 1,212 solar panels powering more than 30% of the airport. Sustainability is also being incorporated into Astra Aerolab's built environment – our first commercial office building has been designed with a successful 5-star Green Building rating assessment from Green Building Council Australia.



Strengthening our workforce

As the region continues to grow, so does our airport team. We continue to build capacity through an increased workforce and, in 2021 to 2022, 30 roles were recruited to support our continued growth. Our top priority remains keeping our passengers and employees safe, and in the last financial year there were zero lost time or medical treated injuries among Newcastle Airport workers.