



# **Annual Report 2010-11**



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## Letter of transmittal



Chairman  
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The Hon Anthony Albanese MP  
Minister for Infrastructure and Transport  
Parliament House  
CANBERRA ACT 2600

Dear Minister

A handwritten signature in cursive script that reads "Anthony".

### **Annual Report 2010-11**

On behalf of the Board of Airservices Australia, I am pleased to submit to you the Airservices Australia Annual Report for the financial year 2010-11.

The report has been prepared in accordance with the requirements of the *Air Services Act 1995*, the *Commonwealth Authorities and Companies Act 1997* and relevant Finance Minister's Orders.

The report outlines the achievements and milestones met by Airservices and includes a review of operations and financial statements for the year ending 30 June 2011.

Yours sincerely

A handwritten signature in cursive script that reads "David Forsyth".

David Forsyth  
Chairman  
29 September 2011

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connecting australian aviation



## Chairman's report

Each year for the past five years the Airservices Annual Report has focused on rebuilding this organisation which plays a vital role in the aviation industry both in Australia and in the Asia Pacific region.

This year, this work has continued against a background of generally improving conditions in the industry, driven in particular by the very large domestic demands for air travel from the growing resources industry.

While the long term projections for growth are bullish, the industry is still subject to the vagaries of the domestic and international economies and, as we have seen in the past year, natural disasters such as those in New Zealand, Japan and in Queensland have a large impact on the demand for air travel.

Airservices financial result for the year was an operating profit after tax of \$36.4 million. This resulted from higher revenue, a continuing program of cost reductions, asset valuation adjustments and higher depreciation as our asset base undergoes renewal. We also saw an overall increase in staff costs due to continuing investment in ongoing training, the provision of new services and remuneration increases.

Over the past few years the aim of both the Board and management has been to fix the foundations of Airservices and position it for the future so that it can increasingly add value to the industry.

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To support that 'value add' objective Airservices has developed a vision for 2020. Vision 2020 is about connecting Australian aviation to meet the significant challenges of matching steadily growing demand with the limited capacity of the aviation system. The organisation is ideally placed to play an important role in bringing the industry together and understanding the importance of working with communities affected by aviation, especially by aircraft noise.

Amid yet another busy year of rebuilding which the CEO details in his report, progress has been made on a number of important issues related to the government's Aviation White Paper.

The establishment of the role of Aircraft Noise Ombudsman has been widely acknowledged as helping to address the difficult issue of the impact of aircraft noise on communities which surround Australia's airports. The Ombudsman's role was established in September 2010 and while it reports to the Airservices Board, it has acted independently and has made a valuable contribution to improving Airservices noise management procedures.

A further White Paper initiative has been the joint acquisition of a next-generation harmonised air traffic system with Defence.

This is a complex project and has involved the development of close working relationships with our colleagues in the RAAF. Although still some years away from implementation, the benefits to Australia will be significant.

For the past several years I have thanked my fellow Directors for their contribution to this important organisation and this year is no exception. In particular I thank Robert Maher for

his contribution over two terms. His cool and clear judgement and advice will be missed. I also thank the Deputy Chair Dr Warren Mundy for his ongoing support to me and congratulate him on his reappointment to the Board for another three years. In particular I thank the CEO Greg Russell for his vision, leadership and drive which have enabled a remake of Airservices, rebuilt its infrastructure and advanced its management systems. His efforts have built the foundations for the future mentioned above. It has been a pleasure to work with him.

I also acknowledge the work of the management team and the staff. Their contributions are often unnoticed by the Australian travelling public. Every day these staff keep our national airways system operating safely.

My term as Chairman and Board member comes to an end in June 2012 and as a result this will be my last report as Chairman. I have enjoyed what (by then) will be seven and a half years as a member of this Board. As someone who has spent his working life in aviation, it has been a great opportunity to put something back into the industry through this very professional, capable and globally respected national organisation.



David Forsyth  
Chairman



## Chief Executive Officer's report

The process of rebuilding Airservices has continued during the year and is now becoming more visible as we see new control towers emerge, radars replaced at our major airports and new staff join the organisation.

I have a real sense that the foundations of Airservices are now in much better shape. We have embarked on an ambitious but deliverable capital expenditure program, we are well underway with the renovation of our people systems, our IT processes, our recruitment and training, and we are building a new workforce for the future.

While this 'foundation' work is critical, we have also begun to change the posture of the organisation. We have a clear strategic direction which will see Airservices much more closely involved in assisting the industry to realise greater efficiency from a national approach to improving Australia's airways system. This involves working with airlines and airports to implement collaborative decision making systems, improving airport capacity and to ensure that we work much more closely with local communities. In short, our new vision as we work towards 2020, is to 'connect Australian aviation'. This is an important opportunity for Airservices.

A major undertaking during this year was the development of a new five year pricing proposal in consultation with the industry and with the pricing regulator.

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Airservices has not adjusted its prices since mid-2008. When the last five year pricing agreement expired in 2009, the Board decided to freeze prices due to the impact of the global financial crisis until a new pricing proposal was developed and agreed in the second half of 2011. We also signalled our intention to develop a Services Charter so that our performance could be measured and that the organisation would become more accountable to its customers. This past year, work has continued on a new five year pricing proposal which has involved extensive consultation with industry and the pricing regulator. At the time of writing, this new pricing agreement is well developed and is likely to commence during the next few months. Over the next five years it will produce a price reduction in real terms of eight per cent.

An important development during the year has been the closer focus on the environmental aspects of aviation and in particular the issue of aircraft noise. The Board created a new Environment Committee and a separate Environment group was established. The challenges here are significant. Airservices is now represented on multiple Community Aviation Consultation Groups around the country and a major effort is underway to improve the way information about aircraft noise is communicated to the public and how complaints are handled. The work and the recommendations of the Aircraft Noise Ombudsman have been an important assistance to improving our approach to this difficult issue.

As the organisation prepares itself for what most likely will be a very challenging future, I should especially mention the considerable work that has occurred with respect to the Air Traffic Control Future Systems Program.

While this new system will not be commissioned until later this decade, the planning for this acquisition has focused on the demands which the aviation industry is likely to place on this organisation in the decades ahead and has been of great benefit as we developed our strategic direction for 2020.

It has been another very busy and rewarding year for Airservices and we would not have made the progress we have without the dedicated work of our people. I thank our Board, our management and our staff for the efforts they have made during the year.



Greg Russell  
Chief Executive Officer

# Corporate overview

01

## Our vision

To be a safe and efficient provider of air traffic management and aviation rescue and fire fighting services with an international reputation for excellence.

### Principal activities

Airservices is a statutory authority wholly owned by the Australian Government. It is responsible for providing safe and environmentally sound air traffic management and related services in the Australian flight information region (FIR) and, under contract with the governments of Solomon Islands and Nauru, in the upper airspace of the Honiara and Nauru FIRs.

Airservices provides communication, navigation and surveillance over 11 per cent of the world's surface. This includes the Australian FIR (see Figure 1) and international airspace over the Pacific and Indian Oceans.

The organisation delivers:

- en route and terminal air traffic services
- aeronautical data services, such as charts and departure and approach procedures
- management of airspace usage
- tower services at 28 airports
- aviation rescue and fire fighting services at Australia's 21 busiest international and domestic regular public transport airports
- environmental services
- management of the Australian national air navigation infrastructure.

Airservices manages more than three million flights each year, and maintains an asset base valued at over \$900 million, including 1067 buildings at 712 sites. A list of major air traffic control and aviation

rescue and fire fighting facilities is available at [www.airservicesaustralia.com](http://www.airservicesaustralia.com)

Customers and stakeholders include airlines, the general aviation industry (including sport and recreational flyers), the Australian military and airport owners.

Airservices is a world leader in the adoption of technologically advanced communication, navigation and surveillance systems. It works with the International Civil Aviation Organization (ICAO), the Civil Air Navigation Services Organisation (CANSO) and the International Air Transport Association (IATA), as well as foreign air navigation service providers, to share information and advances in aviation technology, to plan for the future and to improve global aviation safety standards.

The organisation works closely with other Australian Government organisations, particularly those concerned with aviation safety, regulation, and search and rescue. These include the Bureau of Meteorology, Department of Infrastructure and Transport, the Department of Defence, the Civil Aviation Safety Authority (CASA), the Australian Transport Safety Bureau (ATSB) and the Australian Maritime Safety Authority.

Airservices has taken a leading role in reducing the impact of aviation on the environment. This action includes the creation of international partnerships that aim to reduce aircraft fuel burn and greenhouse gas emissions.

## Enabling legislation, objectives and functions

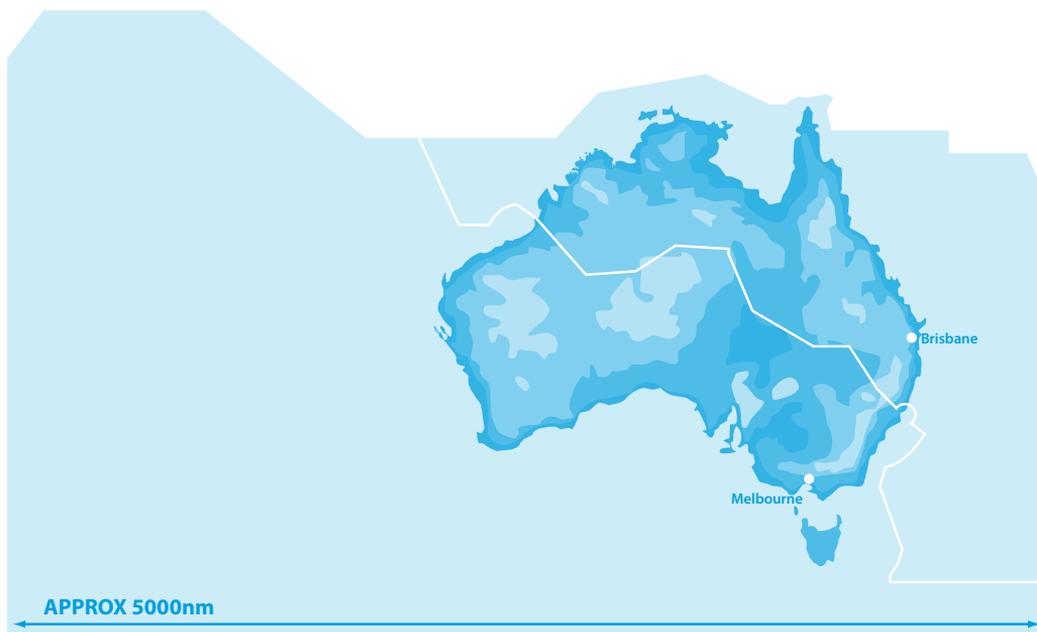
Airservices operates under the *Air Services Act 1995* (Air Services Act) and is also subject to the *Commonwealth Authorities and Companies Act 1997* (the CAC Act).

Under the Air Services Act, the organisation is responsible for:

- providing facilities for the safe navigation of aircraft within Australian-administered airspace
- promoting and fostering civil aviation in Australia and overseas
- providing air traffic services, aviation rescue and fire fighting services, and aeronautical information, radio navigation and telecommunications services to give effect to the Chicago Convention or for purposes relating to the safety, regularity or efficiency of air navigation
- cooperating with the ATSB in investigations of aircraft accidents and incidents
- acting to protect the environment from the effects of or effects associated with the operation of Commonwealth jurisdiction aircraft or other aircraft, inside or outside Australia
- performing functions prescribed by the regulations in relation to the effects of and effects associated with the operation of Commonwealth jurisdiction aircraft
- performing any functions conferred under the *Air Navigation Act 1920* or the *Aviation Transport Security Act 2004* or by regulation
- providing consultancy and management services relating to any of the above matters
- providing other services and facilities to use spare corporate capacity or to maintain or improve the skills of the organisation's employees.

In the day-to-day performance of Airservices functions, the organisation is subject to and

**FIGURE 1** Australian Flight Information Region



empowered by a range of other legislation (a full list is available at [www.airservicesaustralia.com](http://www.airservicesaustralia.com)).

## Annual reporting requirements and responsible minister

Airservices is accountable to the Australian Parliament and to the government through the Minister for Infrastructure and Transport, the Hon. Anthony Albanese MP. Under the Air Services Act and section 9 of the CAC Act, the Airservices Board must provide an annual report for tabling in Parliament. The report has been prepared in accordance with the Air Services Act, the CAC Act and the Finance Minister's Orders.

## Corporate structure

As part of a continuous improvement process, Airservices made two major changes to its business structure during 2010–11. Airservices established the Environment group on 25 October 2010 to reflect a greater focus on our environmental obligations. Accountabilities for audit and assurance functions were transferred to the Safety and Assurance group to streamline reporting and governance within the organisation.

The Environment group is responsible for the development of environmental policy and strategies that enable environment management standards and systems to be integrated into Airservices operations and business objectives.

A new specialist branch within the group, Community Relations, is responsible for liaising with, educating and assisting the community on aircraft noise issues.

Airservices now operates through the following business groups:

- Air Traffic Control
- ATC Future Systems
- Aviation Rescue and Fire Fighting
- Corporate and International Affairs
- Corporate Finance
- Environment
- People and Change
- Safety and Assurance
- Technology and Asset Services.

The managers of the business groups form the Executive Committee, which reports to the Chief Executive Officer (CEO) on operational matters and are responsible for formulating strategies and policies for Board consideration. At 30 June 2011, Airservices employed 3,853 permanent staff across Australia. This number has grown from June 2010 largely due to the introduction of new services and an increase in the recruitment of new trainees.

Airservices workforce includes specialists in air traffic control, aviation rescue and fire fighting, engineering, technical services, information technology, human resource management,



communications, legal services, security, safety, environment, financial management and administration. Appendix 6 includes staffing statistics.

## Corporate governance

Airservices is governed by a Board appointed by the Minister for Infrastructure and Transport. The Board is committed to best practice in corporate governance and regularly reviews its corporate governance arrangements.

### The Board

The Airservices Board consists of a Chairperson, a Deputy Chair, the CEO and six other non-executive Directors. Directors are appointed by the Minister on a part-time basis, and the CEO is appointed by the Board.

The Board is accountable for deciding the objectives, strategies and policies to be followed by Airservices and for ensuring that it fulfils its statutory functions in a proper, efficient and effective manner.

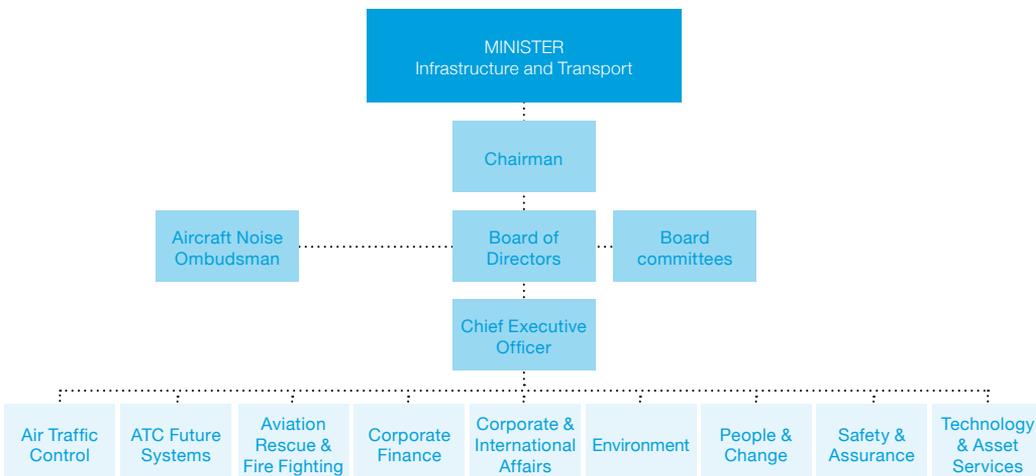
The Board delegates responsibility for the management of the organisation to the CEO. The Board conducts a formal evaluation of its own performance and the performance of its committees on a regular basis. Further information on Board membership is in Appendix 1.

### Board committees

The Airservices Board has four committees. Any member of the Board may attend committee meetings.

The **Audit and Risk Committee** assists the Board in monitoring the maintenance of an effective system of risk management and internal controls, including an extensive audit program. It assures the objectivity and reliability of financial reports, and helps to ensure that Airservices and its Directors comply with all applicable legislative and other government obligations. This includes obligations under the CAC Act. Membership consists of up to four non-executive Directors. The Board Chairman is an ex officio member of the committee.

FIGURE 2 Airservices Australia business structure at 30 June 2011



Note: Following the Federal election of September 2010, the portfolio was renamed Infrastructure and Transport.

The **Safety Committee** assists the Board in ensuring that Airservices is compliant with all safety-related legislation, government and Board policies, and meets its safety, occupational health and security responsibilities. Its membership consists of up to five non-executive Directors and the Board Chairman and CEO, who are ex officio members.

The **Environment Committee** assists the Board in ensuring that Airservices is compliant with all environment-related legislation and government and Board policies and is meeting its environmental responsibilities. Its membership consists of up to four non-executive Directors and the Board Chairman and CEO, who are ex officio members.

