



Newcastle Airport

ANNUAL REPORT 17/18

 Newcastle
Airport

Delivering the airport the region deserves.



Highlights



1,272,634

travellers passing through the terminal, an all-time record
1.2% INCREASE ON FY17



76 hectares

approved for purchase by shareholders, to future-proof the region's aviation needs



75% annual average load factor

ALL AIRLINES & DESTINATIONS



Newcastle Airport became **internationally ready**

with the official opening of the international arrivals & departure fit-out



25 MONTHS

of consecutive year-on-year monthly passenger growth was recorded up until December 2017



Launched direct service to **ADELAIDE**

in March 2018, the first new major city route since 2004



A RECORD-BREAKING **5,142** PASSENGERS

travelled through the Airport on 27 November, the day after Newcastle Supercars



Announced international services to

AUCKLAND

commencing November 2018; first international flights since 2002



60 YEAR

Master Plan released including a 20-year blueprint for growth



RANKED

#1

CUSTOMER SATISFACTION

in 18 of 31 categories across Australia & New Zealand in global airport benchmarking Airport Service Quality survey



3%

decrease in energy used per passenger since FY17



70 YEARS

OF COMMERCIAL AVIATION CELEBRATED



8%

decrease in CO² emissions from electricity consumption since FY16



17 millionth passenger welcomed through the terminal since 1995



Message from the Chair

As we celebrate 70 years of commercial aviation at Newcastle, it is again my pleasure to report on another successful year for Newcastle Airport.

Over the past year, our performance has remained strong across key metrics and the Airport continues to be a significant enabler for the Hunter region. We continue to contribute to stimulating economic growth and generating job opportunities. Our most recent economic impact study, by independent consulting firm Synergies, confirms the Airport continues to contribute more than \$1.16 billion in economic activity to the national economy and supports more than 5,600FTEs.

This year, the Airport returned close to \$3.9 million in dividends to its two shareholders, the City of Newcastle and Port Stephens Council. This most recent distribution brings the total to more than \$15.5 million in dividends being distributed to our two Council shareholders, ultimately providing flow-on benefit to our local communities.

More than 1.27 million passengers travel through Newcastle Airport each year. Confidence builds in the region as a destination and we were thrilled to celebrate the launch of a new route to Adelaide, the first new major capital route in 14 years.

We continue to invest in and plan for future growth. The Airport Master Plan released this year provides our blueprint for growth and a vision for the next 60 years. The Board of Newcastle Airport actively endorses this vision and supports a journey which will result in substantial advantage for those in our catchment areas.

Earlier in the year, our shareholders also backed our vision and approved the purchase of 76 hectares of land to future-proof the region's aviation needs. This commitment, and foresight, reflects the confidence and dedication of our shareholders to deliver longer-term value for residents of the Hunter region.

The success of our business is linked to that of our people and stakeholders. In particular, we are honoured to operate alongside RAAF Base Williamtown. The ongoing and positive relationship the Airport enjoys with Defence is testament to mutual understanding and benefit of each organisation and we value their continuing engagement.

In closing, I pay tribute to our hard-working team, led by Peter Cock, and my fellow Board members for their continued support. We look forward to overseeing the team's efforts to ensure the continued success of the company.

Peter Gesling
Chair



Message from the Chief Executive Officer

Delivering the airport the region deserves is an enduring and fitting ambition. The momentum of the Newcastle Airport team is attributed to this very clear sense of purpose.

This year, our vision was clearly articulated in our Airport Master Plan. As a gateway to Northern NSW and an economic force in its own right, Newcastle Airport aims to open up new regional and national direct routes and become the state's second international airport.

With the launch of direct Adelaide flights in March and the announcement of direct flights to Auckland, commencing November 2018, we are on the right path to achieving our vision and delivering on our promise.

The completion of the international arrivals and departures fit-out marked a major milestone for the Airport. Benefiting our ongoing quest to expand networks and increase connectivity, the international readiness of the airport aids in attracting and securing new services and destinations as the team works actively to pursue growth opportunities.

Connecting to new destinations is however, only part of the puzzle. As more people travel, the demands on existing infrastructure increase.

Our Master Plan prepares us for this growth and guides us to deliver on our promises. To enable us to accommodate the expected growth in passenger numbers, we are set to purchase a significant parcel of adjacent land to secure the future air transport needs of the region.

Shareholder approval for this essential land purchase supports our vision, protects future growth opportunities and marks an exciting chapter in the development of the airport precinct.

With more than 1.27 million passengers moving through the airport each year, we continue to work on improving the passenger experience. Pleasingly, the recent Airport Service Quality, a global benchmarking passenger study, recognised Newcastle Airport as leading the way across multiple categories.

Key to our ongoing success is our people. We continue to invest in our people through education and development and a focus on keeping our people safe. In the face of two lost time injuries, we have intensified our focus on ensuring the highest levels of safety across our business with a culture of best practice and continuous improvement.

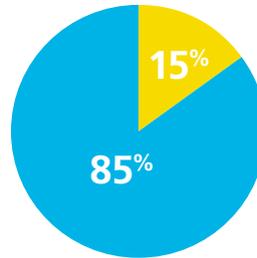
As one of the few airports in Australia sharing a runway with Defence, we continue to work closely with RAAF and Department of Defence. We are dedicated to strategies that build on existing Government and Defence plans to bring greater economic and social benefit to the Hunter region.

I thank the team for their continued hard work and commitment, and the Board for their ongoing support. With a dynamic and diverse business, a strong balance sheet and a clear vision, we look forward to the opportunities ahead and to continuing to benefit the communities in which we operate.

