

ANNUAL REPORT 16/17





Message from the Chairman

I am pleased to report on another successful year for the company.

This last financial year we have focused on our role in the future development of the Hunter region while continuing to deliver a high quality customer experience for travellers to and from Newcastle, topping the Airport Service Quality Awards for Australia and New Zealand in five categories.

Financial year 2016/17 was particularly momentous – we reached the significant passenger throughput milestone of 1.25 million passengers, representing year-on-year growth of 6.6%. As a result, the Airport's two shareholders, Newcastle City Council and Port Stephens Council, received more than \$3.8 million in dividends. Representing an uplift of around 30% return to shareholders compared to previous years, this dividend will ultimately benefit our local communities.

As a significant economic enabler for the Hunter region, we continue to focus on stimulating economic growth and generating job opportunities for the region. Identified in the Hunter Regional Plan 2036, launched by the NSW Government in October 2016, as a significant driver in the development of growth in the region, Newcastle Airport (NAPL) is keen to continue to work collaboratively with Government and its partners to build capability and realise these strategies.

We are privileged to operate alongside Australia's premier fast jet base, RAAF Base Williamtown. In August, we signed a new Head Lease agreement with our landlord, the Department of Defence, future-proofing the Airport in the region for the next 60 years.

We look forward to continuing to work with RAAF personnel to ensure easy and accessible civil air links for our region.

We had a number of changes to the Board during the year – Ted Campbell was reappointed and we welcomed Cam Macphee and Jeremy Bath while farewelling Frank Cordingly and long-standing member Ashley Kilroy.

With its customer-focused culture, a healthy balance sheet, and capable team, the Board is confident that NAPL will continue to deliver services to the region and attractive returns to our shareholders.

Personally, I look forward to leading our regional tourism efforts and harnessing the collective passion and energies of our local stakeholders. We believe a united body and working collaboratively will generate significant tourism benefit for the Hunter region.

On behalf of the Board, I convey my thanks and appreciation to our management team and staff for their efforts and dedication. I'd also like to thank the people of the Hunter – our business partners, stakeholders, and community – for their ongoing support.

A handwritten signature in black ink, appearing to read 'Peter Gesling'.

Peter Gesling
Chairman



Message from the Chief Executive Officer

Newcastle Airport's vision is to be 'the airport the region deserves': a big ambition, and we have the team on board to make it a reality.

NAPL's people and business model performed exceptionally well during the past financial year, delivering record profits and passenger numbers. Importantly, we commenced public consultation and started to lay the groundwork for our 20-year Master Plan, which will be published and shared with our communities in 2018.

In 2016–17, a record 1.25 million passengers travelled through the Airport; led by increased seat capacity to and from our airport by all airlines, and new route operated by FlyPelican. Overall, passenger numbers increased by 6.6% compared to FY16. We launched our "Go Smarter" marketing campaign and are excited to see the impact of this over the coming months.

Significantly, this was achieved with zero lost time injuries in the NAPL business or on our worksites.

It has been a busy and exciting year and we expect more to follow.

We are preparing for continued growth by being smart with our assets. We continue to work closely with RAAF and Department of Defence and are proud to be one of the few airports in Australia to share a runway with Defence.

We are dedicated to working with government to realise strategies that bring great economic and social benefit to the Hunter region, notably the Hunter Regional Plan 2036 and the NSW Government Defence and Industry Strategy 2017 as well as supporting the

outcomes of the Australian Government's Defence First Principles Review and Plan Jericho.

Throughout the year, we have invested in our people with education and development and we remain committed to working with our business partners and airlines to attract new services and destinations.

As always, we strive to provide the best possible services to our travellers and are honoured to have been recognised in the global benchmarking passenger survey, Airport Service Quality, as number one in Australia and New Zealand for our check-in processes and wayfinding.

We are proud of the role Newcastle Airport plays in our local communities and we have an ongoing commitment to our region. We are keen to work collaboratively with other businesses to achieve more for our local communities and the region. We have acted decisively to ready ourselves for the future and to deliver on our vision of being the airport the region deserves.

I take this opportunity to thank the Board and our shareholders for their support. I also thank our team for their continued hard work during the past 12 months. It is their ongoing passion and commitment to Newcastle Airport that has led to the success of this year and will drive our accomplishments in the future.

Peter Cock
Chief Executive Officer

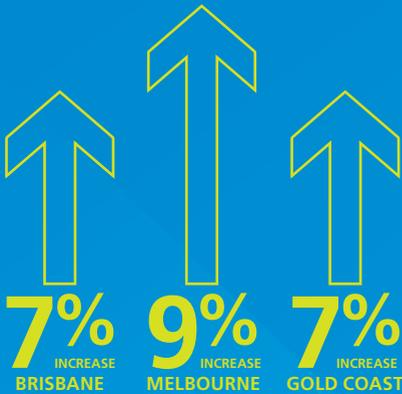
Highlights

- Record passenger numbers – more than 1.25 million
- Record profits returned to our two shareholders, Newcastle City Council and Port Stephens Council, ultimately benefiting our local communities
- Zero lost-time injuries either in the NAPL business or on our worksites
- Signed a new Head Lease agreement with Department of Defence, assuring a further 60-year tenancy on the site
- Secured the option to purchase additional land adjacent to the current leased site
- Ranked #1 in Australia and New Zealand for check-in processes and wayfinding, by the global benchmarking passenger survey, Airport Service Quality
- Launched 'Go Smarter' a comprehensive marketing campaign to inform the local catchment of the benefits of flying locally and driving passenger numbers

Activities

- Continued commitment to safety and environment, involved in Airport Safety Week and more
- Partnered with Destination NSW, Newcastle City Council, and Destination Port Stephens to showcase the Hunter region to the key inbound markets of Victoria, Queensland, New Zealand, and China
- Attended Routes Asia – Asia Pacific region's premier conference for airports and airlines to discuss route development opportunities
- Undertook the international arrivals and departures fit-out; Newcastle Airport is now ready for international flights
- Established a People and Organisational Excellence team to drive continuous improvement initiatives across Newcastle Airport
- Restructured our Aviation Business Development, Corporate Affairs, and Property and Commercial teams to drive better outcomes for passengers, community and our shareholders
- Commenced work on the Airport's 20 year Master Plan with public consultations and the appointment of international engineering and development firm Mott MacDonald as the lead consultant

Aviation



Increased confidence results in increased capacity

When compared with FY2015/16 the airlines showed confidence and commitment to the region this year by increasing seat capacity on all major routes.

