

LORD HOWE ISLAND BOARD

Business Paper

OPEN SESSION

ITEM

Airport Runway Extension Feasibility Study Update

RECOMMENDATION

It is recommended that the Board note this report.

BACKGROUND

Lord Howe Island's restricted runway length of 888 metres limits the type of commercial aircrafts that can operate on the Island. While other options have been considered such as leasing or hiring other aircrafts to operate on Lord Howe Island or to get other airlines to operate; without extending the runway, airlines will be restricted in the types of aircrafts that can service the Island. A sustainable and viable long-term solution is therefore needed to secure the provision of air services to Lord Howe Island.

In late November 2017, AECOM Australia Pty Ltd was contracted to undertake the Lord Howe Island Airport Runway Extension Feasibility. The scope of the study includes the future aircraft requirements for the island, plane characteristics, existing runway/site limitations, CASA requirements, conceptual design, geotechnical investigation, environmental assessment, community consultation and economic impacts/costs. The project is broken down into a number of milestones.

Milestone	Description	Anticipated time
1.	Completion of detailed assessment of extended runway and suitable aircraft options	March 2018
2.	Completion of preliminary geotechnical investigation	June 2018
3.	Completion of conceptual engineering design	August 2018
4.	Completion of preliminary environmental assessment	September 2018
5.	Undertake economical assessment and preliminary business case	December 2018
6.	Final presentation and report	December 2018

The funding for the project comes predominately from a Restart NSW grant through Infrastructure NSW with a small amount of Board staff wages for project management as shown below:

1. Infrastructure NSW - Restart NSW funding	\$450,000
2. Board staff wages	\$ 19,000
TOTAL	\$469,000 (excl. GST)

CURRENT POSITION

After completing the Concept Design Report AECOM have now updated it to include a new Section 13 for the required security upgrade due to the potential for increased RPT aircraft seating capacity raising the current Tier 4 security level to a Tier 3.

AECOM have also issued their final Preliminary Environmental Assessment Report (PEA) which has been limited to a desktop assessment and as such if the project is to progress, the environmental issues identified would need to be assessed in detail through additional, detailed and fieldwork based technical assessments. Based on the preliminary findings it is recommended that a more in-depth investigation to ascertain the accurate location, distribution and extent of potential constraints and impacts is undertaken. Further assessment should at a minimum include the following:

- further consideration of the potential impact to World heritage;
- further soil testing to understand the extent of existing land-based contamination and additional PFAS investigations for the purposes of further assessing the nature and extent of identified PFAS impacts;
- the extent of impacts on surface water, based on background surface water quality monitoring, including further assessment as part of the EIS with considerations to best practice surface water management measures;
- further assessment as part of the EIS regarding the traffic and transport impacts of the proposed runway extension, including field surveys;
- background monitoring of the mean ambient levels against National Environmental Protection Measures (NEPM);
- a quantitative noise assessment, noise modelling and/or noise logging;
- likelihood and extent of impacts to specific threatened ecological communities and threatened species;
- a field-based landscape and visual impact assessment of proposed changes including photomontages of the before and after impacts from key viewing locations on land and water would be undertaken; and
- detailed community consultation and socio-economic assessment as part of any future environmental assessment.

If it is decided that the runway extension would progress further, the next steps would be to begin with a formal planning application for the development. A legislative framework was established for the potential works, and informed a relevant approvals pathway for a potential future runway extension project.

A State significant development scoping report would need to be prepared to support an application to DP&E for the project under section 5.15 of the EP&A Act. The scoping report would present potential environmental impacts that have been identified for the project. The DP&E would then issue Secretary Environmental Assessment Requirements (SEARs), which identify assessment requirements for the EIS. This PEA could be used to inform the scoping report.

LHIB would then prepare the EIS. The EIS would need to present outcomes of any alternatives such as the 'do-nothing' approach and options studies undertaken for the project, including justification of why the project was chosen as the preferred option. Preparation of the EIS would also involve undertaking detailed technical assessments and field surveys, for example the detailed studies recommended in the PEA report.

The EIS would then be submitted to the DP&E for approval by the NSW Minister for Planning and Commonwealth Environment Minister.

In summary, such a project would require multiple approvals at both State and Commonwealth level, the certainty of which is not assured due to the potential approvals risks associated with the preliminary construction and operational environmental impacts identified. As such, a more detailed assessment would be undertaken for the legislative requirements and approval processes in the later stages if the project does progress.

The final report for this project is not due for completion until December however the Board had requested that the initial findings be presented at their November meeting. As such AECOM's Project Manager Jed Mills will provide an overview of the project to date including the final presentation of the draft Preliminary Business Report (PBC) which was not available at the time of writing this report. The PBC has been developed consistent with NSW Treasury Guidelines for Capital Business Cases (2008), and comprises the following chapters:

- The case for change
- Priority of the service need
- Benefits of the service need
- Stakeholder engagement
- Analysis of the proposal
- Implementation of the proposal.

The Preliminary Business Case outlines the need to maintain a Regular Passenger Transport (RPT) service to Lord Howe Island (LHI) that is of a sufficient scale (i.e. 30+ seater or similar) to satisfy demand beyond 2022. It details with available evidence how securing a RPT service is essential to support tourism (capped at 400 visitors at any time), the economic viability of the Island and the well-being of its residents.

The significance of maintaining a RPT air service been noted as a priority in a number of NSW State Government Plans and Strategies. Retaining such a service also aligns with the NSW's State Priorities of creating jobs and building infrastructure. Actions undertaken by the Board to date are also detailed to articulate the work done to date. Notably, given the license expiration in March 2022, time is of the essence to secure a similar or comparable service offering that will continue to support the economy and provide visitor access.

Benefits of maintaining a RPT include:

- Supporting local businesses and jobs
- Retaining residents' access to services, education and social and business connections on the mainland
- Ease and choice of frequency of travel for tourists
- Revenue to support environmental programs through collection of visitor fees and charges

The PBC identifies key stakeholders and their relationship to the proposal along with community consultation that has been undertaken as part of the Feasibility Study.

The options below have been considered for the period post-2022.

1. Cease RPT services to Sydney and Brisbane, and rely solely on current levels of charter flights from Port Macquarie
2. Introduce a RPT service from Port Macquarie and another secondary city using smaller planes.
3. Buy or lease the DHC-8-200 aircraft or ATR to be operated by a suitable operator to continue RPT services from Sydney and Brisbane

4. Extend the runway using the deck on piles design option to enable operation of Code 3 aircraft (such as the ATR72 and DHC8-400) and continue 30+ seat RPT air services to Sydney and Brisbane.

The Cost Benefit Analysis (CBA) was undertaken in accordance with Transport for NSW guidance on economic appraisal, as set out in Principles and Guidelines for Economic Appraisal of Transport Investment and Initiatives, (March 2013), Version 1.6, (updated March 2015). It details the general appraisal parameters used in the economic analysis, the capital costs of each option, and evaluates the benefits.

Given the analysis of options, key next steps are outlined that would be required to progress a preferred option and associated decision making.

RECOMMENDATION

It is recommended that the Board note this report.

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Endorsed: Peter Adams, Chief Executive Officer

Attachments:

Attachment A: AECOM – Draft Preliminary Business Report (presented at the meeting)