

ANNUAL REPORT 20/21



**Newcastle
Airport**

Message from the Chair and Chief Executive Officer

The last 12 months have had a huge impact on our country, our industry, and our business. Yet despite the challenges and restrictions, it has also been one of the most rewarding in the airport's history.

A second year of Covid-19 restrictions further clarified the importance of our long-term vision. It also made us work smarter, aim higher and chase our goals even harder. The innovations and achievements in this report were driven by our purpose of being the airport the region deserves.

Our highest priority throughout the year, as always, was delivering a safe and secure experience for our customers, employees and airport workers. We experienced only one lost time injury – the result of increased hazard awareness training and reporting, and the hard work of our employees. More cleaning services, hand sanitiser and signage in our terminal and administration offices have ensured people feel safe and confident. Throughout the pandemic we've adjusted our air-conditioning systems to maximise the use of fresh (not recycled) air and implemented additional Covid-19 management training for airport precinct employees.

Our operational and facilities management staff deserve particular congratulations for the way they managed such a challenging period – throughout it all our team stayed positive and kept us safe.

In May we welcomed Prime Minister of Australia, The Hon. Scott Morrison, to Newcastle Airport, where he announced \$66.1 million in funding to upgrade the airfield to Code E status. This announcement was an undeniable show of confidence from the Federal Government in our region and came after sustained advocacy over many years.

The airfield upgrade was a huge step forward in our ability to facilitate long-haul, wide-bodied aircraft. We lifted our sights immediately and renewed our determination to connect to a global hub such as Singapore or Kuala Lumpur by the end of 2023.

The Government funding also allowed us to accelerate our 2036 Master Plan, bringing forward key projects to increase the capacity of the airport to handle the increase in passenger numbers that will flow from the larger international aircraft. This project will deliver thousands of new jobs and over \$12 billion to our economy over the next two decades.

As borders opened, thankfully demand for travel remained strong. With our region behind us we bounced back quicker than most Australian airports, leading to greater interest from airlines in our business cases for new routes. We welcomed the first Qantas Boeing 717 from Brisbane in November 2020. Qantas also began flights to Melbourne for the first time in February 2021, strengthening their presence in our region.

In 2020, the effects of the Covid-19 pandemic were continuing to create turbulence across the globe. In Australia lockdowns were seen by governments as a vital tool for managing the pandemic. These of course had a devastating impact on interstate air traffic – for many months our passenger traffic was less than 1% of pre-pandemic levels. However, with the introduction of viable vaccines, our sights were set on a bright and reconnected future.

We launched our connection to world heritage site Lord Howe Island with Eastern Air Services and strengthened our region's connection to the nation's capital with Link Airways' new service from Newcastle to Canberra. New services to the Sunshine Coast, Cobar and Port Macquarie soon followed and the increased connectivity drove strong brand awareness, with research showing the community's support for our airport at an all-time high.

As we headed into the cooler months, we set our sights for Queensland's warmth after Jetstar launched their service to Cairns. We had huge community support for Cairns and, after an incredibly tough year, being able to offer our region a tropical holiday direct from our local and stress-free airport was a real highlight.

Our property business also achieved significant milestones in the last 12 months. At the end of 2020, then NSW Deputy Premier John Barilaro unveiled stage 1 of Astra Aerolab – our globally significant Defence and Aerospace precinct.

At the heart of the NSW Government's Williamstown Special Activation Precinct, Astra continues to take shape with design underway for the first buildings. Agreements have been reached with key Defence industry participants and the airport's first landmark commercial office building will be occupied in early 2023.

The year also brought us significant challenges – the profound impact of the pandemic led to a loss of \$0.6 million as a direct result of Covid-19 travel restrictions. While this meant we didn't return dividends to our two shareholders – Port Stephens Council and the City of Newcastle – it also meant we worked harder on our relationships with our key stakeholders, including government, Defence, and our community.

Our focus has always been delivering for the community – when we couldn't do this directly through providing flight services, we continued working behind the scenes to build a better business. The strength of our commitment to our vision is shown in the fact that not even a global pandemic could knock us off our path. As a result, we emerged a stronger, bolder, and more ambitious business than before the global pandemic – something that makes our business incredibly proud.

The relationship between the Board and management has never been stronger. In 2020 we welcomed new Board member Rob Sharp – his stay was short after taking up a senior State Government role as Secretary for the Department of Transport. However, two new Board members will soon add expertise to an already talented and dedicated Board.

Having just been named 2021 Major Airport of the Year by the Australian Airports Association, it's timely that together we wish to extend our sincerest thanks to you our travelling public and our team – employees, directors, and shareholders alike – for the past year. We're confident of overcoming any challenges we may face and continuing to deliver the airport our region deserves.