Peter Cock
Chief Executive officer

Financial performance

\$30,250,478
Total revenue



■ Property and commercial activities
■ Passenger facilitation

7% increase in FY18 revenue

\$7.8 M total profit recorded in FY18

CLOSE TO \$3.9 M in dividends to two shareholders – Port Stephens Council and City of Newcastle

MORE THAN \$15.5 M in dividends distributed to two shareholders since Council ownership

MORE THAN \$31.5 M invested in capital expenditure over the last five years

CLOSE TO \$1.2 BN contributed by Newcastle Airport in economic activity to the nation's economy each year*

SUPPORTS MORE THAN 5,600 jobs across tourism and the airport cluster*

*Independent economic impact study conducted by Synergies Economic Consulting, August 2018.

Aviation

Passenger movements

1,272,634 Travellers passing through the terminal, an all-time record

1.2% Year-on-year passenger movement growth

280+ Services per week

5 Airlines

9 Direct destinations

Routes

75% Annual average load factor – all airlines and destinations

85% of traffic in FY18 was provided by primary routes Brisbane and Melbourne

1 New domestic route launched – Adelaide

1 New international route announced – Auckland



— DIRECT
 - - - HUB DOMESTIC
 . . . HUB INTERNATIONAL

Auckland Seasonal route available
 22 November 2018 – 17 February 2019.

Load factor increased for major routes:

↑ **16%** Sydney

↑ **8%** Gold Coast

↑ **4%** Melbourne



Passenger experience

Overall satisfaction	4.27/5	★★★★☆
Cleanliness	4.42/5	★★★★☆
Wayfinding	4.49/5	★★★★☆
Ambience	4.10/5	★★★★☆

157 additional car parking spaces created

2,078 car parking spaces in total



rolled out a real-time interactive customer feedback system

6 rental car operators – Avis, Budget, Enterprise, Europcar, Hertz and Thrifty

6 retail outlets



fully upgraded public Wi-Fi Services available in-terminal



Sustainability and diversity

Newcastle Airport is committed to safety

- 2 lost time injuries
- This year we implemented projects to improve employee engagement in a new-look WHS framework resulting in a 60% increase in proactive safety hazard and near-miss reporting
- Introduced a Take 5 pre-task risk assessment process
- Celebrated Airport Safety Week
- Participated in the Australasia Airport Safety Forum

Newcastle Airport is committed to sustainability

The Airport continually seeks opportunities to improve sustainability outcomes.

A number of environmental management and sustainability initiatives were introduced as part of ongoing terminal upgrades, including:

- disconnecting garden watering systems across the entire terminal precinct, resulting in zero water usage in the upkeep of plants and lawns, achievable due to the selection of drought-resistant, native plants

- replacing and upgrading terminal and office lights with LED lights
- installation of Common User Spill Management stations across the airside area, and roll out of online spill management training to enhance environmental management procedures
- reducing and better managing air conditioning running times across the terminal and offices.

Combined, the above electricity-saving activities have contributed to Newcastle Airport's usage decreasing from an average of 2.45kWh per passenger in FY16 to 2.23KWh per passenger in FY18. This result is especially notable given the expansion of both the terminal size and increase in passenger numbers over this time.



Sustainability and diversity (cont'd)

Newcastle Airport values its people.

Our values

- Trust
- Engaged
- Committed
- Accountable
- Results driven

On average, employees rated a 17.4% improvement in response to the core company values.

- 54% of total workforce is female
- 50% female managers
- 56% increase in investment in Learning and Development in FY18

Newcastle Airport is committed to contributing positively to the communities in which we operate. Four core areas of local community investment:

1. Sports
2. Education
3. Native wildlife conservation
4. Diversity

Newcastle Airport is committed to local sourcing and reducing food miles.

We strive to source products in a responsible manner and work with suppliers to ensure they meet our ethical, social and environmental standards. We are committed to local producers:

- 100% Hunter Valley wines introduced in June
- Local beers on tap
- Local baked goods in cafés
- Local products and tastings in-store

About Newcastle Airport

- Newcastle Airport is the second international gateway into New South Wales and the second busiest airport in the State.
- Serviced by Jetstar, Virgin Australia, QantasLink, Regional Express, and FlyPelican to nine direct domestic destinations and onward to a range of domestic and international destinations with one connection.
- In FY18, Newcastle Airport had a record number of passengers pass through the terminal – 1,272,634 passengers.
- Newcastle Airport is the gateway to Australia's largest regional economy, with more than \$43 billion annual output and 48,500 businesses, greater economic output than Tasmania, ACT and the Northern Territory.*
- A significant economic driver, Newcastle Airport contributes close to \$1.2 billion in economic activity to the nation's economy each year; \$698 million to the NSW economy and supports more than 5,600 jobs across tourism and the airport cluster.**
- On 22 March 2018, Newcastle Airport released its 60-year Master Plan, which includes a 20-year blueprint for growth, projections and business development of the Airport.
- 30 minutes north of Newcastle, Newcastle Airport is located adjacent to RAAF Base Williamstown on land leased from Department of Defence.
- Newcastle Airport Pty Ltd is jointly owned in equal shares by City of Newcastle and Port Stephens Council and is governed by an independent, skills-based Board of Directors.

*NSW Government Planning & Environment Website 2018, *NSW Government*, Australia viewed 11 September 2018, <https://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan/The-leading-regional-economy-in-Australia>

**Independent economic impact study conducted by Synergies Economic Consulting, August 2018.





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