The **Remuneration Committee** recommends remuneration for the CEO after consultation with the Commonwealth Remuneration Tribunal and reviews the CEO's performance and succession. The membership of the Remuneration Committee comprises the Board Chairman, as Committee Chairman, one other non-executive Director and, as appropriate, the CEO.

Meeting attendance and membership information for each Board committee is shown in Appendix 1.

## Ethical standards

Airservices issues Board-endorsed policies, CEO management instructions and other policies and procedures to inform staff about required ethical standards. As a condition of employment, all staff must comply with a code of conduct when acting in the course of their employment. The code includes principles to guide the behaviour of employees and describe how issues such as conflicts of interest should be handled.

Airservices has in place an internal Ethics Hotline to allow issues of an ethical nature to be raised and addressed constructively.

**TABLE 1** Members of the Executive Committee as at 30 June 2011

Mr Greg Russell	Chief Executive Officer
Mr Andrew Clark	Chief Financial Officer
Mr Jason Harfield	General Manager Air Traffic Control
Mr Peter Ward	General Manager People and Change
Mr Alastair Hodgson	General Manager Technology and Asset Services
Mrs Michelle Bennetts	General Manager Environment
Mr Stephen Angus	General Manager Safety and Assurance
Mr David Byers	General Manager Corporate and International Affairs
Mr Andrew Rushbrook	General Manager Aviation Rescue and Fire Fighting
Mr Mark Rodwell	General Manager Air Traffic Control Future Systems

## Ethics Committee

Disclosures received by the Ethics Hotline will be passed to the Ethics Committee, the chairman of which is the disclosure officer within Airservices. The committee will keep the CEO informed and report regularly to the Board. The Ethics Committee comprises of:

- Chief Auditor (Chair)
- General Counsel
- Manager, Security
- General Manager, People and Change.

## Risk management

Airservices is committed to best practice risk management and regards it as integral to effective corporate governance. The organisation's risk management policy is supported by the Board-endorsed Risk Management Framework, which sets out the requirements for risk management throughout Airservices.

Managers are accountable for identifying and managing risks within their areas of responsibility. They must ensure that they are kept informed of how those risks are being managed, and report those risks regularly to the CEO.

The CEO reports regularly to the Board. General Managers report to the relevant Board committees on initiatives to maintain and improve the organisation's risk management system.

## Strategic direction

The Minister's Statement of Expectations (Appendix 4), for the period 1 July 2010 to 30 June 2011, outlines the government's expectations concerning the operations and performance of Airservices. Airservices Statement of Intent (Appendix 5) and corporate plan respond to the government's expectations

by identifying the organisation's key strategic priorities and key deliverables.

Airservices produces an annual corporate plan in accordance with the Air Services Act and the CAC Act. The plan outlines the organisation's operating environment and its corporate and financial strategies, specifies the targets to be achieved, and sets out the benchmarks and key performance indicators used to measure performance.

The Airservices Corporate Plan for the period from July 2010 to June 2015 was presented and approved by the Minister for Infrastructure and Transport in November 2010. Airservices provided quarterly reports to the Minister against the corporate plan as well as quarterly reports to industry on progress against the newly released Services Charter 2010–11. This charter enables customers and the public to monitor Airservices performance against key industry priorities and projects.

The Corporate Plan, Services Charter and Quarterly Reports to Industry are available on Airservices website [www.airservicesaustralia.com](http://www.airservicesaustralia.com)

## Adverse effect of non-commercial commitments

No non-commercial commitments were recorded during the 2010–11 financial year.



# Review of operations

02

## Operational results

This section reports 2010–11 operational results against the Airservices Corporate Plan for two operational groups – Air Traffic Control (ATC) and Aviation Rescue and Fire Fighting (ARFF) – supported by Technology and Asset Services and six business groups.

Airservices is an internationally recognised leader in safety, innovation and environmental performance and to create greater value for industry, stakeholders and the community.

During 2010–11, each business group aimed to meet three strategic priorities for the short, medium and long terms:

- **Delivering excellent core performance:** continuing to meet regulatory and legislated obligations and to improve the quality and cost-effectiveness of services.
- **Building a high-achieving organisation:** developing people, leadership and capabilities to meet industry needs.
- **Delivering the future:** meeting the challenges of the future through the implementation of new technology while minimising the effect of aircraft operations on the environment.

The Corporate Plan 2010–2015 outlined strategic objectives and performance measures for each of these areas, along with initiatives and programs to achieve the objectives. Reporting against Airservices key performance indicators can be found in Table 3 on pages 18–21. The organisation's strategic objectives support the Australian Air Traffic Management Strategic

Plan and the Global Air Traffic Management Operational Concept of ICAO.

## 2010–11 financial results

Operating profit after tax was \$36.4 million. A final dividend for 2009–10 of \$15 million was paid in February 2011. An interim dividend for 2010–11 of \$10 million was paid in June 2011.

The after-tax return on average equity was 9.5 per cent, which was 1.1 per cent below target.

During the financial year Airservices invested \$191.6 million in its capital expenditure programme.

### Income

Total income for the year increased by 2.3 per cent to \$824.6 million, compared to \$806.4 million in the previous year. Gross airways revenue grew by 6.6 per cent across the year. Net airways revenue was \$795 million after industry rebates of \$41.9 million. The rebates will be credited to customers in the first half of 2011–12.

### Expenses

Overall expenses rose by 6.3 per cent to \$772.7 million. Employee costs increased by \$26.7 million, mainly due to higher staffing levels and remuneration adjustments. Supplier expenses increased during the year by \$4.1 million as a result of greater occupancy and project costs. There was an increase of \$18.9 million

in depreciation and amortisation following the commissioning of significant assets under the capital works program.

## Ministerial directions

### 1996 – Handling of aircraft noise complaints

Airservices dedicated Noise Enquiry Unit provides information about noise complaints. Airservices created a Community Relations section on 25 October 2010 within its Environment group to liaise with Airport consultative forums and communities impacted by aircraft noise. Airservices has also agreed to implement all 18 recommendations in the initial report of the Aircraft Noise Ombudsman (refer to [www.ano.gov.au](http://www.ano.gov.au) for more detail).

### 1997 – Sydney Long Term Operating Plan

Airservices continues to provide air traffic management in Sydney under the provisions of the Long Term Operating Plan (LTOP) which seeks to provide a safe and efficient air traffic environment while minimising, as much as possible, noise intrusions on surrounding

suburbs. Airservices continues to closely monitor and report on LTOP operations via its website.

### 1999 – Responsibilities in relation to the environmental effects of aircraft

Airservices promotes high quality environmental practices in regard to aircraft operations and is working closely with airlines and airports. The introduction of new technologies will deliver benefits in safety and efficiency and savings in fuel, time and emissions. Airservices continues to provide noise and flight path monitoring systems and the Noise Enquiry Unit to provide information to the public on noise issues.

### 2004 – Provision of approach radar services at specific airports

Ten airport locations are subject to this direction. In July 2010, CASA completed a safety assessment of these locations and found no immediate safety concerns. Airservices released a plan for the phased implementation of enhanced surveillance and air traffic management services at these locations for industry consultation. The first of these enhancements occurred in Tasmania in early June 2011.

**TABLE 2** Ministerial directions still current from previous financial years

Calendar year	Date of issue	Subject
1996	29 May	Handling of aircraft noise complaints at Sydney and other federal airports
1997	30 July	Progressive implementation of Sydney Long Term Operating Plan
1999	3 May	Responsibilities in relation to the environmental effects of aircraft
2004	31 August	Provision of approach radar services at specific airports

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## Significant changes in the state of affairs during the financial year

### Changes to legislation

Changes were made to the *Freedom of Information Act 1982* in 2010–11. These changes required Airservices to publish a range of information on its website as part of an Information Publication Scheme. Changes were also made to the Occupational Health and Safety (Safety Standards) Regulations 1944. More information can be found on page 101.

### Regulatory changes

On 18 November 2010, Airservices commenced new air traffic control services at Broome and Karratha airports as a result of changes by CASA to airspace classifications at these aerodromes. During 2010–11, changes were also made to Avalon airspace to establish the aerodrome as a Class D control zone, with an overlying Class E control area and associated Class E steps.



**TABLE 3** Key performance indicators against our Corporate Plan and Services Charter (refer to page 15)

Performance measure	Purpose and definition	3-year average per annum to 2010–11	2010–11 target	2010–11 actual
<b>Safety</b>				
Air traffic service (ATS) attributed en route breakdowns of separation rate	ATS attributed number of en route breakdowns of separation per 100,000 flight hours  (12-month moving average)	1.06	<1.25	1.26 <sup>1</sup>
ATS attributed terminal area breakdowns of separation rate	ATS attributed number of terminal area breakdowns of separation per 100,000 movements  (12-month moving average)	0.98	<1.50	1.00
ATS attributed tower breakdowns of separation rate	ATS attributed number of tower breakdowns of separation per 100,000 movements  (12-month moving average) excluding GAAP towers	0.56	<1.50	0.21
OHS incident rate	Occurrences per 100 staff per month	New KPI	<0.20	0.62 <sup>2</sup>
Serious personal injury	Number of medically treated injuries per 1,000,000 hours worked	New KPI	0	1.12 <sup>3</sup>
<b>Environment – organisation</b>				
Energy	Percentage reduction in Airservices annual energy use by normal operations	New KPI	2%	14% increase <sup>4</sup>
Water	Percentage reduction in Airservices annual water use by normal operations	New KPI	2%	10% increase <sup>5</sup>

1. Incidents have been reviewed and no systemic causes identified. A range of actions have been put in place to address this trend.
2. 69 reportable incidents occurred, including three notifiable to Comcare. The result reflects Airservices positive reporting culture. Incidents are actively investigated to prevent recurrence.
3. The result includes three unrelated incidents – a vehicle accident, an incident relating to a prior medical condition and an incident in which an individual was hit by a moving object.
4. Available data relates only to electricity consumption. The increase in consumption is aligned with the expansion of Airservices worksites and major capital expenditure program.
5. The increase in consumption is aligned with the expansion of Airservices worksites and major capital expenditure program.

Performance measure	Purpose and definition	3-year average per annum to 2010–11	2010–11 target	2010–11 actual
<b>Air navigation services</b>				
Air navigation service availability	Hours of service availability as percentage of total hours of coverage	99.69%	>99.90%	99.99%
Percentage restoration times met	Percentage of systems/ equipment faults and failures fixed within agreed timeframes	96.00%	95.00%	95.90%
ATS attributable flight delays	Number of ATS attributable flight delay events (where the delay is greater than 10 minutes)	New KPI	<28	4
ATS attributed runway incursions	Number of ICAO class A or B Airservices ATS attributable runway incursions	0.67	0	1 <sup>6</sup>
<b>Aviation rescue and fire fighting</b>				
ARFF operational preparedness	Percentage of time ARFF resources were available to meet required capacity according to the regulated ARFF service category (level) for the aerodrome	99.86%	99%	99.92%
ARFF responsiveness	Percentage of total responses to aircraft incidents on the aerodrome movement area within three minutes	99.59%	100%	99.39% <sup>7</sup>

6. This KPI was readjusted downwards from a target of less than three runway incursions per annum to zero in 2010–11.

7. There were two ARFF responses during 2010–11 that fell outside the three minute response time for operational reasons. Procedures were reviewed after both incidents.

## 02 Review of operations

Performance measure	Purpose and definition	3-year average per annum to 2010–11	2010–11 target	2010–11 actual
<b>Noise</b>				
Complaints	Number of complainants per 100,000 movements	New KPI	2% reduction	23% reduction <sup>8</sup>
Consultation	Number of procedural changes implemented without consultation	New KPI	0 (excluding those implemented to address immediate safety issues)	0
Noise abatement	Adherence to noise abatement procedures at controlled aerodromes	New KPI	90%	84.21% <sup>9</sup>
Aircraft noise NEU	NEU compliance to prescribed response times for complaints and enquiries	New KPI	95% compliance	97.93%
<b>Emissions</b>				
CO <sub>2</sub> emissions	Annual improvement in overall fuel efficiency	New KPI	2% reduction	N/A <sup>10</sup>
Fuel use	Increase participation in ASPIRE	New KPI	2 new participants	1 <sup>11</sup>
Aircraft holding	Percentage reduction in total airborne holding delay	New KPI	10% reduction	Avg 1% increase per month <sup>12</sup>
Continuous Descent Arrivals	Percentage of Required Navigation Performance (RNP) approaches provided for RNP capable flights at those aerodromes where RNP has been implemented after community consultation in accordance with Airservices Consultation Protocol	New KPI	55% provision	N/A <sup>13</sup>

8. The KPI is calculated using annual flight movement figure for 2009–10.

9. The reported result represents the percentage of jets able to avoid using the least preferred runway option at controlled aerodromes excluding Sydney. The target was not met due to the prevailing wind conditions at Brisbane Airport during the year preventing the expected use of this runway option at that airport. Sydney procedures are accounted for separately due to the noise sharing impacts of the Long Term Operating Plan (LTOP) and use of Simultaneous Opposite Direction Parallel Runway Operations (SODPROPS).

10. This is a new KPI with measurement tools being developed to allow reporting in future years.

11. The ASPIRE program has moved away from a focus on formal partnership agreements to one of inviting participation from all airlines and like minded ANSPs.

12. Projects designed to alleviate airborne holding, including Collaborative Decision Making (CDM) and Airport Capacity Enhancement (ACE) were anticipated to be implemented in 2010–11 but have been delayed until 2011-12.

13. Airservices is currently reviewing its Performance Based Navigation and Required Navigation Performance implementation plans, both of which are enablers for Continuous Descent Arrivals.

Performance measure	Purpose and definition	3-year average per annum to 2010–11	2010–11 target	2010–11 actual
Flexible Routes	Percentage of flexible routing accessible to long haul international flights	New KPI	10% increase	N/A <sup>14</sup>
<b>People</b>				
Employee initiated separation	Cumulative number of employee initiated separations per year as a percentage of the Airservices workplace	4.49%	<6%	4.60%
Employee engagement	Percentage increase in employee engagement from the previous year	4.00%	>5%	5% <sup>15</sup>
<b>Financial</b>				
Percentage earnings before interest & tax/revenue	Earnings before interest and income tax as a percentage of total revenues	12.01%	10.3%	7.8%
Regulated Return on Assets	Regulatory earnings as a percent of regulated fixed assets	9.51%	8.9%	6.2%
<b>Stakeholders</b>				
Stakeholder satisfaction	Percentage of key stakeholders across international and domestic airlines, airports, government agencies and key industry bodies who are satisfied to very satisfied with their relationship with Airservices and Airservices service delivery	84.00%	>75.00%	84.00%

14. Proposed calculation methodology is being reviewed.

15. Employee engagement increased from 55% in 2009–10 to 60% in 2010–11.

## Delivering excellent core performance

Strategic work aimed at maintaining core performance included initiatives to strengthen safety, minimise Airservices environmental footprint and support investment in infrastructure. The organisation continued to improve the quality and cost-effectiveness of its services.

## Delivering world-class safety performance

Airservices is an international leader in the continuous improvement of safety performance.

### Safety management

Airservices is in the third year of implementing a long-term safety plan that ensures services and projects are delivered in a manner in which safety benefits are fully realised. Key initiatives delivered in 2010–11 include:

- the enhancement of incident investigation processes and services
- progress on the establishment of national and local runway safety teams at all towered locations
- development of a whole of organisation Fatigue Risk Management System
- enhancements to the Airservices Enterprise Risk Management system
- contributions to improvements in global safety standards under ICAO and CANSO
- significant efforts to enhance regulatory compliance

- preparation for a new automated safety incident reporting system
- hosting airline safety forums and local pilot nights at ATC facilities
- working with CASA to reduce the risk associated with runway operations and infringements of controlled airspace.

### Key safety-related projects

Airservices has continued to make progress on a range of key safety-related projects.

Agreement was reached with the Indonesian Directorate General of Civil Aviation (DGCA) in September 2010 to exchange Automatic Dependent Surveillance Broadcast (ADS-B) data.

Four Indonesian ground stations were added to the Australia ADS-B network in February 2011, enhancing safety across the FIR border.

A new communications data link between Port Moresby and Brisbane was commissioned in March 2011. The project was jointly funded with PNG Air Services Limited and designed, engineered and commissioned using expertise from both organisations. The new link allows Australian air traffic controllers to reliably communicate and coordinate aircraft movements with their PNG counterparts and considerably enhances aircraft safety in the region.

Airservices is continuing to install the Advanced – Surface Movement Guidance and Control System (A-SMGCS) at airports around the country.

A-SMGCS gives surface movement controllers the ability to see and identify every aircraft and vehicle across all runways and taxiways. Brisbane and Perth are the next airports to receive the technology. Partial equipment installation at Brisbane has commenced while planning is underway for implementation in Perth in early 2012.

## Safe and healthy workplace

Health and safety is a critical component of Airservices safety program.

### Work health and safety

The second phase of Airservices Workplace Safety Strategy, 'Home Safe', is helping managers and staff manage occupational health and safety (OHS) risk in a systematic way. This strategy aims to reduce the number of serious personal injuries to zero by 2012. This year, the focus has been on reducing the risks associated with body stress injuries, construction activities and potential for chemical exposure such as asbestos.

The body stress prevention program includes efforts to reduce the likelihood of injury from manual tasks and computer screen-based work.

