

UNLOCKING OUR REGION'S POTENTIAL

NEWCASTLE AIRPORT SUBMISSION TO INFORM THE FREIGHT POLICY REFORM

Newcastle Airport is committed to growing the airport the Region deserves. With a catchment of 1.2M people and Australia's 6th largest economy, it is crucial to increase connectivity for the Hunter Region to key domestic and international markets to accelerate the economic capabilities and to enable economic transition.

Newcastle Airport's new full international capability provides a step change opportunity for regional NSW to directly access global markets. Expanding Newcastle Airport to be fully Code E capable was recognised by the Federal Government for offering a high Benefit Cost Ratio (BCR) return of over 2 (quantified by EY with multiple levels of conservatism). Thus, \$121M in grant funding support was received from the Federal Government to upgrade the airport to accept long haul international aircraft. This funding has been matched by the airport and its shareholders to ensure that the airfield and terminal upgrade projects are now being progressed.

The benefits of activating airfreight in the Hunter that were estimated by EY have been independently reinforced through a study undertaken by PricewaterhouseCoopers (PwC) for the Hunter Joint Organisation of Councils. This 2023 study determined that a vibrant airfreight ecosystem was not only viable, but on a whole of system view would return a BCR of 2.68 (see attachment).

The task remaining now is to activate the opportunity as soon as possible. Without bold, catalytic leadership the benefits will be delayed and perhaps never fully realised. A delay in flight and freight activation will ultimately delay the benefit expected to be received by NSW.

A regional international air cargo facility is the missing link in the Hunter Region's air-based supply chain, and capital funding for this project is key to unlocking the region's economic potential. The development of the cargo facility will also support current investment in the Port of Newcastle. The two will work in unison to grow Newcastle into a major logistics hub that can service the needs of regional NSW, strengthening the local economy and positioning the region as a leading exporter worldwide. This project is an anchor enabler of a precinct that will also unlock aeromedical and patient transfer, ground handling, maintenance, and repair and logistics facilities.

Increasing our connectivity to key domestic and international markets will accelerate the economic capabilities in the region. It will act as a sustainable, profitable international gateway in a network of 3 international airports in NSW. Activation of the Code E runway upgrade (completed in 2024) and the current upgrade to the international terminal (to be completed in mid-2025) is the last piece of the puzzle to unlock the following incremental benefits to NSW.

The following benefits will be achieved during a nominal 20-year project life:

- 175,000* additional international visitors annually as mid-term achievable target;
- 4,410 extra full-time ongoing jobs;
- \$12.7B to the regional NSW economy (\$6.2 billion in extra income for the visitor economy, and \$6.5 billion in additional freight activity).

OUR ASK

- Include and plan for Newcastle International Airport as a crucial part of NSW's airfreight network.
- Ensure that all planning, creation of enabling infrastructure and policy settings are established to allow an airfreight facility at Newcastle Airport to flourish.
- Prioritise funding for a regional international air cargo facility at Newcastle Airport to generate a Benefit Cost Ratio of 2.6 for Australia, and to address the gap in the air-based supply chain in the region and wider regulatory and operational supply-chain gaps.

SUPPORTING FACTS

- NSW originating air freight exports predominantly use Sydney Airport as the port of discharge from Australia. However, 7% of NSW air freight exports exit Australia through Melbourne Airport and 4% at Brisbane Airport. This represents \$492 million in trade. From June 2022 to May 2023, over 3,000 tonnes of NSW export product was exported from Brisbane Airport. Nearly half of this was meat, representing 16% of NSW air freight exports of meat during the period.
- The air cargo terminal at Newcastle Airport will also support investment being made at the Port of Newcastle with complementary types of cargo being transported through air freight and sea freight.
- Hunter based airfreight capability will stimulate additional trade, particularly noting that the EY and PWC work was a calculation of incremental benefit not diversion from 1 port to another.

OUR REGION IS BEHIND US

Partnering with Destination Sydney Surrounds North and The Hunter Joint Organisation, our region is working together to identify what is required for the Hunter Region to continually increase international tourism to NSW as well as growing the economy overall. Investment into an air cargo terminal will leverage several recent government investments targeted at supporting the growth of our region, namely:

- Hunter Global Tourism Branding – business case funded by Department of Regional NSW
- Regional Airports Strategy – business case centred on Air Freight, funded by Department of Regional NSW

A regional international air cargo facility at Newcastle airport is also among Business Hunter and Committee for the Hunter's advocacy priorities.

NEXT STEPS

We thank The Freight Policy Reform Program for the opportunity to make this submission to the Freight Policy Reform Program Consultation Paper.

To fully explore the opportunity, we would like to present and discuss how Newcastle Airport can contribute to the NSW Government's vision for improved transport and freight connectivity. We will be in contact to arrange a mutually agreeable time. In the meantime, we will continue to work with the key stakeholders to deliver on being the airport the region deserves.