Kirby Clark
Chair

Dr Peter Cock
Chief Executive Officer

Milestones

2020



July 2020

Covid-19 border restrictions force flights on major routes to cease



October 2020

Implementation of Covid-safe **car park touch-less system**



November 2020

NTL connects to world heritage site **Lord Howe Island** with Eastern Air Services



November 2020

NTL welcomes first **Qantas Boeing 717 jet** on Brisbane route



December 2020

The NSW Deputy Premier unveils stage 1 of **Astra Aerolab**



February 2021

First FlyPelican flight to **Port Macquarie**



March 2021

First Qantas flight to **Melbourne**



May 2021

Newcastle Airport returns to **80%+ of its pre-Covid-19 passenger numbers**

One of the quickest aviation recoveries in Australia



June 2021

NTL awarded bronze membership

to the NSW Government's Sustainability Advantage Recognition scheme



September 2020

New Staff Intranet project underway



November 2020

The QLD border opens

to northern NSW and progressive reductions and restrictions in VIC begin



November 2020

Link Airways launches its first **Newcastle to Canberra service**



December 2020

Resurfacing of Short Stay 2 and Long Stay 1 **car parks completed**



January 2021

First FlyPelican flight to **Sunshine Coast**



March 2021

The commencement of a \$450,000 Airport-led **collaborative regional marketing campaign** to drive inbound domestic tourism



April 2021

Western offices upgrade and fit-out of Suite 2 & 3 completed



May 2021

The Prime Minister of Australia, The Hon. Scott Morrison, announces \$66.1 million in funding to upgrade the runway to

Code E status



June 2021

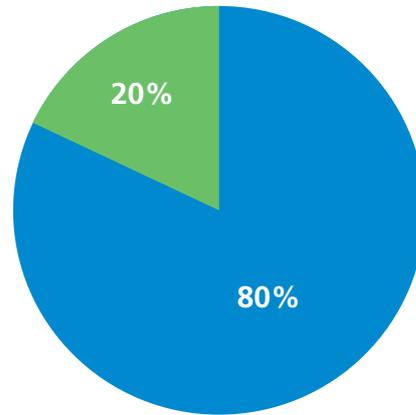
The first Jetstar flight from Newcastle to **Cairns**

2021

Financial Performance

\$17,000,000

Total revenue FY2020/21



- 80% Passenger facilitation
- 20% Property and commercial activities

\$0.6 M

total loss in FY2021 due to Covid-19.

\$0 M

in dividends provided to shareholders due to Covid-19.

\$19.7 M

dividends provided to shareholders since ownership of the Councils.

\$30.9 M

invested in capital expenditure in the last 5 years FY2017 - FY2021.

\$1.16 Bn

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

5,600

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

\$25,000

to support community events and activities.

Key Projects



New staff intranet

The importance of staying connected and embracing hybrid work was amplified amid the Covid-19 pandemic, and having a functional and accessible digital employee platform became a priority. We started work on a large project that saw collaboration across all business units, to create a staff intranet with best-in-class functionality, allows for engagement and communication, and is the online hub for all things business excellence.



Aviation recovery

The first Covid-19 lockdown hit Newcastle Airport's financial resources hard. When borders reopened towards the end of 2020, we were faced with rebuilding our domestic aviation services. We considered how we could do this most resourcefully and built strong campaign partnerships with key city Airports and State Tourism Organisations to leverage existing multimillion dollar interstate campaigns.

This strategy amplified our reach and resonance with our target audiences and, by May 2021, Newcastle Airport recovered to its pre-Covid-19 passenger numbers the fastest of Australia's largest 15 airports that didn't receive direct TANS half-price fare funding. The follow-on success of these partnerships led to our establishment of five new routes and three new air services.

- **New routes**
 Lord Howe Island, Sunshine Coast, Port Macquarie, Cairns and Cobar.
- - - **New air services**
 Qantas Boeing 717 to Brisbane, Link Airways to Canberra and Qantas to Melbourne.



Astra Aerolab stage 1 completion

Uniquely co-located with RAAF Base Williamtown and Newcastle Airport, Astra Aerolab is Australia's newest Defence and aerospace precinct. This globally significant estate will enhance Australia's ability to deliver world-class maintenance and manufacturing capability to the Defence sector.

Stage 1 works were completed and the site officially unveiled in December 2020 by the then NSW Deputy Premier John Barilaro. Stage 1 included the construction of road pavements, sewer and water, lighting, landscaping, two outdoor activation nodes, street names and signage. To date, BAE Systems Australia and Leading-Edge Data Centres have committed to have a presence at this Defence precinct.



Regional Inbound Partnerships

At the height of the Covid-19 pandemic, Newcastle Airport brought together a partnership of key regional stakeholders to develop a regional inbound marketing campaign targeted at the Melbourne and southeast Queensland markets. The partnership was comprised of representatives from Destination NSW, Destination Port Stephens, City of Newcastle Council, Lake Macquarie City Council, and Central Coast Tourism.

\$50,000 investment from each partner, matched dollar for dollar by DNSW, meant individual investments were upscaled to a significant \$450,000 regional campaign. This is the first time multiple Local Government Areas within the Hunter have collaborated on a joint domestic tourism initiative.



\$66.1 million funding to upgrade the runway

On 7 May 2021 Prime Minister, The Hon. Scott Morrison visited Newcastle Airport to announce \$66.1 million in funding to upgrade the runway it leases from Defence. This upgrade elevates the airfield to Code E status and the ability for wide bodied aircraft to fly long haul routes across the globe.

The project will deliver over \$20 billion to the regional economy and thousands of new jobs over the 20-year life of the runway, bringing transformative change for the region.