Airservices has also implemented a whole-of-organisation program focused on asbestos contained in buildings and infrastructure. Under this program, asbestos-containing materials are identified and removed during maintenance activities and other projects, with rigorous risk controls in place to protect staff and contractors.

### Fatigue risk management system

Airservices has had a fatigue risk management system (FRMS) in place for a number of years which has been focused on air traffic controllers. Work continued in 2010–11 on improving the system and preparing for the roll-out of a new FRMS to all employees during 2011–12.

Airservices FRMS provides a requirement for air traffic controllers to have a minimum 10 hour break between shifts. Airservices operations are regularly audited by CASA to ensure all procedures, including fatigue management, are in accordance with CASA standards.

## Environmental initiatives

Airservices is working closely with the aviation industry and the community to reduce the environmental impacts of aviation wherever possible. It is involved in a number of projects focussed specifically on reducing noise and emissions.

### Environment strategy

The Airservices Environment Strategy 2011–2016 was developed in response to the organisation's increasing focus on environmental issues and to address stakeholder and community expectations.

Airservices Environment Action Plan and Status Report is being developed to explain how the organisation will deliver its environment strategy. The document links the environment strategy to Airservices corporate plan and business group plans. It reports on improvement activity to date, impending milestones and anticipated benefits of changes.

The Environment Action Plan and Status Report will be based on meeting environmental goals in the areas of services, infrastructure, people and processes. Key initiatives have been highlighted for completion next year. The Action Plan and Status Report is influenced by CANSO, ICAO, industry partners, government policy, and the Aircraft Noise Ombudsman.

### Environmental modelling

Airservices is developing enhanced tools for assessing the environmental impact of proposed changes to airspace, routes and

procedures, including noise and emissions modelling capability.

Initiatives underway include additional short-term noise monitoring capability, enhancements to WebTrak and the acquisition of a noise visualisation toolkit that will support community consultation.

### **Flextracks**

Airservices developed flextracks to deliver a benefit to the industry by offering a number of fuel efficient route options to airlines.

Flextracks allow aircraft to use prevailing winds to their advantage. These short term fixed routes can then be used by many aircraft to achieve optimal environmental outcomes.

A new daytime Sydney to Singapore flextrack was introduced on 1 July 2010. Aircraft taking advantage of the improved services have reported significant fuel and flight-time reductions.



User preferred routes between Melbourne and Auckland were launched in June 2011 with Airways New Zealand. These routes allow airlines to fly optimised routes by taking advantage of prevailing wind patterns, delivering shorter flight times and reduced fuel consumption and greenhouse gas emissions.

### **Flexible use of airspace**

In November 2010, Airservices changed the way restricted areas are advised to industry. Civil aircraft can now benefit from more certainty when planning their operations with the introduction of flexible use of airspace (FUA). FUA allows the use of military airspace by civilian aircraft when the area is not in use by the Department of Defence.

### **Precision-based navigation**

Airservices is trialling the use of a satellite-based precision approach and landing system at Sydney Airport as a future replacement of current instrument landing systems (ILS). The ground-based augmentation system (GBAS) is a component of Australia's next-generation air traffic management infrastructure and will help better manage airport delays, aircraft fuel burn and noise.

In early 2010, the world's first and only GBAS to receive US Federal Aviation Administration (FAA) system design approval, the Honeywell SLS-3000 SmartPath precision landing system, was installed at Sydney Airport. Acceptance testing of the new system is due to occur in August 2011 before a three month evaluation trial involving Qantas, Virgin Australia and Emirates.

### **Required Navigation Performance**

Required Navigation Performance – Authorisation Required (RNP-AR) approaches and departures allow suitably equipped aircraft to fly defined vertical and lateral paths. This provides the opportunity to make air travel more dependable and efficient while at the same time increasing

safety and reducing the impact of aviation on the environment and on communities around airports.

The trial of RNP approaches and departures using existing flight paths at 17 airports across Australia has continued throughout 2010–11 with aircraft from Qantas, Jetstar and Air New Zealand. Australian trials are supervised and approved by CASA.

Airservices is working to make RNP-AR procedures available on a permanent basis at some Australian airports subject to appropriate community engagement.

## **ASPIRE / INSPIRE**

The Asia and South Pacific Initiative to Reduce Emission (ASPIRE) is a joint initiative which aims to lessen the environmental impact of aviation in the region by taking advantage of technological innovation and best practice air traffic management. The ASPIRE partners are Aerothai, Airservices, Airways New Zealand, Civil Aviation Authority of Singapore, the US FAA and Civil Aviation Bureau of Japan.

Under the program, Airservices, Airways New Zealand and Aerothai collaboratively used technological innovation and best practice air traffic management during a demonstration flight from Bangkok to Auckland in May 2011. The demonstration flight also marked the entry of Aerothai into the ASPIRE partnership. Airservices is also heading a second collaborative environmental air traffic management initiative – the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE).

The INSPIRE partners include the Airports Authority of India, South Africa's Air Traffic and Navigation Services, the United Arab Emirates General Civil Aviation Authority and Oman's Directorate General of Meteorology and Air Navigation.

This initiative aims to expand the air traffic management (ATM) processes and technology pioneered by ASPIRE across the Indian Ocean. A draft INSPIRE strategic plan was formulated during the financial year and signed between partner agencies in March 2011. The first INSPIRE demonstration flight involving South African Airways took place between Perth and Johannesburg on 10 March 2011.

## **Use of fire fighting foam**

During the year, Airservices ceased the use of traditional fire fighting foam containing fluorosurfactants at civilian aerodromes. A new environmentally-friendly foam product is now used. As part of a broader environmental management plan, testing for fluorosurfactants began at current and former fire stations and training grounds. This work is ongoing.

## **Ecologically sustainable design**

During 2010–11, Airservices continued construction of new air traffic control towers in Melbourne, Adelaide and Rockhampton, and a combined fire station and control tower in Broome. These projects involve the design and construction of new towers and the demolition of redundant facilities. The project will also introduce a blueprint for a nationwide program centred on a standardised approach to tower construction and fit-out. The towers are designed with a minimum building lifespan of 20 years. The project will deliver infrastructure with ecologically sustainable design features. This is demonstrated in the design of the Broome tower, where rain water is collected for irrigating the landscape and cleaning vehicles.

## **Supporting government policy**

During 2010–11, Airservices provided advice to the government on a range of issues including noise, aviation growth, the environment and long-term pricing.

## National Aviation Policy White Paper initiatives

Airservices contributed to the advancement of a number of National Aviation Policy White Paper objectives during 2010–11. This included establishment of the Aircraft Noise Ombudsman in September 2010 and completion of a 'Joint Operational Concept Second Edition' with the Royal Australian Air Force (RAAF) as part of the initiative to harmonise civil and military air traffic management.

A review of terminal navigation pricing options was also completed during the year.

Airservices provided assistance to neighbouring air navigation services providers to improve air traffic management systems and capability in the region.

## Sydney Airport maximum movement limit

During 2010-11, there were eight occasions where aircraft movements at Sydney Airport exceeded the legislated maximum movement limit of 80 runway movements per regulated hour (the cap). The Slot Management Scheme 1998, administered independently by Airport

Co-ordination Australia Pty Ltd, is intended to support compliance with the cap by scheduling (or spreading) gate movements more evenly within hours to assist with minimising possible congestions on the airfield and within the terminals.

Airservices has introduced temporary measures to limit the arrival and departure movement rates at Sydney Airport during specific periods to reduce the risk of the cap being exceeded in the future. This includes the introduction of a movement monitor in the air traffic control tower. Airservices is also undertaking other work with industry to ensure compliance with the maximum movement limit.

## Aircraft Noise Ombudsman

The office of the Aircraft Noise Ombudsman (ANO) began operations on 1 September 2010 with the appointment of Mr Ron Brent to the position. The ANO's Annual Report is included at Appendix 8.

Airservices is reviewing the operations and practices of the noise enquiry service in light of the ANO's recommendations and is developing a service plan for the future. Whilst that review is underway, a number of changes have been



implemented that have already contributed to improvements in complaints handling.

Other changes include developing publicly available information sources about aircraft noise and operations. This includes procedures to improve cross-agency coordination and enhance relationships with the community.

In 2010–11 Airservices modified its WebTrak service to display more historical data about noise and operations. The databases used by the NEU were modified to enable more effective recording and management of complaints.

### **Civil–military harmonisation**

Airservices has continued to work closely with the RAAF on harmonisation of civil and military air traffic management systems. A joint Request for Information for a new air traffic management system was conducted between May and September 2010.

The Australian Civil–Military Air Traffic Management Committee (AC-MAC), which oversees harmonisation activities between Airservices and Defence, met regularly during the year. A Joint Operational Concept Second Edition was finalised.

In late 2010, AC-MAC established a Future Leaders program to foster mutual awareness between Defence and Airservices and ensure continuity of initiatives over the long term. Work also continued on exploring joint development and use of training staff and facilities, including opportunities for future common technical and possibly operational training.

RAAF and Airservices are also now issuing a common diploma of air traffic control. The first achievement within this wider training agenda was the agreement in June 2011 of a surge training agreement. This agreement allows for the sharing of spare training capacity and resources.

### **Annual stakeholder survey**

Airservices continued its strong focus on the implementation of improved stakeholder engagement with major airports, airlines and government. The annual stakeholder satisfaction survey was conducted in September 2010 and the proportion of stakeholders who indicated that they were either satisfied or very satisfied with their relationship with Airservices increased to 84 per cent from 82 per cent in 2010.

### **Waypoint 2011**

In June 2011, Airservices hosted its annual industry forum ‘Waypoint’, attracting almost 200 key stakeholders, including representatives of airlines, airports, defence and government.

### **International engagement strategy**

International engagement continued to be pursued throughout the year to support the government’s widening safety agenda and strategic regional leadership goals. Productive relationships have been built with peak associations, air navigation services providers and relevant agencies to develop, standardise and implement international rules and regulations relating to the provision of air traffic management.

Collaborative work with counterpart air navigation service providers including Airways New Zealand and UK NATS continued through the year. The Briefing and NOTAM Joint Operations (BANJO) program is a major activity being undertaken within the regional seamless airspace initiative between Australia and New Zealand.

### **Civil Air Navigation Services Organization (CANSO)**

Airservices is a founding member of CANSO, the worldwide organisation representing the industry - both air navigation services providers

and industry suppliers. Airservices CEO Greg Russell is Vice-Chairman of CANSO's Executive Committee, which provides guidance on CANSO's strategic vision and global programs. Mr Russell has continued as Chairman of the Asia-Pacific CANSO CEO Committee.

Airservices is an active member on the CANSO Operations standing committee, Safety standing committee, Environment working group, and Seamless Airspace working group.

### **International Civil Aviation Organisation**

ICAO endorsed a new aircraft height-keeping monitoring methodology, using ADS-B data, in June 2011. This methodology is a world first and results from significant joint research and collaboration between Airservices and the US FAA over the last three years. It will provide a cost-efficient method for operators of aircraft approved for reduced vertical separation minimum (RVSM) operations to meet their monitoring obligations and significantly enhance Airservices capability to assess airspace risk in the en route environment. Airservices, through its ICAO designated monitoring agency, the Australian Airspace Monitoring Agency (AAMA), has begun implementation of the new methodology in all Australian airspace and intends extending its use to other airspace that it currently monitors such as Indonesia and Papua New Guinea.

### **International capacity building**

Airservices continued to foster safety in the region and worked with neighbouring countries to improve air traffic management and related services.

### **Papua New Guinea**

In March 2011 Airservices signed an updated annex to its MOU with Papua New Guinea Air Services Limited (PNGASL). Work with PNGASL

has included support for their bid for Asian Development Bank funding to revitalise PNG's air navigation infrastructure.

In February 2011, with the assistance of the Department of Infrastructure and Transport and AusAID, Airservices donated 11 surplus aviation fire vehicles to the Papua New Guinea National Airports Corporation and provided training in the use and maintenance of the vehicles.

### **Indonesia**

Following the announcement of an extension of the government's Indonesia Transport Safety Assistance Package (ITSAP) in mid 2010, Airservices signed a new agency agreement with the Department of Infrastructure and Transport in 2011. Completed ITSAP activities include the joint development of an Airways Change Management Manual with Indonesia's Directorate General of Civil Aviation and delivery of training for operational air traffic controllers.

### **Financial platform**

The prices for Airservices core airways services are subject to the price notification provisions of the *Competition and Consumer Act 2010*. Any increase in prices must be notified to the Australian Competition and Consumer Commission (ACCC) for its review. In 2005, Airservices set its prices with airlines and other customers using a five-year long term pricing agreement (LTPA). Prices were frozen at the end of the agreement period to assist the industry adjust to market volatility associated with the global financial crisis.

The development of a new LTPA continued during 2010–11. Airservices released a draft pricing proposal to industry in December 2010 and submitted a draft price notification to the ACCC in March 2011.

## Building a high achieving organisation

In 2010–11, Airservices efforts to build a high achieving organisation focused on meeting customer expectations and embedding a culture of continuous improvement.

### Delivering excellent, cost effective services

Airservices is committed to delivering safe, customer-focused, efficient and environmentally responsible air navigation and aviation rescue and fire fighting services.

#### National Operations Centre

Airservices National Operations Centre in Canberra provides a centralised platform for the delivery of air traffic flow management in a collaborative environment. In 2010–11, the centre continued to develop processes for managing demand and capacity imbalances. A new system is being developed to enhance the centre's capability with planned expansion to include flight briefing as well as collaborative decision-making improvements. Collaborative decision-making has the potential to improve air traffic management through better sharing of information and data between airlines, airport operators, ground handlers and air traffic control.

During June 2011, a volcanic ash cloud from Chile made its way across the Australian continent, causing major disruption to domestic and international flights. The centre and air traffic controllers worked closely with airlines and airports to minimise the impact. We continued to

provide full air traffic control services to aircraft which operated under and around the ash cloud. Airservices also provided regular updates to the public on the status of the national air traffic network via its website and media activities.

#### Services Charter

Airservices Services Charter 2010–11 was released to industry in December 2010. The charter is among the first of its type for air navigation service providers globally and has been adopted in consultation with key industry stakeholders. Under the charter, Airservices reports on its performance and reports progress to industry on a quarterly basis. These reports are available at [www.airservicesaustralia.com](http://www.airservicesaustralia.com)

#### Capital expenditure program

Airservices continued to invest heavily in aviation infrastructure spending \$191.6 million in 2010–11. Airservices is currently replacing a number of air traffic control towers and upgrading or refurbishing others as part of the national towers program.

Construction of new tower facilities continued in Melbourne, Adelaide and Rockhampton. In Broome, air traffic controllers are operating from a temporary air traffic control tower while a permanent facility is constructed.

Construction of a new technical services facility at Melbourne commenced. The centre will house the engineers, technicians and equipment

required to maintain the safety and integrity of Australia's air navigation system.

Major upgrades were made to telecommunications and very high frequency (VHF) radio networks. New terminal area radars and ADS-B and instrument landing systems were installed at many locations. Other significant achievements during the year included:

- the commissioning of a secondary surveillance terminal area radar in Darwin (December 2010) and terminal area radars in Sydney (June 2011)
- installation of a new primary surveillance terminal area radar in Adelaide (June 2011)
- the start of work on the upgrade of the Cairns terminal area radar (June 2011)
- the commissioning of new instrument landing systems (ILS) at Wagga Wagga (December 2010) and Sydney (April 2011) and a major upgrade of the ILS at Cairns (October 2010)
- the entry into service of six Mk8 ultra-large fire fighting vehicles nationally and one Morita aerial appliance at Sydney. A Mk9 vehicle at Hamilton Island and domestic response vehicles in Perth and Brisbane were also introduced during 2010-11
- commissioning of a new aviation fire station at Perth (August 2010)
- the signing of a contract to replace 11 en route radars across Australia (June 2011)
- the commissioning of the Sydney Wide Area Multilateration project (June 2011)
- the signing of a contract in June 2011 to evaluate remote tower technology in Australia from late 2012.

## New and upgraded services

Airservices commenced air traffic control tower services at Broome and Karratha airports in November 2010.

Airservices existing control tower in Karratha, decommissioned approximately 15 years ago, was reopened following a refurbishment.

Airservices also introduced the first phase of surveillance approaches to Launceston and Hobart airports in June 2011. These enhanced air traffic control services build on the introduction of advanced air traffic control surveillance technology known as Wide Area Multilateration (WAM), which was commissioned in Tasmania in June 2010.

## VHF upgrade

A major upgrade of Airservices VHF radio network was completed in August 2010.

Analogue and relay-based VHF radios were replaced with new digital equipment at 39 air traffic control communication sites in Australia, including 26 air traffic control towers.

## Instrument landing system upgrade program

Work continues on the upgrading of instrument landing systems (ILS) at airports around the country. A major upgrade of the ILS at Cairns Airport was completed in October 2010. The upgrade included essential works on equipment and facilities currently used for the provision of precision approach services.

Upgrades to the landing system at Sydney Airport include the completion of the Runway 34R ILS in the December quarter 2010 and Runway 16L ILS in the March quarter 2011.

A new ILS at Wagga Wagga Airport was commissioned on 16 December 2010.

