

Looking forward



**Newcastle™
Airport**

Connecting People. Connecting Places.



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During the year the Newcastle Airport Board also underwent an externally facilitated Board evaluation to reflect on its governance performance. The results were reassuringly positive.

In May 2007 the commencement of direct flights to Norfolk Island represented a cautious return to servicing international destinations.

The annual financial results were very pleasing, achieving budgeted targets in all business sectors. The increased commercial activity and resultant returns support the Airport's ongoing strategy to diversify revenue streams reducing reliance on, potentially volatile, aviation revenues.

The Airport team continues to build its reputation in the community as a customer friendly airport. Continued positive customer feedback gives credence to this significant point of difference.

Newcastle Airport's management team has worked diligently at maintaining and enhancing valuable partnerships with its many stakeholders. Significant emphasis has been placed on regional relationships and working with agencies and organisations for the betterment of the region.

It is appropriate that we acknowledge the ongoing cooperation and support of the Department of Defence, RAAF, and in particular the personnel of RAAF Williamtown. Newcastle Airport's relationship continues to strengthen through mutual understanding and flexibility that enhances operational outcomes.

Newcastle Airport partnered with Tourism NSW and the low cost airlines to continue to promote the unique variety of the Airport's regional tourism attractions. Tourism continues to be a substantial beneficiary from the growth driven by the low cost carriers.

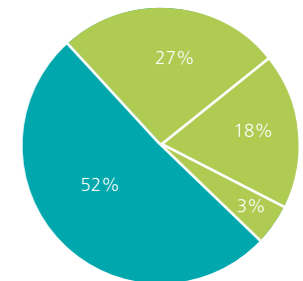
On the strength of this report, Newcastle Airport can confidently predict that it will meet the challenges ahead and take full advantage of opportunities for growth, strengthening its position as a key regional economic driver and providing an ongoing sense of regional pride and maturity.

2006/07 was a significant year for aviation growth, infrastructure development, airport planning and tourism partnering.

- > A record financial year with 958,407 passenger movements
- > May was Newcastle Airport's busiest month on record with 85,084 passenger movements
- > Completed a 20-year Master Plan
- > Doubled the number of car parking spaces available and installed an undercover walkway from the terminal building to the car parks
- > Developed a new aviation security policy – the first Australian airport to be Transport Security Program approved
- > Reintroduced international flights at Newcastle Airport with the commencement of Norfolk Air in May 2007
- > Successfully partnered with tourism and airlines to promote the Hunter and Port Stephens regions to south-east Queensland and Victoria
- > Introduced a comprehensive community engagement program for school children and community groups.

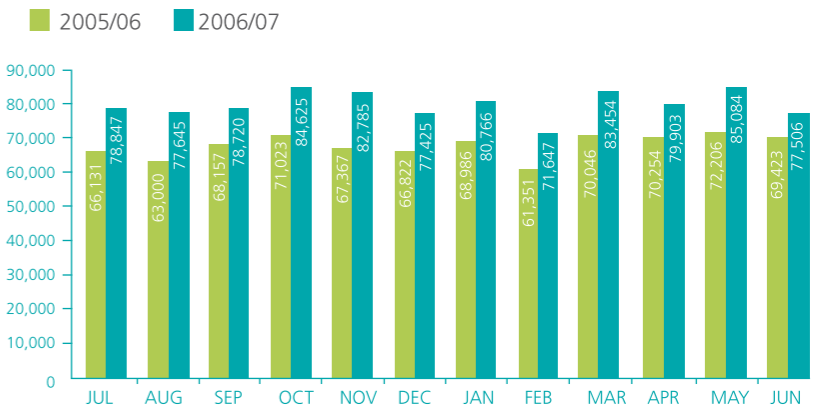
Key revenue indicators

Aeronautical	52% / \$5,871,330
Car parking	27% / \$3,111,850
Property management	18% / \$2,094,812
Administration	3% / \$347,275



Monthly passenger movements

Total passenger movements continued to increase in 2006/07 from the same period in 2005/06.



A year of accomplishments



The achievements of 2006/07 show the Airport's ongoing commitment to aviation growth and sustainability.

A 20-year direction

Newcastle Airport completed a Master Plan that provides the framework for infrastructure and development growth at the Airport for the next 20 years. Prepared in consultation with Department of Defence, NSW Department of State and Regional Development, and other key stakeholders, the Plan focuses on both aviation and non-aviation development.

The Master Plan has identified growth areas for Newcastle Airport that will enhance the Airport's contribution to the economy by promoting competitive air services that underpin the efficiency of business and tourism, and by establishing an aerospace industry cluster.

Focussing on domestic passenger growth, the growth of international services, the establishment of new precincts for aircraft maintenance, and a business park for airport and aerospace related business, the plan is the blueprint for the next 20 years.

More car parking. More choices

In August 2006, Newcastle Airport completed major improvements to car parking facilities and road infrastructure, as well as finalising substantial improvements to street lighting, precinct signage, storm water infrastructure and pedestrian access.

The \$3 million project delivered two new car parking areas providing:

- > an additional 600 car parking spaces (doubling the number of spaces available)
- > an upgrade to the rental car parking facilities
- > improved ground transport interchange for taxis, public buses, hire cars and shuttle bus services
- > improved road markings
- > new footpaths around the precinct, and
- > a new 200 metre undercover walkway connecting the car parks to the terminal.

Relationship development

During the 2006/07 financial year, Newcastle Airport continued to develop its relationship with RAAF Base Williamstown, particularly in relation to airfield safety.

