

## Media release

### Newcastle Airport and Jetstar continue negotiations

Wednesday, 24 September 2014

Newcastle Airport and Jetstar are currently in negotiations toward developing a new commercial agreement with the aim of meeting the longer term objectives of both organisations.

Newcastle Airport CEO, Paul Hughes, said that the current contract was developed in 2004 and was designed at the time to assist in establishing the new 'low cost carrier' of Qantas enter and establish itself in the Newcastle market.

"Over the past 10 years Newcastle Airport has honoured the initial agreement's fees and charges, which were highly incentivised, and has only passed on annual CPI increases since 2007," Mr Hughes said.

In the past decade, the number of passengers using Newcastle Airport annually has grown from 214,000 a year to 1,189,683 in 2013/2014. In addition to Jetstar, Virgin Australia, QantasLink, and Regional Express operate services to and from Newcastle.

"Since 2004, Jetstar has enjoyed significant growth at Newcastle and currently holds approximately 70% of passenger movements at Newcastle Airport.

"During this time, Jetstar and its passengers have benefited from airport-funded aviation related developments such as construction of additional tarmac and redevelopment of taxiways to assist the airline's growth. To provide this infrastructure has cost us more than \$30 million, funded from Airport's profits. In addition, work is well underway for our latest terminal expansion; representing a further investment of more than \$14.5 million, \$11.1 million being provided by the New South Wales State Government.

"I am disappointed that Jetstar has chosen to use the media in an attempt to aid their contract negotiations with us. Their agreement is about to expire and we have attempted to negotiate a new agreement with them over the past 18 months.

"In monetary terms, what Newcastle Airport has proposed to Jetstar is an increase of no more than \$1.70 per passenger above the price set in 2004.

"Like any business, Newcastle Airport aims to remain profitable. This allows us to continue to invest in growing the Airport to benefit the region. I believe that a maximum

\$1.70 per passenger increase, the first in 10 years for Jetstar, is very reasonable and we remain open to continuing negotiations.

“Based on feedback from airlines and aviation industry representatives, I believe Newcastle Airport remains one of the most affordable airports in the country and I remain hopeful that we will reach an agreement that meets the needs of both organisations,” concluded Mr Hughes said.

**Ends.**

**Further information**

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