## Continuous improvement and performance

Airservices emphasis on rebuilding core business in three key areas – people, assets and service delivery – continued through a wide-ranging reform program across the organisation to improve efficiency, provide value for money and improve services to customers. Extensive planning and rebuilding work over the financial year has seen Airservices progress a number of initiatives and programs to build long-term organisational capacity.

### Terminal area review

Improving runway efficiency and optimising the use of existing infrastructure, particularly during peak periods, is critical to the efficient operation of the national airspace system and managing the impact of aviation on the environment.

In 2010–11, Airservices introduced the Airport Capacity Enhancement program to help meet these challenges. Airservices is working with UK NATS, to identify a plan to increase capacity at Melbourne Airport as the first airport subject to this program.

### Business systems renovation

Work continued in 2010–11 on improvements to 15 major processes as part of a SAP Renovation Program.

Project initiatives include improvements across credit and debt management, finance and payables, resource planning, air traffic control rostering, payroll, asset management and service orders.

### World-class project delivery

Airservices continued to roll-out its Integrated Project Delivery (IPD) program in 2010–11 to strengthen major project accountabilities and

ensure project benefits are realised. IPD is part of an ongoing improvement program to refine Airservices decision-making capability, enhance project delivery and improve governance practices. It will also ensure that project outcomes are aligned to Airservices strategic objectives and will improve the way projects are initiated, managed and controlled.

### Project awards

A number of Airservices major projects were recognised at state and national project management achievement awards. The Tasmanian Wide Area Multilateration project won the national project of the year award in October 2010 in the Defence/Aerospace category.

## Developing a highly skilled and diverse workforce

Air traffic management, aviation rescue and fire fighting and other critical roles performed by Airservices rely heavily on internal skills development.

The Airservices workforce planning process addresses the challenges of attracting, developing and retaining a highly skilled workforce. This includes a comprehensive program to develop strong leaders and training programs to continuously develop technical skills.

More information on Airservices activities in this area can be found over the page and in Appendix 3.

## Delivering the future

Airservices program to deliver future capacity includes measures to recruit and manage core talent, foster safety, harmonise and integrate air traffic management (ATM) in the Asia-Pacific region and implement next-generation ATM services and technologies in collaboration with customers and other stakeholders.

### Managing recruitment and development

Airservices faces the challenge of an ageing workforce at the same time as the need to build capacity for the future. Competition for new and skilled staff is expected to rapidly intensify.

#### Workforce Plan

Airservices released its Workforce Plan 2010-13 in early 2010. The plan identifies Airservices workforce challenges and lays out a strategy to build a 'new workforce' for the future. The strategy recognises the need to attract people from backgrounds that have previously been under-represented in the workforce and outlines measures to improve the way it retains and engages employees.

Work continued on implementing the plan during 2010-11. An update to the plan is due to be completed in late 2011.

#### Equity and diversity

Airservices has an ongoing program of reviewing and updating its Equity and Diversity policies, procedures and initiatives in support of the workforce plan (see Airservices Equity and Diversity Progress report at Appendix 3).

During 2010 a number of cases of alleged harassment and bullying within Airservices were brought to the attention of management. In 2010-11, Airservices revised and re-launched its code of conduct which includes guidelines on fairness and equity, discrimination, bullying and harassment. Associated policies and systems were also reviewed.

Airservices created a fairness and diversity team in August 2010 and increased the number of fair treatment contact officers. Training sessions were delivered for managers in late 2010. At the completion of the program, 360 managers had attended. Twenty fair treatment contact officers were trained in February 2011.

#### Organisational values

In November 2010, Airservices executive and senior management teams validated a new organisational value set. This followed a series of focus groups undertaken in the 2009-10 financial year. The new corporate values, along with a new corporate vision, mission and brand, were launched to staff in early July 2011.

## Airservices Learning Academy

Airservices Melbourne-based Learning Academy trains air traffic control and aviation rescue and fire fighting recruits and delivers technical, engineering, corporate and safety training.

Airservices trainee programs are a major priority for the organisation. At the end of June 2011, there were 177 recruits and 224 other staff undertaking various programs administered by the academy.

In 2010-11, over 100 new air traffic controllers commenced ab initio training at the academy. A further 38 controllers with prior qualifications also completed conversion courses.

Airservices is also investing in the technical workforce needed to maintain Australia's air navigation systems equipment. The first group of 15 technical trainees graduated in December 2010. The two-year diploma was delivered through a partnership with TAFE NSW Riverina Institute in Wagga Wagga. A second intake of 15 trainees continued their training during 2010-11 and a third intake of 15 trainees commenced in May 2011.

Airservices welcomed 18 new aviation rescue fire fighters into service at a ceremony at Melbourne Airport in November 2010. The new recruits now work at stations in Brisbane, Melbourne, Hobart, Perth, Adelaide, Coolangatta (Gold Coast) and Sydney airports.

A further 18 aviation rescue fire fighting recruits began their training in May 2011 and graduated in July 2011.

In January 2011, 14 tertiary graduates began a 12-month program through various operational and corporate business groups.

Over 70 senior managers took part in a series of Senior Leadership Program (SLP) sessions at Mt Eliza Business School.

## Centralised ARFF training facility

During the year progress has been made on plans to construct a new fit-for-purpose and environmentally responsible fire fighting training facility on a newly leased site adjacent to Airservices main facilities at Melbourne Airport.



The training ground will enable Airservices to meet regulatory requirements relating to training with fire fighting foam and equip aviation fire fighters to better respond to large, complex airframes such as the Airbus A380. Construction is anticipated to commence in late 2011.

## Next-generation air traffic management services and technologies

Investment in state-of-the-art technology to further improve safety and meet future air traffic capacity demand is one of the key policy directions of the National Aviation Policy White Paper.

### Global ATM operational concept

Airservices supports the initiatives of ICAO's Global ATM Operational Concept and is investing in new technologies to improve safety and efficiency for all industry stakeholders.

Airservices Air Traffic Management (ATM) Services 5 Year Plan 2010–15 was published in May 2010. The plan outlines the operational, environmental and economic context for the provision of our core air traffic services to industry.

### User preferred routes

The user preferred routes (UPR) project to modify current systems and flight planning rules and procedures to allow airlines to fly optimised air routes specifically tailored to the characteristics of each aircraft, rather than a standard route shared by all airlines and aircraft type, began in September 2010.

The project implemented the first phase of a staged implementation with the establishment of interim UPRs between Melbourne and Auckland in June 2011.

### New ATM service models

In June 2011, Airservices signed a contract for a trial of remote tower technology. This technology may assist Airservices to introduce a graduated service model for locations where enhanced air traffic control services are desired but a full tower service is not justified. The trial is expected to begin from late 2012, with a service in Alice Springs being provided from Airservices terminal control unit in Adelaide.

Airservices has been studying the technical, engineering, human factors and regulatory aspects of the potential introduction of the technology to Australia over 2010–11. The proposed evaluation will provide a good test of its viability in remote and harsh weather conditions.

### ATC Future Systems

During the last quarter of 2010, the ATC Future Systems team reviewed industry responses to the joint Airservices–Defence request for information to develop a strategy to procure an ATM system that will harmonise Airservices and Defence systems. For more information refer to 'Civil-military harmonisation' on page 27.

## Fire control centre upgrades

Digital upgrades of 10 fire control centres (FCCs) were completed at Mackay, Perth, Hamilton Island, Hobart, Cairns, Launceston, Darwin, Ayers Rock, Alice Springs and Townsville airports.

The digital upgrades are part of a rolling program to upgrade all 21 Airservices fire stations across Australia with a standardised, modern digital system. The upgrades are expected to be completed in the final quarter of the 2011-12 financial year.



Financial  
statements

03



**INDEPENDENT AUDITOR'S REPORT**

**To the Minister for Infrastructure and Transport**

I have audited the accompanying financial statements of the Airservices Australia Group for the year ended 30 June 2011, which comprise: the Statement by Directors, Chief Executive Officer and Chief Financial Officer; the consolidated Statement of Comprehensive Income; consolidated Balance Sheet; consolidated Statement of Changes in Equity; consolidated Cash Flow Statement; consolidated Schedule of Commitments; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information. The consolidated entity comprises Airservices Australia and the entities it controlled at the year's end or from time to time during the financial year.

***Directors' Responsibility for the Financial Statements***

The directors of Airservices Australia are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial report of the Airservices Australia Group complies with *International Financial Reporting Standards*.

***Auditor's Responsibility***

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

GPO Box 707 CANBERRA ACT 2601  
19 National Circuit BARTON ACT 2600  
Phone (02) 6203 7300 Fax (02) 6203 7777

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***Opinion***

In my opinion, the financial statements of the Airservices Australia Group:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards;
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the consolidated entity's financial position as at 30 June 2011 and of its financial performance and cash flows for the year then ended; and
- (c) comply with International Financial Reporting Standards as disclosed in Note 1(c).

Australian National Audit Office



Peter Kerr  
Executive Director  
Delegate of the Auditor-General  
Canberra  
26 August 2011

**Statement by Directors, Chief Executive Officer and Chief Financial Officer  
For the year ended 30 June 2011**

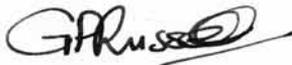
In our opinion, the attached financial statements and notes are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the Commonwealth Authorities and Companies Act 1997.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Airservices Australia Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



David Forsyth  
Chairman



Greg Russell  
Chief Executive Officer



Andrew Clark  
Chief Financial Officer

Canberra, 26 August 2011

## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME</b>			
Airways revenues		794,975	767,568
Finance income	3	2,418	2,916
Other commercial revenue		23,816	26,500
Miscellaneous income		3,355	9,392
<b>TOTAL INCOME</b>		<b>824,564</b>	<b>806,376</b>
<b>EXPENSES</b>			
Employee benefits	3	491,553	464,866
Suppliers		152,049	147,983
Depreciation	13	69,723	57,634
Amortisation	14	25,909	19,106
Finance costs	3	14,727	14,401
Write-down and impairment of assets	13	17,453	21,838
Net loss on disposal of non-current assets and assets held for sale	3	1,239	1,025
<b>TOTAL EXPENSES</b>		<b>772,653</b>	<b>726,853</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>51,911</b>	<b>79,523</b>
Income tax expense	4	15,491	28,879
<b>PROFIT AFTER INCOME TAX</b>		<b>36,420</b>	<b>50,644</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gain on revaluation of land and buildings	22	5,769	1,336
Foreign exchange hedge	22	(282)	361
Exchange differences on translation of foreign operations	22	(28)	(25)
Actuarial gains/(losses)	22	29,836	(26,737)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>35,295</b>	<b>(25,065)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>71,715</b>	<b>25,579</b>

## Consolidated Balance Sheet

As at 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	66,832	72,738
Trade and other receivables	9	86,607	96,781
Prepayments		5,711	6,690
Inventories		1,161	1,073
Assets classified as held for sale	10	125	125
Other current assets	11	1,465	2,930
<b>TOTAL CURRENT ASSETS</b>		<b>161,901</b>	<b>180,337</b>
<b>NON-CURRENT ASSETS</b>			
Land and buildings	13	180,339	174,092
Infrastructure, plant and equipment	13	707,061	614,814
Deferred tax assets	12	84,037	91,198
Intangible assets	14	56,731	57,645
Other non-current financial assets	15	5,893	5,531
Other non-current assets	16	3,199	4,664
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,037,260</b>	<b>947,944</b>
<b>TOTAL ASSETS</b>		<b>1,199,161</b>	<b>1,128,281</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17(a)	144,788	127,243
Provisions	17(a)	178,122	151,003
Borrowings	18	169,463	44,828
Other current liabilities	20	759	759
<b>TOTAL CURRENT LIABILITIES</b>		<b>493,132</b>	<b>323,833</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	18	149,168	248,763
Provisions	17(b)	59,229	56,476
Defined benefit fund liability	19	86,010	134,426
Other non-current liabilities	21	6,074	6,835
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>300,481</b>	<b>446,500</b>
<b>TOTAL LIABILITIES</b>		<b>793,613</b>	<b>770,333</b>
<b>NET ASSETS</b>		<b>405,548</b>	<b>357,948</b>
<b>EQUITY</b>			
Contributed equity		222,190	222,190
Reserves	22a	72,663	69,219
Retained earnings	22b	110,695	66,539
<b>TOTAL EQUITY</b>		<b>405,548</b>	<b>357,948</b>

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Retained earnings		Asset revaluation reserve		Other reserves		Total reserves		Contributed equity		Total equity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Opening balance</b>	<b>66,539</b>	51,094	<b>71,982</b>	71,720	<b>(2,763)</b>	(3,099)	<b>69,219</b>	68,621	<b>222,190</b>	222,190	<b>357,948</b>	341,905
<b>Comprehensive income</b>												
Actuarial gains/(losses)	<b>29,836</b>	(26,737)	-	-	-	-	-	-	-	-	<b>29,836</b>	(26,737)
Net revaluation	-	-	<b>5,769</b>	1,336	<b>(310)</b>	336	<b>5,459</b>	1,672	-	-	<b>5,459</b>	1,672
Profit for the period	<b>36,420</b>	50,644	-	-	-	-	-	-	-	-	<b>36,420</b>	50,644
<b>Total comprehensive income/(loss)</b>	<b>66,256</b>	23,907	<b>5,769</b>	1,336	<b>(310)</b>	336	<b>5,459</b>	1,672	-	-	<b>71,715</b>	25,579
<b>Transactions with owners</b>												
Returns on capital:												
Dividends	<b>(25,000)</b>	(10,000)	-	-	-	-	-	-	-	-	<b>(25,000)</b>	(10,000)
Transfers on Dissolution of Subsidiary	<b>(48)</b>	-	-	-	<b>48</b>	-	<b>48</b>	-	-	-	-	-
<b>Sub-total Transactions with Owners</b>	<b>(25,048)</b>	(10,000)	-	-	<b>48</b>	-	<b>48</b>	-	-	-	<b>(25,000)</b>	(10,000)
Revaluation reserve - disposals	<b>2,948</b>	1,538	-	-	-	-	-	-	-	-	<b>2,948</b>	1,538
Revaluation reserve - disposals (net of deferred tax)	-	-	<b>(2,063)</b>	(1,074)	-	-	<b>(2,063)</b>	(1,074)	-	-	<b>(2,063)</b>	(1,074)
<b>Closing balance</b>	<b>110,695</b>	66,539	<b>75,688</b>	71,982	<b>(3,025)</b>	(2,763)	<b>72,663</b>	69,219	<b>222,190</b>	222,190	<b>405,548</b>	357,948

## Consolidated Cash Flow Statement

### For the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		939,969	863,829
Income tax refund		8,039	12,994
Payments to suppliers and employees (inclusive of GST)		(721,585)	(692,595)
Borrowing costs		(13,522)	(11,316)
Income tax paid		(26,727)	(44,671)
Net cash flows from operating activities	33	186,174	128,241
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of infrastructure, plant and equipment		1,895	1,780
Purchase of infrastructure, plant and equipment		(195,767)	(160,452)
Purchase of intangibles		(677)	(388)
Interest received		2,469	2,968
Net cash flows used in investing activities		(192,080)	(156,092)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(25,000)	(10,000)
Proceeds from borrowings		25,000	-
Net cash flows used in financing activities		-	(10,000)
Net decrease in cash and cash equivalents		(5,906)	(37,851)
Cash and cash equivalents at the beginning of period		72,738	110,589
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	8	66,832	72,738

## Consolidated Schedule of Commitments

As at 30 June 2011

	2011 \$'000	2010 \$'000
<b>BY TYPE</b>		
<b>CAPITAL COMMITMENTS</b>		
Infrastructure, plant and equipment	146,091	135,018
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>146,091</b>	<b>135,018</b>
<b>OTHER COMMITMENTS</b>		
Operating leases	148,840	188,076
Other commitments	97,252	60,212
<b>TOTAL OTHER COMMITMENTS</b>	<b>246,092</b>	<b>248,288</b>
<b>COMMITMENTS RECEIVABLE</b>		
Other commitments receivable <sup>(1)</sup>	(18,952)	(26,510)
GST recoverable on commitments	(33,623)	(32,436)
<b>TOTAL COMMITMENTS RECEIVABLE</b>	<b>(52,575)</b>	<b>(58,946)</b>
<b>TOTAL NET COMMITMENTS BY TYPE</b>	<b>339,608</b>	<b>324,360</b>
<b>BY MATURITY</b>		
<b>CAPITAL COMMITMENTS</b>		
Within one year	62,924	81,170
After one year but no more than five years	80,683	53,848
More than five years	2,484	-
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>146,091</b>	<b>135,018</b>
<b>OPERATING LEASES</b>		
Within one year	15,873	26,456
After one year but no more than five years	45,202	72,547
More than five years	87,765	89,073
<b>TOTAL OPERATING LEASES</b>	<b>148,840</b>	<b>188,076</b>
<b>OTHER COMMITMENTS</b>		
Within one year	59,024	24,606
After one year but no more than five years	37,953	35,331
More than five years	275	275
<b>TOTAL OTHER COMMITMENTS</b>	<b>97,252</b>	<b>60,212</b>
<b>COMMITMENTS RECEIVABLE</b>		
Within one year	(20,061)	(23,336)
After one year but no more than five years	(23,755)	(27,351)
More than five years	(8,759)	(8,259)
<b>TOTAL COMMITMENTS RECEIVABLE</b>	<b>(52,575)</b>	<b>(58,946)</b>
<b>TOTAL NET COMMITMENTS BY MATURITY</b>	<b>339,608</b>	<b>324,360</b>

(1) These relate to contracts associated with Other Commercial Activities

NB: Commitments are GST inclusive where relevant.

