

1.19 EVENT BRIEF – Norfolk Island Airport

Date and Time:	Thursday 15 November 2018, 11.30 am – 12.00 pm
Location:	Norfolk Island Airport
Attendees:	Eric Hutchinson, Administrator Karen Quintal, Airport Manager

Key Issues

Upgrade of the Norfolk Island Airport

- As the asset owner, the Norfolk Island Regional Council (NIRC) is responsible for managing and maintaining the Norfolk Island Airport (the airport). The next upgrade of the airport runways was planned for 2022 at an estimated cost of \$30 million. A recent report by the Civil Aviation Safety Authority has shown the runway has deteriorated more rapidly than expected and that repairs need to be brought forward.
- NIRC has completed preliminary estimate for the runway resealing project based on an expert engineering report. Following expert assessment and a more robust costing process, the preliminary estimate is \$42.98 million. The project work includes upgrading airfield lighting and reconstructing parking pads in the passenger transport apron.
- In September 2018, NIRC issued an open tender for a design and construct contract for the pavement repair and resurfacing of the airport runway in anticipation of the Government agreeing to fund the runway resealing project. Tender closes on 18 December 2018.
- The Department has requested NIRC write to you to obtain Commonwealth approval to extract rocks from Cascade Quarry for the runway resealing project. Extracting rocks from Cascade Quarry is expected to minimise cost and biosecurity risks of importing rocks.

Waiving the loan for the previous airport upgrade

- NIRC's predecessor received a \$12 million loan in 2005 for limited work to resurface one runway. NIRC has struggled to repay this loan while maintaining the airport, having repaid only \$1 million since 2005. NIRC has capacity to fund the airport's ongoing maintenance and has indicated it may be able to contribute to scoping the runway resurfacing, but is unable to repay the existing loan or fund the next round of resealing works
- Government has agreed to modify or defer repayments for the loan seven times. At the current rate of payment, \$200,000 per year, the loan will take 55 years to be repaid. The airport generates revenue of approximately \$3 million each year, which NIRC uses for the airport's maintenance and upkeep and to subsidise other service delivery. Loan repayments directly reduce NIRC's budget for service provision at the airport and the provision of local government services, including waste management services and community assets. This in turn increases costs for the Commonwealth.
- NIRC are not aware the Australian Government is considering waiving the loan.

DEPARTMENT OF INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

New biosecurity standards for the airport as a first point of entry

- In July 2018, the Department of Agriculture and Water Resources (DAWR) wrote to the NIRC advising them of outcomes against the first point of entry (FPOE) biosecurity standards for the airport, Sydney Bay (Kingston), Cascade Bay and Ball Bay. For commencement of the Biosecurity Act in June 2016, DAWR made temporary first point of entry determinations to enable continuation of operations at first points, including Norfolk Island. Under transitional arrangements, these determinations could be made by the Director of Biosecurity without first points of entry having to meet relevant requirements under Biosecurity Regulation 2016. These transitional arrangements will end in June 2019.
- Over the past 18 months DAWR have been working with NIRC to assess compliance with the standards. The assessment outcome summaries show NIRC are required to provide further evidence on elements of the standards to be fully compliant by June 2019 for the airport and seaports.
- DAWR has offered assistance to NIRC to discuss remedial action. If NIRC choose not to meet the required standards by June 2019, the FPOE determinations may lapse, or NIRC may be excluded from an ongoing FPOE determination and will no longer be able to facilitate arrivals without prior approval.

Background

- A total of 33,750 arriving passengers were processed at the airport in 2017-18 and generated revenues of around \$3.4 million. With costs of \$2.3 million, about \$1 million per year will be available for debt servicing and future maintenance provision.
- NIRC submitted a Building Better Regions Funding application for an Airport Master Plan for Norfolk Island International Airport. The application was ineligible as strategic planning did not meet the eligibility criteria.

Sensitivities: Nil

Attachments: Nil