A major achievement throughout the year was an agreement between Department of Defence and Newcastle Airport to enhance airfield safety. The agreement involved the training of Newcastle Airport staff to conduct aerodrome inspections. Newcastle Airport's greater input in aerodrome operations has resulted in the reduction of the impact of RAAF exercises on civil aircraft and enhances the safety for both RAAF and civilian operations.

Newcastle becomes international

Newcastle Airport re-introduced international services on 7 May 2007 with the inaugural Norfolk Air flight. The installation of a flexible international arrivals facility in April 2007 provided the Airport with facilities to accommodate international flights and border services. The moveable glass wall allows a quick and efficient modification to existing infrastructure to facilitate Australian Customs Service, IMMI (immigration), and the Australian Quarantine and Inspection Service with little impact on terminal operations.

Newcastle Airport is dedicated to its communities.

The Airport is an avid supporter of tourism, business and community groups, as well as the education of school, Tafe and University students.

Sustainable and green

Newcastle Airport is committed to environmental sustainability, minimising the impact on its surroundings and enhancing the local environment. As part of the Newcastle City Council pilot Business Environmental Management program, the Airport developed new environmental policies including the Environmental Sustainability Management System - which included a focus on staff engagement to build a culture of environmental sustainability.

Creation of an airport city

During the year, Newcastle Airport welcomed new tenants Nova Defence, Ozjet and Brindabella Airlines to the precinct. The Airport also secured long-term tenancy agreements with Jetstar Heavy Maintenance and BAE Systems.

Newcastle Airport signed agreements with new service providers SNP, to manage airport security, and Reflections, to manage cleaning and waste management.

Wireless is a winner

In early 2007, Newcastle Airport contracted internet provider Internode to install wireless internet facilities throughout the terminal building. This free service has proven to be popular with business and leisure travellers alike.

Our community

Newcastle Airport recognises it is part of the Hunter region community and plays an active role in education, sport, business and a range of worthy causes.

The Newcastle Airport community engagement and schools program – targeted at community and business groups as well as stage one school children – continued to grow during the year. The Airport welcomed more than 40 community groups and almost 1,500 school children on behind-the-scenes tours of the Airport.

A strong believer in community activities, Newcastle Airport was a proud sponsor of numerous community events including the Darby Street Fair, the Spring into Gosford flower festival, the Hawkes Nest Walk on the Wild Side, the Nelson Bay Tastes of the Bay and the Hunter Valley Running Festival.

Complementing the community support, the Airport was also a proud sponsor of Raymond Terrace District Cricket Club, Cooks Hill United Football Club, Souths Junior Rugby League Football Club and Lambton Jaffas Junior Soccer Club.

Partnering with local tourism

As a gateway to a range of diverse tourism regions, Newcastle Airport supports local tourism and actively participates in cooperative advertising campaigns. During the year, the Airport partnered with Tourism NSW, local tourism and airline partners, Jetstar and Virgin Blue, to promote the region to south-east Queensland and Victoria in four separate campaigns. The campaigns used television, radio, outdoor, print and direct mail advertising to promote the diversity of the Hunter and surrounding regions. Each campaign was successful with the airlines recording record passenger numbers in the months following each campaign.

During the financial year, Newcastle Airport Limited (Newcastle Airport) continued to experience the significant growth trends of previous years. Total passenger throughput for the year was 958,407; compared with the previous financial year, this represented an 18% increase.

	2007 \$	2006 \$
Revenue from operating activities	11,425,267	8,640,623
Expenses from ordinary activities:		
Depreciation	1,252,988	808,023
Personnel and related costs	2,123,699	1,789,124
Borrowing costs expense	728,346	500,626
Marketing and consultancy	635,842	754,077
Security operations	915,422	975,330
Maintenance	542,184	393,707
Lease and rental	485,989	476,034
Carrying amount of non-current assets sold	109,762	6,927
Legal expenses	118,463	154,855
Directors fees	110,145	102,465
Car park operations	163,514	100,685
Electricity and water	217,529	158,266
Other expenses from ordinary activities	475,983	469,654
Profit from ordinary activities before income tax expense	3,545,401	1,950,850
Income tax expense	-	-
Profit from ordinary activities after related income tax expense	3,545,401	1,950,850
Net profit and total changes in equity other than those resulting from transactions with owners as owners	3,545,401	1,950,850

2006/07 saw Newcastle Airport sustain its strong financial position; further infrastructure improvements are being undertaken to provide a foundation to support future growth expectations of the Airport.

	2007 \$	2006 \$
Current assets		
Cash	7,250,980	4,340,991
Receivables	927,520	807,496
Other	76,231	75,598
Total current assets	8,254,731	5,224,085
Non-current assets		
Property, plant and equipment	21,531,107	19,067,675
Total non-current assets	21,531,107	19,067,675
Total assets	29,785,838	24,291,760
Current liabilities		
Payables	1,059,629	1,122,593
Provisions	122,207	93,121
Interest-bearing liabilities	1,041,407	793,841
Total current liabilities	2,223,243	2,009,555
Non-current liabilities		
Provisions	16,916	6,744
Interest-bearing liabilities	9,352,716	7,627,899
Total non-current liabilities	9,369,632	7,634,643
Total liabilities	11,592,875	9,644,198
Net assets	18,192,963	14,647,562
Equity		
Retained profits	18,192,963	14,647,562
Total equity	18,192,963	14,647,562



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