Operating leases are effectively non-cancellable and comprise:

#### Leases for computer equipment

A number of operating leases for the provision of computer equipment are in place. A majority of these items have a lease term of 2 to 3 years, with some printers having a lease term up to 5 years. It is Airservices Australia's general practice that at the completion of these lease terms, these items are returned to the lessor.

#### Leases for office accommodation

Airservices Australia's leases are subject to differing review mechanisms which can include fixed increases, CPI or market review. The initial periods of office accommodation leases are still current and each may be renewed depending on their individual option periods.

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## 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All amounts are shown in thousands of dollars and are expressed in Australian dollars, unless disclosure of the full amount is specifically required.

### (a) Basis of preparation

The financial report is required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and is a general purpose report. The report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and Finance Minister's Orders being the Commonwealth Authorities and Companies Orders (Financial Statements for periods ending on or after 1 July 2010).

#### **Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### **Critical accounting estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### (b) Principles of consolidation

The consolidated financial statements incorporate the results of Airservices Pacific Incorporated (API) which was dissolved as a company as at 11 March 2011. API was controlled by Airservices Australia prior to its dissolution. Airservices Australia and API together are referred to in this financial report as the Airservices Australia Group, the Group, or the consolidated entity.

For accounting purposes, the Airservices Australia Group also controls (as defined in UIG Interpretation 112) four special purpose entities which are involved in the US cross-border arrangement in relation to equipment associated with The Australian Advanced Air Traffic System (TAAATS) and radar systems. However, as the Airservices Australia Group has no ownership interest in these entities and they are immaterial to the Group, these entities are not consolidated but instead are disclosed in note 6(b).

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

## 1: Summary of significant accounting policies (continued)

### (b) Principles of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The parent entity and consolidated entity's results are not considered materially different for the year ended 30 June 2011 and therefore the parent entity results are not separately disclosed in this financial report.

### (c) Statement of compliance

#### ***Compliance with International Financial Reporting Standards (IFRS)***

Australian Accounting Standards include Australian equivalents to IFRS. The consolidated financial report of the Airservices Australia Group complies with IFRS.

#### ***Adoption of new Australian Accounting Standard requirements***

No accounting standard has been adopted earlier than the application date as stated in the standard.

New standards, revised standards, interpretations and amending standards issued prior to the signing of the statements by the Chairman, Chief Executive Officer and Chief Financial Officer which were applicable to the current reporting period did not have a financial impact and are not expected to have a future financial impact on the Group.

#### ***Future Australian Accounting Standard requirements***

The following new standards, revised standards, interpretations and amending standards were issued prior to the signing of the statements by the Chairman, Chief Executive Officer and Chief Financial Officer which are expected to have an impact on the Group for future reporting periods.

(i) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective for annual reporting periods beginning on or after 1 January 2011) In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the amended standard from 1 July 2011.

## 1: Summary of significant accounting policies (continued)

### (c) Statement of compliance (continued)

AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)

The revised AASB 9 addresses the classification and measurement of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 and the group is yet to assess its full impact.

Other new standards, revised standards, interpretations and amending standards that were issued prior to the signing of the statements by the Chairman, Chief Executive Officer and Chief Financial Officer and are applicable to future reporting periods are not expected to have a future financial impact on the Group.

### (d) Foreign currency translation

#### ***Functional and presentation currency***

Items included in the financial statements of the Airservices Australia Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Airservices Australia's functional and presentation currency. The functional currency of API was the United States dollar.

#### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

## 1: Summary of significant accounting policies (continued)

### (d) Foreign currency translation (continued)

#### **Group companies**

The results and financial position of API (which does not have the currency of a hyperinflationary economy) which has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

### (e) Revenue recognition

#### **Rendering of services**

Revenue is recognised when services are rendered for both airways and other commercial revenue. The prices charged for regulated services are in accordance with the agreements negotiated with customers and endorsed by the Australian Competition and Consumer Commission (ACCC). In accordance with the Long Term Pricing Agreement implemented in January 2005, revenue in excess of the risk sharing threshold agreed with customers and revenue related to new Civil Aviation & Safety Authority (CASA) regulations which have not yet been introduced, have been set aside in a provision against airways revenue and subsequently rebated to customers through issued credit notes.

#### **Sale of goods**

Revenue is recognised when significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

#### **Interest income**

Interest income is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

### (f) Property, plant and equipment

#### **Asset recognition threshold**

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

#### **Cost and valuation**

Property, plant and equipment are measured at cost or at fair value, less, where applicable, accumulated depreciation and any accumulated impairment losses.

## 1: Summary of significant accounting policies (continued)

### (f) Property, plant and equipment (continued)

#### ***Cost and valuation (continued)***

Assets purchased by the Airservices Australia Group are initially recorded at cost and represent costs directly attributable to the acquisition. Labour and direct overheads incurred in installation are capitalised and added to the cost. Assets constructed by the Airservices Australia Group are initially recognised at the cost of materials, labour and direct overheads.

All costs associated with repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

#### ***Revaluations***

Following initial recognition at cost, property, plant and equipment are carried at a re-valued amount which is the fair value at the date of the revaluation. Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Where there was no market based evidence of fair value due to the specialised nature of some of the buildings, plant and equipment, an estimate of the fair value was used by the valuer based upon a depreciated replacement cost approach.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in profit or loss. Any revaluation deficit is recognised in the statement of comprehensive income, except that a decrease offsetting a previous surplus for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. The revaluation surplus is accounted for net of deferred tax in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date. Revaluations are conducted by an independent qualified valuer.

#### ***Derecognition and disposal***

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from de-recognition, calculated as the difference between net disposal proceeds and carrying value, is included in the statement of comprehensive income in the year the asset is derecognised.

## 1: Summary of significant accounting policies (continued)

### (f) Property, plant and equipment (continued)

#### ***Impairment of non-financial assets***

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, and, as a minimum, at least annually.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a market determined risk adjusted discount rate. Any impairment losses are recognised immediately in the statement of comprehensive income. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

#### ***Leases***

Operating lease payments where the lessor effectively retains substantially all of the risks and benefits of ownership of leased assets are included in the determination of the operating profit in equal instalments over the lease term. Any rent free periods are accounted for as per UIG 115 Operating Leases - Incentives.

Leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset, but not legal ownership, are transferred to the Airservices Australia Group are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the present value of minimum lease payments, including any guaranteed residual values, and fair value.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are accounted for as an expense.

#### ***Depreciation***

Depreciable property, plant and equipment are written-off to their estimated residual values over their estimated useful lives to the Airservices Australia Group using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

## 1: Summary of significant accounting policies (continued)

### (f) Property, plant and equipment (continued)

#### *Depreciation (continued)*

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2011	2010
- Buildings (eg: control towers, fire stations, commercial property)	10-40 years	10-40 years
- Infrastructure, plant and equipment (eg: airways technical equipment, fire vehicles)	3-20 years	3-20 years

#### **Spares**

Asset-specific spare parts (repairable spares) have been treated as plant and equipment and depreciated over the useful life of the parent asset to which they are related.

### (g) Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the statement of comprehensive income. Software is amortised over 3-10 years.

Research costs associated with in-house developed intangible assets are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its cost can be measured reliably. The carrying value of development costs is reviewed for impairment annually or more frequently if there is evidence to suggest that the carrying value may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset as at that date and are recognised in the statement of comprehensive income.

### (h) Decommissioning and site rehabilitation

Where the Group has an obligation to incur site rehabilitation costs and the requirements outlined below in section (o) Provisions, have been met, the estimated cost to 'make good' the site has been recorded as a provision.

The net present value of the obligation is measured using the 10 year Government bond rate at 30 June each year.

## 1: Summary of significant accounting policies (continued)

### (i) Inventories

Inventories consist of retail and publication material held for sale to the aviation industry, and consumable spares used for operational equipment. Inventories are valued at the lower of cost and net realisable value, using the weighted average unit cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (j) Dividends

A provision is made for the amount of any dividend approved by the Airservices Australia Board but unpaid, prior to the end of the period.

### (k) Cash and cash equivalents

Cash in the balance sheet comprises cash at bank and in hand and deposits at call which are readily convertible to cash on hand. For the purposes of the cash flow statement, cash includes cash and cash equivalents net of outstanding bank overdrafts.

### (l) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## 1: Summary of significant accounting policies (continued)

### (l) Income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

### (m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed GST inclusive.

### (n) Recoverable amount of non-current assets

All assets are subjected to impairment tests at each reporting date. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Where the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for each asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash flows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a market-determined risk adjusted discount rate.

## 1: Summary of significant accounting policies (continued)

### (o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the obligation is measured using a discount rate which reflects current market assessments and the risks specific to the liability. Increases in the provision due to the passage of time (unwinding of the discount) are then recognised as interest expense.

### (p) Employee benefits

#### ***Classification of employee entitlements***

Where employees are entitled to take their accrued annual leave or long service leave during the next 12 months, the provision relating to these employees is recorded as a current liability, even though the employee may not be expected to take the leave for an extended period.

#### ***Wages, salaries and annual leave***

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at pay rates which will be applicable when paid, in respect of employees' services up to that date.

#### ***Valuation***

Employee benefit provisions for long service leave, early retirement benefit and superannuation are assessed by qualified actuaries on an annual basis. Various actuarial assumptions are required when determining the Group's obligations, and these are discussed at Note 2 and Note 19.

#### ***Long service leave***

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

## 1: Summary of significant accounting policies (continued)

### (p) Employee benefits (continued)

#### **Early retirement benefit**

A liability for early retirement benefit is recognised within the provision for separations and redundancies in accordance with the applicable Airservices Australia Collective Agreement and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### **Superannuation**

Contributions are made predominantly to AvSuper (sponsored by Airservices Australia) and Commonwealth Superannuation Administration (ComSuper) which administers the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) funds. AvSuper has a defined benefit section and an accumulation section within its fund. Contributions to the AvSuper defined benefit fund are made in accordance with advice received from the fund's actuary. Contributions to accumulation funds are in accordance with the organisation's Collective Agreement(s) and other employee contracts, having regard to legislative requirements. Contributions to ComSuper for the PSS and CSS funds are in accordance with actuarial reports as notified by the Department of Finance and Deregulation.

Contributions to all funds except the AvSuper defined benefit fund are recognised as an expense as they become payable. With respect to the AvSuper defined benefit fund, the net of current service costs, interest costs and the expected return on fund assets is recognised in the profit before income tax, whereas actuarial gains and losses are recorded in other comprehensive income.

A liability or asset in respect of the AvSuper defined benefit superannuation plan is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by an independent actuary. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

### (q) Assets classified as held for sale

Assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

## 1: Summary of significant accounting policies (continued)

### (q) Assets classified as held for sale (continued)

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the balance sheet.

### (r) Working capital

The Groups' current liabilities exceed current assets as at the end of the current reporting period, mainly as a result of the disclosure requirements of the accounting standards. A large proportion of the Group's current liabilities is comprised of employees' long service leave and accrued recreation leave, even though the leave will be taken beyond twelve months, and long term debt which will be refinanced in the next twelve months. Excluding these from the working capital analysis has current assets and current liabilities more closely matched.

### (s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

## 2: Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

### ***AvSuper defined benefit plan***

Various actuarial assumptions are required when determining the Group's obligations under the AvSuper defined benefit plan. The assumptions relied on for the year to 30 June 2011 are discussed in Note 19.

### ***Long Service Leave and Early Retirement Benefits***

Various actuarial assumptions are required when determining the Group's obligations for Long Service Leave and the Early Retirement Benefit Scheme. The assumptions relied on for the year to 30 June 2011 are based on collective agreements that were introduced throughout the 2009/10 year. On average, these included six monthly salary increases of around 2%. A discount rate of 5.2% per annum has also been applied and represents the 10 year Commonwealth Government Bond rate at 30 June 2011.

### ***Recoverable amount of non-current financial assets***

The estimated future cash flows for value in use calculations include discount rate, expected sales and the period that technology will remain valid.

### ***Other provisions***

Estimates have been used to establish the provision for the assessment of possible contaminated Aviation Rescue and Fire Fighting (ARFF) training sites; the removal of underground fuel storage tanks and the remediation and restoration of leased property sites as discussed in note 17 (c).

### 3: Profit from continuing operations

Profit from continuing operations before income tax is arrived at after including the following items of revenue and expenditure:

	2011 \$'000	2010 \$'000
<b>Revenue</b>		
Finance income		
- Investments	2,017	2,605
- Deposits	117	53
- Other	284	258
Total finance income	2,418	2,916
<b>Expenses</b>		
Employee expenses		
- Wages and salaries	326,205	302,796
- Superannuation (defined contribution funds)	28,861	26,290
- Leave and other entitlements	109,989	108,007
- Separation and redundancies	4,958	6,687
Employee expenses (excluding defined benefit superannuation expense)	470,013	443,780
Net defined benefit superannuation expense recognised in employee expenses		
- Current service cost	30,041	26,693
- Interest cost	34,098	32,919
- Expected return on fund assets	(42,599)	(38,526)
Defined benefit superannuation expense	21,540	21,086
Total employee expenses	491,553	464,866
Finance costs		
- Loans	12,838	12,864
- Interest rate swap fair value loss	1,160	885
- Other	729	652
Total finance costs	14,727	14,401
Impaired loss on trade and other receivables		
Movement in allowance for impairment (receivables)	591	895
Bad debts written off	1,072	100
Total bad and doubtful debt expense	1,663	995
Operating lease charges	18,508	20,567
<b>Gain/(loss) from sales/(write-off) of non-current assets and assets held for sale</b>		
- Proceeds from disposal of non-current assets	1,895	1,780
- Written-down value of disposed non-current assets	(1,937)	(1,798)
- Proceeds from disposal of assets held for sale	-	650
- Written-down value of disposed assets held for sale	-	(750)
Net loss from sale of non-current assets and assets held for sale	(42)	(118)
Written down value of scrapped assets	(1,197)	(907)
Net loss from disposal of non-current assets and assets held for sale	(1,239)	(1,025)

## 4: Income tax

### (a) Income tax expense

	2011 \$'000	2010 \$'000
Current tax	22,585	35,855
Deferred tax	(7,094)	(6,976)
Income tax expense attributable to profit from continuing operations	15,491	28,879

### (b) Reconciliation of income tax expense to prima facie tax payable

	2011 \$'000	2010 \$'000
Profit from continuing operations before income tax expense	51,911	79,523
Prima facie income tax expense at 30%	15,573	23,857
Tax effect of amounts which are not deductible/assessable in calculating taxable income:		
Non-deductible legal costs	165	135
Other non-deductible expenditure	1,301	279
Prior year over provision of tax	(1,761)	(470)
Unrealised losses on revaluation of assets to fair value	213	5,078
<b>Income tax expense</b>	<b>15,491</b>	<b>28,879</b>

## 5: Dividends

### (a) Dividend paid

An interim dividend for the year ending 30 June 2011 of \$10.0m (2010: \$10.0m) was paid on 15 June 2011. A final dividend of \$15.0m for the year ended 30 June 2010 was paid on 28 February 2011 (2010: A final dividend for the year ended 30 June 2009 was not paid).

### (b) Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30% (30 June 2010: 30%) are \$258.7m (30 June 2010: \$240.0m).

The above amounts represent the balance of the franking account as at the end of the financial year.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

## 6: Investments in controlled entities

### (a) Airservices Pacific Incorporated (API)

Airservices Australia owned 100% of API, which was based in Delaware in the United States of America, from December 2004. The investment comprised of 1,000 shares at a nominal value of US\$1.00 per share. API provided air traffic control services under contract to the Federal Aviation Administration at five control towers (three towers on the islands of Hawaii, one in Guam and one in Saipan) until the expiry of the contract on 31 January 2010. Airservices Australia did not rebid for the contract. As a consequence API was dissolved as a company on 11 March 2011.

### (b) Special purpose entities

In accordance with the indicators of control for accounting purposes detailed in UIG Interpretation 112, the Airservices Australia Group controls four special purpose entities which are involved in the US cross-border arrangement in relation to equipment associated with 'The Australian Advanced Air Traffic System' (TAAATS) and radar systems discussed in note 32. However the issued capital in these entities, which totals US\$4,000, is not owned by the Airservices Australia Group but is held by two finance companies. These entities are not consolidated due to materiality considerations.

## 7: Events occurring after the reporting period

Other than the matter noted below no events have occurred after balance sheet date that should be brought to account or disclosed in the 2010-11 financial statements.

### Legal claim

On 1 July 2011 the Airservices Australia Group was advised of potential litigation in relation to the provision of its services. At this stage it is not possible to estimate the amounts of any eventual payments that may be required in relation to this matter.

## 8: Current assets - Cash and cash equivalents

	2011 \$'000	2010 \$'000
Cash at bank and in hand	7,032	438
Deposits at call	59,800	57,300
Term deposits	-	15,000
	<b>66,832</b>	<b>72,738</b>

### (a) Cash at bank and in hand

Cash at bank has a floating interest rate of 4.65% (30 June 2010: 4.40%). Cash in hand is non-interest bearing.