Annual average load factor

77% FOR ALL AIRLINES, ALL DESTINATIONS

Passenger movements



6.6% INCREASE

2016/17 1,257,120

2015/16 1,179,630

One new route commenced



DUBBO

ZERO 

lost time injuries

IN NAPL BUSINESSES
OR ON OUR WORKSITES

Projects

Becoming international ready

Demonstrating our commitment to securing international flights, work commenced on the international fit-out of the international arrivals and departures processing areas. Local construction firm, Kingston Building were appointed to carry out the works on the \$1.6 million project, majority funded by the NSW Government.

Newcastle Airport completed this project and in August 2017, NSW Minister for Transport Andrew Constance officially opened the facilities. An exciting milestone for Newcastle Airport, it provides the necessary terminal infrastructure to receive international services.

Future proofing the region's aviation needs

Following extensive stakeholder consultation including our local communities, Newcastle Airport appointed Mott MacDonald as the lead consultant in the development of the Airport's 20-year Master Plan. The Plan will provide a clear strategic direction and blueprint for the Airport's development for the next 20 year and beyond. The Plan will be shared with our community and stakeholders in early 2018.

Security – not a random process

Dedicated to improving the traveller experience, following a successful trial in early 2016 Newcastle Airport introduced the electronic randomiser for the Explosive Trace Detection process. The randomiser has resulted in positive customer feedback and an increase in passenger amenability when undertaking this security process.

In November 2016, Newcastle Airport was approached to participate in an Australian-first full body scanner trial. The purpose of the full body scanner trial was to gain insights from both the guards using the system and from the passengers who opted to participate in the trial.

Airside improvements

Airside remediation works were undertaken in the first half of the financial year, including the reconstruction of Bays 3 and 4 and resurfacing of Taxiway Juliet.

Go Smarter

Newcastle Airport committed to make an unprecedented investment into the Hunter community. Go Smarter, a comprehensive marketing and communications campaign launched in July 2017 to inform the Airport's catchment of the benefits of using their local airport, change behaviour and drive passenger numbers.



Partnering for success

RAAF runway and airside upgrade

Working in partnership with Department of Defence, RAAF Base Williamtown, and airline partners, Newcastle Airport facilitated ongoing civil aviation operations during the commencement of the RAAF runway extension works. The extension project, expected to be completed in 2018, has required cooperation from all parties to enable the completion of these works in readiness for the first delivery of the Joint Strike Fighter jet in 2018, while also simultaneously maintaining an operating airfield.

Development of multi-day itineraries for the international visitor

To showcase the Hunter region to international travellers, Newcastle Airport led the development of six themed multi-day itineraries. These itineraries were developed with Destination NSW, Newcastle City Council and Destination Port Stephens.

Focusing on food and wine, nature, culture, fun and adventure, families, and the classic Hunter region experience, each itinerary highlights the diverse array of experiences available to the international traveller, all within a 45-minute drive of Newcastle Airport.

Half a million seats on sale this summer

Summer 2016/17 saw airlines increase capacity to and from Newcastle Airport, with more than 500,000 seats available during the summer period.

To raise awareness about the increased capacity, Newcastle Airport partnered with the leading local radio station, KOFM, to run a mystery flight competition. Around 20 flights were given away as part of the competition, and subsequent passenger throughput during January 2017 was 12.7% higher than the previous year.

Rolling out the virtual welcome mat

In mid-2016, Destination NSW, Newcastle City Council, Destination Port Stephens, Webjet, and Newcastle Airport participated in an online campaign that promoted the Hunter region to key domestic inbound travellers.

Focusing on the key markets of South-East Queensland and Victoria, the Airport, Newcastle City Council and Webjet repeated the successful campaign in June 2017.

Industry support and education

During the year, Newcastle Airport was an active member of both the Destination Port Stephens and Newcastle Tourism Industry Group. Representatives from Newcastle Airport attended Australian Tourism Exchange and Hunter Travel Expo. The Airport was proud to host a number of local tourism briefings and meetings onsite, as well facilitate an Asia Export Ready Workshop for local tourism operators.

Financial

Newcastle Airport contributes
MORE THAN \$1.1 billion
to the NSW economy each year

\$5,425 
raised during the annual
CHRISTMAS GIVING APPEAL

\$225,000 donated since 2009
to **Hunter Breast Cancer Foundation**

Passengers

RECORD
1.25 million 
passengers

GROWTH OF 6.6%


12.7% JAN | 14.5% APR
year-on-year passenger growth

Destinations

1 NEW route
launched

#1 in Australia
and New Zealand
Airport Service Quality

Newcastle Airport ranked as the **best in Australia & New Zealand** for check-in processes and wayfinding.

Newcastle Airport ranked among the **top three in Australia & New Zealand** for five other categories.

Serviced by
5 AIRLINES  **8 DIRECT DESTINATIONS**
and onward to **more than 65 world-wide destinations**
WITH JUST ONE STOP





newcastleairport.com.au