### (b) Deposits at call

The deposits at call have a floating interest rate of 4.75% (30 June 2010: 4.50%). These 11am cash deposits are rolled over on a daily basis.

### (c) Term deposits

There were no term deposits as at 30 June 2011. As at 30 June 2010 the term deposits had a floating interest rate of 5.16% and matured on a monthly basis.

## 9: Current assets - Trade and other receivables

	2011 \$'000	2010 \$'000
<b>Loans and receivables</b>		
Trade receivables <sup>(a)</sup>	83,843	86,013
Provision for impairment of receivables <sup>(b)</sup>	(1,117)	(1,708)
	<b>82,726</b>	<b>84,305</b>
Other receivables <sup>(c)</sup>	88	1,229
Accrued revenue and interest	3,793	11,247
Total current receivables	<b>86,607</b>	<b>96,781</b>

### (a) Ageing analysis of trade receivables

	2011 \$'000	2010 \$'000
Current	76,282	76,535
<b>Overdue by:</b>		
1 to 30 days	4,038	4,519
31 to 60 days	912	1,092
61 to 90 days	480	423
90 + days	2,131	3,444
<b>Total</b>	<b>83,843</b>	<b>86,013</b>

### (b) Reconciliation for the provision for impairment of receivables

	2011 \$'000	2010 \$'000
Opening balance	1,708	813
Increase/(decrease) recognised in net profit	(591)	895
Closing balance	<b>1,117</b>	<b>1,708</b>

The provision for impairment of receivables is aged as follows:

	2011 \$'000	2010 \$'000
Current	41	67
<b>Overdue by:</b>		
1 to 30 days	57	39
31 to 60 days	47	108
61 to 90 days	71	27
90 + days	901	1,467
<b>Total</b>	<b>1,117</b>	<b>1,708</b>

### (c) Other receivables

Other receivables is comprised of the current portion of the royalty stream which Airservices is entitled to receive from the sales of navigation augmentation system technology and net balances associated with salary sacrifice arrangements.

## 10: Assets classified as held for sale

A total of three land assets have been identified as surplus to the requirements of the Airservices Australia Group and have been classified as assets held for sale. Their disposal is expected to be completed within the 2011-12 financial year. The carrying amount of the assets amounted to \$0.125m (30 June 2010: \$0.125m).

## 11: Current assets - Other

	2011 \$'000	2010 \$'000
Lease incentive - Current	1,465	2,930

This represents the current portion of the rent free period associated with a lease on office accommodation.

## 12: Non-current assets - Deferred tax assets

	2011 \$'000	2010 \$'000
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in the statement of comprehensive income</i>		
Depreciation for accounting purposes	2,823	2,586
Allowance for impairment	335	512
Employee benefits	51,806	50,590
Provision for revenue to be returned to customers	12,820	5,324
Provision for legal costs	132	322
Other provisions	7,166	6,980
Accruals	(1,227)	448
	<b>73,855</b>	<b>66,762</b>
<i>Amounts recognised directly in equity</i>		
Foreign exchange hedge reserve	1,297	1,176
Revaluation of land, buildings, plant and equipment	(32,438)	(30,850)
Defined benefit liability	41,323	54,110
	<b>10,182</b>	<b>24,436</b>
<b>Net deferred tax assets</b>	<b>84,037</b>	<b>91,198</b>
Movements:		
Opening balance at 1 July	91,198	73,018
Credited/(charged) to the statement of comprehensive income	7,093	4,322
Credited to equity	(14,254)	13,858
Closing balance at 30 June	<b>84,037</b>	<b>91,198</b>

## 13: Non-current assets - Infrastructure, plant and equipment

### (a) Revaluation of land, buildings, plant and equipment

The valuation basis for land, buildings, plant and equipment is fair value. Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Where there was no market based evidence of fair value due to the specialised nature of some of the buildings, plant and equipment, an estimate of the fair value was used by the valuer based upon a depreciated replacement cost approach.

Airservices Australia Group engaged accredited valuers CB Richard Ellis to value its land and Aon Valuation Services for the valuation of buildings, plant and equipment (these valuers were also used for the previous year). The reversal of prior year revaluation decreases (for the same asset), were recognised by crediting the statement of comprehensive income. In all other cases, the revaluation surplus net of deferred income taxes was credited to the asset revaluation reserve. The effective date of the revaluation was 30 June 2011.

	Land \$'000	Buildings \$'000	Total Land and Buildings \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
<b>Gross value - 1 July 2010</b>	<b>49,519</b>	<b>127,100</b>	<b>176,619</b>	<b>389,007</b>	<b>256,008</b>	<b>821,634</b>
Additions	-	186	186	9,509	195,186	204,881
Commissioned assets under construction	-	18,997	18,997	115,865	(134,862)	-
Assets under construction commissioned as intangible assets (refer note 14)	-	-	-	-	(24,318)	(24,318)
Revaluations	523	(7,640)	(7,117)	(37,559)	-	(44,676)
Disposals	(250)	(365)	(615)	(9,871)	-	(10,486)
Impairment <sup>(b)</sup>	(1,400)	-	(1,400)	-	(8,872)	(10,272)
Reclassifications	-	48	48	(48)	-	-
<b>Gross value - 30 June 2011</b>	<b>48,392</b>	<b>138,326</b>	<b>186,718</b>	<b>466,903</b>	<b>283,142</b>	<b>936,763</b>
<b>Accumulated depreciation - 1 July 2010</b>	<b>-</b>	<b>(2,527)</b>	<b>(2,527)</b>	<b>(30,201)</b>	<b>-</b>	<b>(32,728)</b>
Depreciation charged	-	(12,729)	(12,729)	(56,994)	-	(69,723)
Revaluations	-	8,723	8,723	37,013	-	45,736
Disposals	-	158	158	7,194	-	7,352
Reclassifications	-	(4)	(4)	4	-	-
<b>Accumulated depreciation - 30 June 2011</b>	<b>-</b>	<b>(6,379)</b>	<b>(6,379)</b>	<b>(42,984)</b>	<b>-</b>	<b>(49,363)</b>
<b>Net book value - 30 June 2011</b>	<b>48,392</b>	<b>131,947</b>	<b>180,339</b>	<b>423,919</b>	<b>283,142</b>	<b>887,400</b>

### 13: Non-current assets - Infrastructure, plant and equipment (continued)

	Land \$'000	Buildings \$'000	Total Land and Buildings \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
<b>Gross value - 1 July 2009</b>	<b>48,259</b>	<b>128,666</b>	<b>176,925</b>	<b>321,288</b>	<b>254,132</b>	<b>752,345</b>
Additions	-	45	45	10,132	161,727	171,904
Commissioned assets under construction)	-	10,962	10,962	90,593	(101,555)	-
Assets under construction commissioned as intangible assets (refer note 14)	-	-	-	-	(34,431)	(34,431)
Assets under construction commissioned as a financial asset (refer note 15)	-	-	-	-	(6,054)	(6,054)
Revaluations	1,280	(12,301)	(11,021)	(27,883)	-	(38,904)
Disposals	(20)	(272)	(292)	(5,135)	-	(5,427)
Impairment <sup>(b)</sup>	-	-	-	-	(17,811)	(17,811)
Reclassifications from intangible assets	-	-	-	12	-	12
<b>Gross value - 30 June 2010</b>	<b>49,519</b>	<b>127,100</b>	<b>176,619</b>	<b>389,007</b>	<b>256,008</b>	<b>821,634</b>
<b>Accumulated depreciation - 1 July 2009</b>	<b>-</b>	<b>(434)</b>	<b>(434)</b>	<b>(14,169)</b>	<b>-</b>	<b>(14,603)</b>
Depreciation charged	-	(11,354)	(11,354)	(46,280)	-	(57,634)
Revaluations	-	9,249	9,249	27,539	-	36,788
Disposals	-	12	12	2,710	-	2,722
Reclassifications from intangible assets	-	-	-	(1)	-	(1)
<b>Accumulated depreciation - 30 June 2010</b>	<b>-</b>	<b>(2,527)</b>	<b>(2,527)</b>	<b>(30,201)</b>	<b>-</b>	<b>(32,728)</b>
<b>Net book value - 30 June 2010</b>	<b>49,519</b>	<b>124,573</b>	<b>174,092</b>	<b>358,806</b>	<b>256,008</b>	<b>788,906</b>

#### (b) Impairment

In line with accounting standards, Management has performed an impairment review of both existing assets and assets under construction. Principally, the review has focused on future use of existing assets, and changes in technology and business system requirements.

## 13: Non-current assets - Infrastructure, plant and equipment (continued)

As a result of this review the organisation has recorded impairments of \$10.3m which included the reassessment of amounts spent in respect of upgraded technology and land held in excess of Airservices requirements.

### (c) Carrying amounts that would have been recognised if land, buildings, plant and equipment were measured using the cost model:

	2011 \$'000	2010 \$'000
<b>Land</b>		
At cost	3,678	3,678
<b>Buildings</b>		
At cost	237,180	214,497
Accumulated depreciation	(139,214)	(129,265)
Net book amount	97,966	85,232
<b>Plant and equipment</b>		
At cost	871,280	789,523
Accumulated depreciation	(419,979)	(415,615)
Net book amount	451,301	373,908

## 14: Non-current assets - Intangible assets

	2011			2010		
	Internally developed software \$'000	Other intangible assets \$'000	Total intangible assets \$'000	Internally developed software \$'000	Other intangible assets \$'000	Total intangible assets \$'000
<b>Gross value - 1 July</b>	<b>129,800</b>	<b>37,602</b>	<b>167,402</b>	101,447	31,239	132,686
Reclassified to plant and equipment	-	-	-	-	(12)	(12)
Additions	373	304	677	-	386	386
Transferred from assets under construction	13,412	10,906	24,318	28,353	6,078	34,431
Disposals	-	-	-	-	(89)	(89)
<b>Gross value - 30 June</b>	<b>143,585</b>	<b>48,812</b>	<b>192,397</b>	129,800	37,602	167,402
<b>Accumulated amortisation - 1 July</b>	<b>(84,423)</b>	<b>(25,334)</b>	<b>(109,757)</b>	(70,486)	(20,255)	(90,741)
Reclassified to plant and equipment	-	-	-	-	1	1
Amortisation for the year	(17,997)	(7,912)	(25,909)	(13,937)	(5,169)	(19,106)
Disposals	-	-	-	-	89	89
<b>Accumulated amortisation - 30 June</b>	<b>(102,420)</b>	<b>(33,246)</b>	<b>(135,666)</b>	(84,423)	(25,334)	(109,757)
<b>Net intangibles - 30 June</b>	<b>41,165</b>	<b>15,566</b>	<b>56,731</b>	45,377	12,268	57,645

## 15: Non-current assets - Other financial assets

	2011 \$'000	2010 \$'000
Navigation augmentation system receivable	5,893	5,531

This represents the non-current portion of the royalty stream which Airservices Australia is entitled to receive from the sale of this technology.

## 16: Non-current assets - Other

	2011 \$'000	2010 \$'000
Lease incentive - Non-current	3,199	4,664

This represents the non-current portion of the rent free period associated with a lease on office accommodation.

## 17: Provisions and payables

### (a) Current payables and provisions

	2011 \$'000	2010 \$'000
<b>Current payables</b>		
Suppliers		
- Trade payables	15,299	17,395
Employees		
- Salaries and wages	14,581	12,089
- Superannuation	1,747	1,498
- Recreation leave <sup>(1)</sup>	47,540	42,411
Revenue received in advance	3,374	3,176
Interest payable	1,667	1,651
Group tax payable	-	3,914
Accrued payroll tax	2,756	2,920
Net goods and services tax payable	11,141	10,274
Other accrued expenses	46,683	31,915
<b>Total current payables</b>	<b>144,788</b>	<b>127,243</b>
<b>Current provisions</b>		
Employee benefits		
- Long service leave <sup>(2)</sup>	121,091	118,006
- Separations and redundancies	1,310	2,545
Workers compensation	509	430
Taxation	5,560	1,624
Revenue to be returned to customers	42,732	17,745
ARFF decontamination	5,294	7,826
Litigation and legal costs	440	1,075
Other	169	195
Makegood on leasehold assets	1,017	1,557
<b>Total current provisions</b>	<b>178,122</b>	<b>151,003</b>
<b>Total current provisions and payables</b>	<b>322,910</b>	<b>278,246</b>

### (b) Non-current provisions

Employee benefits		
- Long service leave	19,743	16,204
- Separations and redundancies	22,054	23,261
ARFF decontamination	9,457	9,400
Makegood on leasehold assets	5,758	5,426
Workers compensation	2,217	2,185
<b>Total non-current provisions</b>	<b>59,229</b>	<b>56,476</b>

(1) Recreation leave expected to be settled within 12 months from the reporting date is \$30.5m, and greater than 12 months is \$17.0m. Refer to note 1 (r) for further information.

(2) Long service leave expected to be settled within 12 months from the reporting date is \$13.1m, and greater than 12 months is \$108.0m. Refer to note 1 (r) for further information.

## 17: Provisions and payables (continued)

### (c) Description of provisions

Employee benefits:

- *Workers compensation*  
These provisions represent the Airservices Australia Group's self insured liability for workers compensation prior to 1 July 1989.
- *Separations and redundancies*  
This includes \$22.1m (30 June 2010: \$23.3m) in early retirement benefits which have been elected to be taken by employees as a lump sum on retirement. Also, \$1.3m (30 June 2010: \$2.5m) relates to redundancy provisions in relation to the restructuring of the organisation.

#### **Revenue to be returned to customers**

The provision relates to the revenue in excess of the risk sharing threshold that was agreed to under the Long Term Pricing Agreement (LTPA). Under the LTPA, revenue in excess of 5% of agreed revenue levels is available to be returned to customers.

#### **ARFF decontamination**

The provision relates to the assessment, management and containment of possible contaminated ARFF training sites as outlined in the Environmental Management Plan (EMP) as discussed in note 23.

#### **Litigation and legal costs**

This provision includes the settlement and legal costs of the Airservices Australia Group on ongoing matters which commenced prior to 30 June 2011.

#### **Makegood on leasehold assets**

The provision relates to the decommissioning and restoration of leased property sites.

#### **Other**

The provision relates to the removal and decommissioning of underground fuel storage tanks.

## 17: Provisions and payables (continued)

### (d) Movements in provisions (excluding Employee benefits)

	2011 \$'000	2010 \$'000
<b>(i) Revenue to be returned to customers (Current)</b>		
Carrying amount at start of period	17,745	19,910
Additional provisions recognised	41,907	17,745
Credit notes issued	(16,095)	(19,633)
Rebate not returned to customers	(825)	(277)
Carrying amount at end of period	42,732	17,745
<b>(ii) ARFF decontamination (Current/Non-Current)</b>		
Carrying amount at start of period	17,226	9,969
Additional provisions recognised	165	8,020
Payments	(2,640)	(763)
Carrying amount at end of period	14,751	17,226
<b>(iii) Litigation and legal costs (Current)</b>		
Carrying amount at start of period	1,075	1,207
Additional provisions recognised	440	1,075
Payments	(1,075)	(1,207)
Carrying amount at end of period	440	1,075
<b>(iv) Decommissioning and restoration (Makegood - Current/Non-current)</b>		
Carrying amount at start of period	6,983	-
Additional provisions recognised	1,065	6,983
Payments	(1,273)	-
Carrying amount at end of period	6,775	6,983
<b>(v) Other (Current)</b>		
Carrying amount at start of period	195	-
Additional provisions recognised	-	195
Payments	(26)	-
Carrying amount at end of period	169	195

## 18: Borrowings

	2011 \$'000	2010 \$'000
<b>Unsecured - Bank loans</b>		
Current <sup>(1)</sup>	169,463	44,828
Non-current <sup>(2)</sup>	149,168	248,763
<b>Total borrowings</b>	<b>318,631</b>	<b>293,591</b>

(1) \$70m of this amount was issued under a \$300m commercial paper program in four separate tranches on 18th May, 23rd May, 21st June and 23rd June 2011. These matured, or will mature, on 18th August, 25th July, 20th September and 23rd September 2011 respectively. The balance represents a medium term note (MTN) issuance for \$100m on 15th November 2006 which will mature on 15th November 2011.

(2) This represents a MTN for \$150m issued on 19th May 2009 which will mature on 19th May 2014.

## 19: Defined benefit fund liability

### (a) Superannuation plan

Airservices Australia is the principal sponsor of the superannuation fund, AvSuper. The Plan has a defined benefit section and an accumulation section. The defined benefit section, which is closed to new members, provides benefits based on the length of service and final average salary. The accumulation section receives fixed contributions in accordance with the Superannuation Guarantee Administration Act requirements and Airservices Australia's legal constructive obligation is limited to these contributions and member benefits reflect these contributions and the funds market performance.

The following sections (b) to (i) set out details relating only to the defined benefits section of the Plan.

### (b) Benefit Liability

The amounts recognised in the balance sheet are determined as follows:

	2011 \$'000	2010 \$'000
Present value of the defined benefit obligation	(777,920)	(749,747)
Fair value of defined benefit plan assets	691,910	615,321
<b>Net benefit liability - non-current</b>	<b>86,010</b>	<b>134,426</b>

## 19: Defined benefit fund liability (continued)

### (c) Categories of plan assets

The major categories of plan assets are as follows:

	2011 \$'000	2010 \$'000
Cash	43,653	35,665
Equity instruments	412,788	363,829
Debt instruments	94,967	111,820
Other assets	140,502	104,007
	<b>691,910</b>	<b>615,321</b>

### (d) Reconciliations

	2011 \$'000	2010 \$'000
<i>Reconciliation of the present value of defined benefit obligation:</i>		
Balance at the beginning of the year	749,747	663,409
Current service cost	30,041	26,693
Contributions by members	10,795	10,605
Interest cost	34,098	32,919
Actuarial (gains)/losses on obligation	(10,125)	63,087
Benefits paid	(36,636)	(46,966)
Balance at the end of the year	<b>777,920</b>	<b>749,747</b>

	2011 \$'000	2010 \$'000
<i>Reconciliation of the fair value of plan assets:</i>		
Balance at the beginning of the year	615,321	551,098
Expected return on plan assets	42,599	38,526
Actuarial gains	32,498	24,891
Contributions by Airservices Australia	27,333	37,167
Contributions by members	10,795	10,605
Benefits paid	(36,636)	(46,966)
Balance at the end of the year	<b>691,910</b>	<b>615,321</b>

## 19: Defined benefit fund liability (continued)

### (e) Net amount recognised in the Statement of Comprehensive Income

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2011 \$'000	2010 \$'000
Current service cost	30,041	26,693
Interest cost on benefit obligation	34,098	32,919
Expected return on plan assets	(42,599)	(38,526)
Total included in employee benefits expense	21,540	21,086
Actual return on plan assets	75,097	63,417

### (f) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	2011	2010
Discount rate	4.80%	4.70%
Expected return on plan assets	7.00%	7.00%
Future salary increases	6.00%	6.00%

The economic assumptions used by the actuary to make the funding arrangements were:

- the 10 year Government bond rate (5.20%) at 30 June 2011 adjusted for the effective tax rate on the assets of the Plan of 8%;
- the expected rate of return on assets has been based on historical and future expectations of returns for each of the major categories of asset classes as well as the expected allocation of plan assets to these major categories. This resulted in the selection of an 7.6% p.a. rate of return gross of tax and net of expenses (7.6% p.a. in 2009-10) and a 7% p.a. rate of return net of tax and expenses (7% p.a. in 2009-10); and
- the salary increase rate is the long term expected rate including a full allowance for promotional increases.

## 19: Defined benefit fund liability (continued)

### (g) Employer contributions

Employer contribution rates are reviewed with each actuarial investigation of the Plan undertaken for the Trustee. An actuarial investigation of the Plan is made each year and the last such assessment was made as at 1 July 2010.

Employer contributions for Airservices Australia to the defined benefit section of AvSuper are currently:

- 16.5% of gross salary for Air Traffic Controllers (2009-10: 16.5%);
- 16.5% of gross salary for other employees (2009-10: 16.5%); and
- 3% for those employees who remain members of the Commonwealth Superannuation Scheme (CSS) (2009-10: 3%).

The employer has decided to make additional contributions to the Plan, if required, in June each year, after considering the advice of the actuary and the Trustee.

The objectives in setting the contribution rate are to ensure:

- i. the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable; and
- ii. there is a low probability that the assets are insufficient to meet the minimum benefit liabilities of the Fund should it terminate.

To achieve the first objective, the actuary has adopted a method of funding benefits known as the Attained Age Normal funding method. This funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of member's salaries over their remaining working lifetimes. To achieve the second objective, the actuary undertakes scenario testing of the short term financial position of the Plan.

Employer contributions expected to be paid by Airservices Australia for the year ending 30 June 2012 amount to approximately \$28.1m, not including any additional contributions required.

## 19: Defined benefit fund liability (continued)

### (h) Net financial position of the plan

In accordance with AAS 25 Financial Reporting by Superannuation Plans, the Plan's net financial position is determined as the difference between the present value of the accrued benefits and the net market value of Plan assets. This was determined as at the date of the most recent financial report of AvSuper (1 July 2010), when a deficit of \$12.0m was reported. Last year in these financial statements the organisation (Airservices Australia) recognised a defined benefit liability of \$134.4m at 30 June 2010. The difference between the amounts is due to the different accounting treatment of the net financial position for the employer under AASB 119, and the Plan under AAS 25.

At 30 June 2011 these financial statements disclose a defined benefit liability of \$86.0m. AvSuper's net financial position for the Plan under AAS 25 will not be available though until after these financial statements have been signed.

### (i) Historic summary

	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000
Plan assets	691,910	615,321	551,098	651,682	717,523
Defined benefit plan obligation	(777,920)	(749,747)	(663,409)	(626,910)	(606,379)
Surplus / (deficit)	(86,010)	(134,426)	(112,311)	24,772	111,144
Experience gains adjustments arising on plan liabilities	(1,761)	(41,588)	(19,861)	(47,567)	(34,959)
Experience gains/(losses) adjustments arising on plan assets	32,498	24,891	(153,410)	(96,519)	(33,804)

## 20: Current liabilities - Other

	2011 \$'000	2010 \$'000
Lease incentive - Current	759	759

This represents the current portion of the rent free period associated with a lease on office accommodation.

## 21: Non-current liabilities - Other

	2011 \$'000	2010 \$'000
Lease incentive - Non-current	6,074	6,835

This represents the non-current portion of the rent free period associated with a lease on office accommodation.

## 22: Reserves and retained earnings

### (a) Reserves

	2011 \$'000	2010 \$'000
Asset revaluation reserve	75,688	71,982
Foreign exchange hedge reserve	(3,025)	(2,743)
Foreign currency translation reserve	-	(20)
	72,663	69,219
<b>Movements:</b>		
<i>Asset revaluation reserve</i>		
Opening balance	71,982	71,720
Net revaluation	5,769	1,336
Revaluation reserve - disposals (net of deferred tax)	(2,063)	(1,074)
	75,688	71,982
<i>Foreign exchange hedge reserve</i>		
Opening balance	(2,743)	(3,104)
Net revaluation	(282)	361
	(3,025)	(2,743)
<i>Foreign currency translation</i>		
Opening balance	(20)	5
Net revaluation	(28)	(25)
Transfer to retained earnings	48	-
	-	(20)

## 22: Reserves and retained earnings (continued)

### (b) Retained earnings

Movements in retained earnings were as follows:

	2011 \$'000	2010 \$'000
Opening balance	66,539	51,094
Net profit after tax for the year	36,420	50,644
Transfer from reserves on dissolution of subsidiary	(48)	-
Defined benefit fund movements direct to equity (net of deferred tax)	29,836	(26,737)
Revaluation reserve - disposals	2,948	1,538
Dividend paid	(25,000)	(10,000)
	<b>110,695</b>	<b>66,539</b>

## 23: Contingencies

### (a) Contingent liabilities

The Group had contingent liabilities at 30 June 2011 in respect of:

#### **Legal Claim**

The Airservices Australia Group is aware of potential litigation in three jurisdictions in relation to the provision of its services. At this stage it is not possible to estimate the amounts of any eventual payments that may be required in relation to this matter.

#### **Aviation Rescue & Fire Fighting (ARFF) potential contaminated site management**

Airservices Australia has identified a number of sites around the country that have been potentially contaminated with a product used for fire fighting purposes. The product was widely used internationally and was used by Airservices Australia from 1998. The identified contaminant does not breakdown naturally. The product is no longer utilised for operational or training purposes.

Testing and assessment of the fire training grounds commenced in 2008-09 with additional site assessments conducted in 2010-11. Since the issue has been identified, preliminary investigations have occurred at all current fire training grounds and three detailed site investigations have commenced. Assessment of the remaining sites are expected to be conducted between 2012 and 2015.

To facilitate this process and other activity related to this issue, a sum of \$14.8m has been provided for at 30 June 2011 (refer to Note 17). It is not possible to quantify any potential remediation costs at this time.

## 24: Standby arrangements and unused credit facilities

	2011 \$'000	2010 \$'000
Bank overdraft	5,000	5,000
Total credit facilities	5,000	5,000
Unused credit facilities	5,000	5,000
Loan facilities		
▪ Commercial paper (only expires if cancelled)	300,000	300,000
▪ Medium term note (matures 15 November 2011)	100,000	100,000
▪ Medium term note program	400,000	400,000
▪ Standby facilities	210,000	180,000
▪ 11am Borrowing	85,000	85,000
Total loan facilities	1,095,000	1,065,000
Amount utilised	(320,000)	(295,000)
Unused loan facilities	775,000	770,000

## 25: Remuneration of auditors

	2011 \$	2010 \$
Auditing services provided by the Australian National Audit Office	294,500	309,000

Audit services for the Airservices Australia Group are provided by the Australian National Audit Office and are subcontracted to PricewaterhouseCoopers. Also included in the amount above is \$9,000 (2010: \$23,500) relating to the audit of API's Financial Statements.

Other services provided by PricewaterhouseCoopers during the year totalled \$244,202 (2010: \$150,737).

## 26: Remuneration of directors

	2011 \$	2010 \$
Amounts received, or due and receivable, by Directors	528,195	481,870

The remuneration of the Chief Executive Officer (who was an Executive Director during the year) is disclosed with the remuneration of executives in note 27 and is not included in Director's remuneration.

## 27: Remuneration of executives

	2011 \$	2010 \$
Amounts received, or due and receivable, by Executives	4,764,396	4,324,860

Executive remuneration payments include base salary, termination payments and pay at risk. Remuneration received by Executive managers totalled \$4,764,396 (2010: \$4,324,860). Executive managers are those who are concerned with, or take part in, the management of the Airservices Australia Group and include the Chief Executive Officer.

The \$4,764,396 for 2011 consists of short-term employee benefits (\$4,022,875); long-term benefits (\$159,098); post employee benefits (\$383,068) and termination benefits (\$199,355). A number of Executives served for only part of the 2011 year as detailed in note 28(b).

## 28: Related party transactions

### (a) Directors

The names of persons who were Directors of the Airservices Australia Group during the financial year and up to the date of signing these financial statements are as follows:

	Status	Commenced	Finished
Chairman			
David Forsyth		On-going	Current
Deputy Chairman			
Warren Mundy		On-going	Current
Directors			
David Burden		On-going	Current
Liza Carver		On-going	Current
Robert Maher		On-going	Current
Roxley McLennan		On-going	Current
Henk Meertens		On-going	Current
Judith Munro		On-going	Current
Chief Executive Officer			
Greg Russell <sup>(i)</sup>		On-going	Current
Andrew Clark	Acting	11-Jun-10	4-Jul-10
		3-Sep-10	12-Sep-10
		10-Nov-10	13-Nov-10
		4-Mar-11	27-Mar-11
		4-Jun-11	18-Jun-11
Jason Harfield	Acting	22-Oct-10	3-Nov-10

(i) Mr Russell was also the ongoing Chairman of the Board of Airservices Australia's wholly owned subsidiary, Airservices Pacific Incorporated until the company was dissolved on 11 March 2011.

## 28: Related party transactions (continued)

### (b) Executives

The names of persons who were Executives of the Airservices Australia Group during the financial year (excluding the CEO, included above) and up to the date of signing these financial statements are as follows:

Executives	Title	Commenced	Finished
Stephen Angus	GM Safety & Assurance	25-Oct-10	Current
	GM Safety & Environment	Ongoing	24-Oct-10
Phil Baxter	GM ATC Future Systems	Ongoing	23-May-11
Michelle Bennetts	GM Environment	25-Oct-10	Current
	A/GM Corporate & International Affairs	Ongoing	24-Oct-10
David Byers	GM Corporate & International Affairs	25-Oct-10	Current
Andrew Clark	Chief Financial Officer	Ongoing	Current
Caroline Fleming	GM People & Change	Ongoing	15-Nov-10
Jason Harfield	GM Air Traffic Control	Ongoing	Current
Alastair Hodgson	GM Technology & Assets Services	Ongoing	Current
Tracey Lawrance	A/GM Audit & Assurance	Ongoing	24-Oct-10
Claire Marrison	A/GM People & Change	15-Nov-10	4-Apr-11
Mark Rodwell	GM ATC Future Systems	23-May-11	Current
	A/GM Air Traffic Control	2-Apr-11	13-Jun-11
Andrew Rushbrook	GM Aviation Rescue & Fire Fighting	Ongoing	Current
Peter Ward	GM People & Change	5-Apr-11	Current

## 28: Related party transactions (continued)

### (c) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

Employer superannuation contributions were made to AvSuper Pty Ltd, a superannuation fund, of which Mr Tom Grant is a trustee director. Mr Tom Grant is employed by the Airservices Australia Group under a non ongoing contract to assist with an overseas Commonwealth Government funded aid development program. The Airservices Australia Group is reimbursed by AvSuper Pty Ltd for administration costs incurred on behalf of the superannuation fund's management.

Certain director related entities have transactions with the Airservices Australia Group that occur within normal customer or supplier relationships on terms and conditions no more favourable than those which it is reasonable to expect the Airservices Australia Group would have adopted if dealing with the director related entity at arm's length in similar circumstances. These transactions include the following entities and have been described below where the transactions are considered likely to be of interest to users of these financial statements:

- Airservices Australia received consulting services from Gilbert and Tobin amounting to \$1,088 during the year, Liza Carver is a partner of Gilbert and Tobin.
- To the extent permitted by law, the Airservices Australia Group provides indemnities to its directors and officers to complement the insurance arrangements that it has in place.

## 29: Financial instruments

Airservices Australia Group is exposed to financial risks arising from movements in interest rates and foreign exchange rates. Airservices Australia uses derivative financial instruments to minimise the impact of adverse movements in rates within the framework of a comprehensive set of risk management policies. Financial risk is managed centrally and speculative trading is strictly prohibited.

### (a) Fair value measurements

	Carrying amount 2011 \$'000	Fair value 2011 \$'000	Carrying amount 2010 \$'000	Fair value 2010 \$'000
<b>Assets</b>				
Forward exchange contracts	-	-	-	(3,919)
Cash and cash equivalents	66,832	66,832	72,738	72,738
Receivables	86,607	86,607	96,781	96,781
Interest rate swaps	-	(23)	-	1,137
<b>Total assets</b>	<b>153,439</b>	<b>153,416</b>	169,519	166,737

<b>Liabilities</b>				
Long term debt	249,168	251,338	248,763	252,486
Trade and other payables	97,248	97,248	84,832	84,832
Commercial notes	69,463	69,512	44,828	44,880
<b>Total liabilities</b>	<b>415,879</b>	<b>418,098</b>	378,423	382,198

2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial Assets</b>				
Financial assets at fair value through profit or loss				
Interest rate swaps	-	(23)	-	(23)
<b>Total</b>	-	(23)	-	(23)

2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial Assets</b>				
Financial assets at fair value through profit or loss				
Interest rate swaps	-	1,137	-	1,137
<b>Total</b>	-	1,137	-	1,137

## 29: Financial instruments (continued)

### (b) Financial risk

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by a central treasury unit. Treasury identifies, evaluates and hedges financial risk in close co-operation with the Group's operating units based on clear principles for overall risk management, as well as written instructions covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

As a result of the nature of the Group's business and internal policies dealing with the management of financial risk, the Group's exposure to: market, credit, liquidity, cash flow, and fair value interest rate risk is considered to be low.

### (c) Credit risk

Credit risk represents the risk that one party to a transaction will fail to discharge an obligation and cause the other party to suffer a financial loss. Airservices Australia Group invests money and enters into financial derivative contracts with authorised counterparties whose long term credit rating is at, or above, A-(Standard and Poor's) or A3 (Moody's). The maximum credit limit for each approved counterparty is currently \$100 million. Counterparty credit exposure is assessed using the principals of the Australian Prudential Regulatory Authority 'Current Exposure Method'.

The Group is exposed to credit risk arising from potential default of debtors. This is equal to the total amount of trade and other receivables (2011: \$86.607m and 2010: \$96.781m). Airservices Australia Group has assessed the risk of the default on payment and has allocated \$1.117m in 2011 (2010: \$1.708m) as an allowance for impairment.

Airservices Australia Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

## 29: Financial instruments (continued)

### (c) Credit risk (continued)

Credit risk of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired 2011 \$'000	Not Past Due Nor Impaired 2010 \$'000	Past Due or impaired 2011 \$'000	Past Due or impaired 2010 \$'000
Loans and receivables	76,242	76,468	7,601	9,545
Total	76,242	76,468	7,601	9,545

The Group is also exposed to credit risk arising from the cross border financing arrangement as detailed in note 32.

### (d) Liquidity risk

Liquidity risk management is concerned with ensuring there are sufficient funds available to meet financial commitments in a timely manner whilst also planning for unforeseen events which may curtail cash flows and cause pressure on liquidity.

The primary objectives of short term liquidity risk management are to ensure sufficient funds are available to meet daily cash requirements, whilst ensuring that cash surpluses in low interest bearing accounts are minimised.

The primary objective of long term liquidity risk management is to ensure that funding (i.e. debt) facilities are in place to meet future long term funding requirements.

2011	Notes	Average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
				1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial Liabilities</b>								
Trade and other payables	17	- %	-	-	-	-	97,248	97,248
Medium term notes	18	5.99%	-	99,949	149,219	-	-	249,168
Interest rate swaps		- %	175,000	(100,000)	(75,000)	-	-	-
Interest rate swaps		- %	(122,500)	24,500	98,000	-	-	-
Commercial paper	18	5.01%	69,463	-	-	-	-	69,463
<b>Net financial liabilities</b>			121,963	24,449	172,219	-	97,248	415,879

## 29: Financial instruments (continued)

### (d) Liquidity risk (continued)

2010	Notes	Average interest rate	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Total
				1 year or less	1 to 5 years	More than 5 years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>								
Trade and other payables	17	- %	-	-	-	-	87,248	87,248
Medium term notes	18	5.99%	-	-	248,763	-	-	248,763
Interest rate swaps		- %	175,000	-	(175,000)	-	-	-
Interest rate swaps		- %	(122,500)	14,000	108,500	-	-	-
Commercial paper	18	4.74%	44,828	-	-	-	-	44,828
<b>Net financial liabilities</b>			97,328	14,000	182,263	-	87,248	380,839

### (e) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The following table is a sensitivity analysis of the market risk that Airservices Australia Group is exposed to through the use of foreign exchange and interest rate derivatives as well as investments and borrowings.

Interest rate sensitivity analysis is calculated on a 'reasonably possible' basis with reference to the key drivers of interest rates, market expectations and historical data. In analysing interest rate sensitivities the Group has adopted to vary actual interest rates by +/- 1.75%.

Airservices Australia Group has adopted a simplified approach to calculate market risk sensitivities for foreign exchange contracts. A standard sensitivity variable of 15% has been applied to all currencies. The Group acknowledges that it is necessary to monitor annual movements in currencies to ensure the relevance of using a single constant rate.

## 29: Financial instruments (continued)

### (e) Market risk (continued)

2011	Carrying amount \$'000	Change in risk variable +/- %	Effect of positive movement		Effect of negative movement	
			Profit and loss \$'000	Equity \$'000	Profit and loss \$'000	Equity \$'000
<b>Currency Risk</b>						
Buy EUROS	18,433	15.00	-	(2,220)	-	3,003
Buy US Dollars	12,538	15.00	-	(1,126)	-	1,524
<b>Interest rate risk</b>						
Cash and cash equivalents	66,832	1.75	1,170	-	(1,170)	-
Medium term notes	249,168	-	-	-	-	-
Interest rate swaps	304,500	1.75	1,598	-	(1,767)	-
Commercial paper	69,463	1.75	(1,225)	-	1,225	-

2010	Carrying amount \$'000	Change in risk variable +/- %	Effect of positive movement		Effect of negative movement	
			Profit and loss \$'000	Equity \$'000	Profit and loss \$'000	Equity \$'000
<b>Currency risk</b>						
Buy EUROS	6,452	14.00	-	(686)	-	909
Buy US Dollars	12,532	14.00	-	(1,085)	-	1,439
<b>Interest rate risk</b>						
Cash and cash equivalents	72,738	1.50	1,117	-	(1,117)	-
Medium term notes	248,763	-	-	-	-	-
Interest rate swaps	297,500	1.50	1,384	-	(1,438)	-
Commercial paper	44,828	1.50	(675)	-	675	-

## 29: Financial instruments (continued)

### (f) Forward exchange contracts

Airservices Australia uses Forward Exchange Contracts (FECs) to hedge foreign currency exchange rate risk arising from committed transactions primarily relating to capital expenditure program undertakings. Airservices Australia classifies all of its FECs as Fair Value Hedges. The Group's policy is to achieve 100% hedge effectiveness. All foreign currency exposures have a greater than 95% certainty of occurring as all exposures are committed.

The effectiveness test is on a FEC rate to market rate comparison. Prospective testing is on a critical terms basis with the retrospective test based on an effectiveness ratio of 80-125%. Gains or losses are recognised on the hedging instrument (i.e. the FEC) and hedged item (i.e. the committed foreign exchange exposure) with any ineffectiveness recognised in the statement of comprehensive income.

At balance date, the details of outstanding contracts are (Australian dollar equivalents):

Buy EUROS	Sell Australian Dollars		Average Exchange Rate	
	2011 \$'000	2010 \$'000	2011 EURO/\$1	2010 EURO/\$1
<b>Maturity</b>				
3 months or less	6,860	2,249	0.6963	0.6037
Greater than 3 months but less than 1 year	3,362	4,203	0.6968	0.6055
Greater than 1 year	8,211	-	0.6921	-

Buy US Dollars	Sell Australian Dollars		Average Exchange Rate	
	2011 \$'000	2010 \$'000	2011 \$US/\$1	2010 \$US/\$1
<b>Maturity</b>				
3 months or less	5,496	2,439	0.7608	0.6070
Greater than 3 months but less than 1 year	7,042	3,627	0.7193	0.6065
Greater than 1 year	-	6,465	-	0.5976

## 29: Financial instruments (continued)

### (g) Capital management

Airservices Australia Group is a price regulated government-owned statutory authority providing air navigation services. Pricing for Airservices Australia core airways services is subject to the price notification provisions of the *Competition & Consumer Act 2010* and any increase in prices must be notified to the Australian Competition and Consumer Commission (ACCC) for its review.

While the 2005 LTPA was set to be renewed in January 2010, the establishment of a new agreement was put on hold. This decision recognised the prevailing market volatility associated with the global financial crisis, and its potential to effect future pricing projections. In place of a new agreement, prices have been maintained at current levels. A new agreement is currently the subject of review and is expected to be established in October 2011.

Airservices Australia's Group target was to achieve a return on equity after tax for 2011 of 10.6%; during the year ended 30 June 2011 the return was 9.5% (30 June 2010: 14.5%).

Airservices Australia's Group practice has been to provide for and pay a dividend to Government in two instalments. Payment of dividends recommenced during the 2009/10 year following stabilisation of the global economy and an increase in airways activity and has continued in 2010/11.

There were no changes to the Group's approach to capital management during the year.

## 30: Monies held on behalf of third parties

Airservices Australia has been contracted by the Solomon Islands Civil Aviation Authority and the Republic of Nauru to provide airspace management and accounts receivable services. The contracts require the Airservices Australia Group to retain cash received and to remit funds at a later date to the Solomon Islands and Nauru Governments as required under the respective agreements. At balance date, the money held on behalf of third parties totalled \$0.455m (2010: \$0.438m) for the Solomon Islands and \$0.089m (2010: \$0.034m) for Nauru.

## 31: Economic dependency

Airservices Australia is dependent on airline activity in the Australian aviation industry, of which the Qantas Group is the dominant operator. Of the airways revenue earned during the year 31% (2010: 32%) related to the Qantas Group excluding Jetstar and 11% (2010: 10%) related to Jetstar.

## 32: Cross border financing arrangement

During the 2003 and 2004 years, the Airservices Australia Group completed cross-border financing arrangements in relation to equipment associated with The Australian Advanced Air Traffic System (TAAATS) and radar systems. The arrangements are for periods up to 2026.

Airservices Australia has provided certain guarantees and indemnities to various participants in the transaction. If certain events occur, the Airservices Australia Group could be liable to make substantial payments under the lease guarantees and indemnities. The future underlying exposure against which these guarantees and indemnities have been provided are up to a maximum of US\$677m (30 June 2010: US\$694m).

Airservices Australia actively monitors and manages its exposures under the transaction in order to mitigate any material risk factors affecting this transaction on an ongoing basis.

Expert external advisors consider that unless exceptional circumstances arise, Airservices Australia Group would not be required to make a significant payment under these guarantees and indemnities.

### 33: Notes to the statement of cash flows

	2011 \$'000	2010 \$'000
<b>Reconciliation of cash and cash equivalents</b>		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Cash advances and cash on call	66,832	72,738
Total cash and cash equivalents	66,832	72,738
<b>Reconciliation of net profit after income tax to net cash flows from operations</b>		
Net profit after income tax	36,420	50,644
Adjustments for:		
Depreciation	69,723	57,634
Amortisation	25,909	19,106
Impairment	10,272	21,838
Interest received	(2,418)	(2,916)
Reversal of previous asset write downs	7,181	-
Net loss on sale/write off of non current assets	1,239	1,025
Fair value adjustments to derivatives	1,160	1,389
Foreign exchange loss	92	131
Prepayments & accruals relating to plant & equipment	(9,731)	(5,567)
Excess AvSuper defined benefit contributions (after tax)	(4,055)	(11,257)
Change in assets		
(Increase)/decrease in gross receivables	9,554	(14,627)
(Increase)/decrease in inventories	(88)	(200)
(Increase)/decrease in prepayments	979	(2,542)
(Increase)/decrease in other assets	2,930	-
(Increase)/decrease in deferred tax	(7,161)	(6,976)
Change in liabilities		
Increase/(decrease) in employee benefits	12,163	14,603
Increase/(decrease) in allowance for impairment	(591)	895
Increase/(decrease) in legal provisions	(635)	(132)
Increase/(decrease) in income tax payable	2,460	1,624
Increase/(decrease) in other liabilities	(760)	-
Increase/(decrease) in other provisions	(3,344)	7,452
Increase/(decrease) in creditors and accruals	9,888	(1,718)
Increase/(decrease) in revenue to be returned to customers provision	24,987	(2,165)
Net cash flow from operating activities	186,174	128,241



# Appendices

04

## Appendix 1: Board membership, meetings and committees

### Directors of the Board and their terms of appointment

Board Directors for the period 1 July 2010 to 30 June 2011 were as follows.

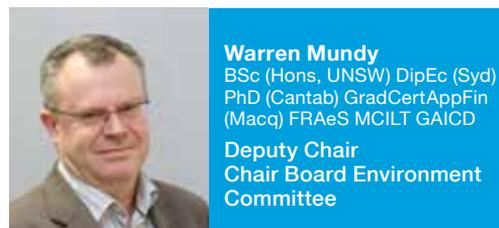


Mr Forsyth was appointed to the Board on 28 January 2005 and appointed as Chair on 3 June 2008. His current term expires 2 June 2012.

Mr Forsyth was Chairman of the Board Safety and Environment Committee until his appointment as Chairman of the Board.

Mr Forsyth is an aeronautical engineer with over 40 years experience in airline operations and aviation engineering. He is a former Qantas Airways Executive General Manager responsible for flight operations, engineering and maintenance. He has also been General Manager, Qantas Regional Airlines covering four wholly-owned subsidiaries to 47 destinations Australia-wide.

Mr Forsyth is the Chairman of Safeskies Conferences and a visiting lecturer at the University of New South Wales. He was previously a Board member of Aviation Australia, was the former Vice President of the Royal Flying Doctor Service of Australia (South Eastern Section) and past President of the Royal Aeronautical Society Australian Division.



Dr Mundy was appointed to the Board on 3 June 2008 and was appointed Deputy Chairman on 1 June 2009. In 2011, he was re-appointed as Deputy Chair for a further three years until 2 June 2014. He is the Chair of the Board Environment Committee and a member of the Board Audit Committee, the Board Safety Committee and the Board Remuneration Committee.

Dr Mundy has over a decade of experience in the infrastructure sector covering management, planning and development, economic and environmental regulation and commercial negotiation of access agreements. For a number of years he was the principal regulatory and economic adviser to the Australian Council for Infrastructure Development. He has held senior executive roles in the airports industry in both Australia and Europe and has worked for the Reserve Bank and the Western Australian Treasury Corporation.

He is a Commissioner of the Productivity Commission and a member of the Joint New South Wales – Commonwealth Government Steering Group overseeing the development of the Aviation Strategic Plan for Sydney. He has been Director of the Airport Operators Association of the United Kingdom, of James Watt College of Higher and Further Education in Scotland and of Vicforests, and a Business Adviser to the Board of Sports Medicine Australia.



Mr Burden was appointed to the Board on 1 June 2009 and his current term expires on 31 May 2012.

Mr Burden took a First in Special Honours Mathematics from the University of Bristol (UK). He worked in Operations Research consulting in the United Kingdom, France and Canada for a subsidiary of Paribas.

After 10 years in technology venture capital, he served as a senior advisor to the Canadian Prime Minister's National Advisory Board on Science and Technology. Subsequently, he was the Chief Information Officer of Air Canada in Montreal.

In 1994 he joined Qantas Airways Limited as Group Executive General Manager of Technology and Services, with responsibility for information technology, purchasing, property and fuel services.

In 2002 he was appointed to the Board of Directors of Royal Mail Group Plc, the UK postal service, as an Executive Director with responsibility for IT, postal automation, engineering services and procurement. He retired from the Royal Mail in 2007.



Ms Carver was appointed to the Board on 1 June 2009 and her current term expires on 31 May 2012.

Ms Carver is a partner at Blake Dawson and advises in relation to restrictive trade practices under Part IV of the Trade Practices Act. Her expertise includes the analysis of economic conditions of industries and markets, commercial transactions, and mergers and acquisitions, including all aspects of National Competition Policy and the restructure of public sector organisations, third-party access regulation, legislative review and pricing regulation.

Ms Carver was an Associate Commissioner with the Trade Practices Commission, a part-time Associate Commissioner with the ACCC, a part-time member of the Independent Pricing and Regulatory Tribunal of New South Wales and a part-time Commissioner with the Australian Energy Market Commission.

Ms Carver has qualifications in law and economics, including a Master of Laws specialising in trade practices (University of Sydney).



**Robert Maher, AM**  
BA (ANU)

Mr Maher was appointed to the Board on 8 August 2006 and his current term expires on 7 October 2011.

Mr Maher is a graduate of the Royal Military College, Duntroon and the Australian National University in Canberra. He served with the Australian Army in Singapore, Malaysia and Vietnam.

Mr Maher was appointed a Member of the Order of Australia in 1989. For the past decade he has provided consulting advice to UBS Australia.

He has wide experience in both the public and private sectors and has extensive knowledge of Australia's economic, business, political and legislative structure.

Mr Maher is currently a Senior Adviser with UBS AG and a Director of Brooker Consulting Company Pty Ltd.



**Air Vice-Marshal Roxley McLennan, AO**  
BSc MSc FRAeS FAICD (Rtd)

AVM Roxley McLennan was appointed to the Board on 1 May 2006 and his current term expires on 30 April 2012.

AVM McLennan retired from the Royal Australian Air Force in March 2006, after a distinguished military career that culminated in his serving as Deputy Chief of Air Force. He has over 6,000 flying hours, the majority being on C130 Hercules aircraft in operational, check and training roles.

AVM McLennan was appointed a Member of the Order of Australia for exceptional service in East Timor. He was appointed Officer of the Order of Australia for his outstanding achievements in international relations and managing the Air Force.

He is committed to the vision of a single, national air traffic management system for Australia.

AVM McLennan is Vice President – Defence Aerospace Australasia for Rolls-Royce, an Officer of the Royal Australian Air Force (RAAF) Active Reserve, National President of the RAAF Association, Member of the RAAF Heritage Council, Member of the Australian Air Force Cadets National Council, Member of the Battle for Australia National Council and a Director of the Sir Richard Williams Foundation Inc.



**Henk Meertens, AM**  
BArch (UNSW)  
**Chair Board Safety  
Committee**

Mr Meertens was appointed to the Board on 28 January 2005 and his current term expires on 2 June 2012.

Mr Meertens is Chairman of the Board Safety Committee.

Mr Meertens was appointed a Member of the Order of Australia in 2008, is a recipient of the Australian Sports Medal 2000, the Federation Aeronautique Internationale Silver Medal 2010 and the Australian Sport Aviation Confederation Gold Medal in 2011.

An architect, Mr Meertens has been actively involved in recreational and sport aviation for 30 years and has logged over 3000 hours flying time in gliders. Mr Meertens was President of the Australian Sport Aviation Confederation from 1996 to 2004, a past President of the Gliding Federation of Australia and has represented the Australian sport and recreational aviation community at international level and on a number of national forums and committees.

Mr Meertens is a Director of Rhibrae Pty Ltd and Wesky Pty Ltd and Vice President (Australia) of the Federation Aeronautique Internationale.



**Jude Munro, AO**  
BA Hons (University of  
Melbourne) Grad Dip Public  
Policy (Melbourne) Grad Dip  
Business Administration  
(Swinburne)  
**Chair Board Audit and  
Risk Committee**

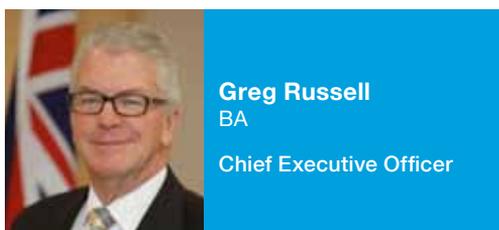
Ms Munro was appointed to the Board on 2 June 2010 and her current term expires on 2 June 2013. Ms Munro is the Chair of the Board Audit and Risk Committee.

She is Chairman of Queensland Urban Utilities, Australia's fourth largest water distributor-retailer, a Director of Uniting Care Queensland, a member of the Prime Minister's Expert Panel on Cities and the Director of Jude Munro and Associates.

Ms Munro was formerly the Chief Executive Officer of the Brisbane City Council, the largest local government in Australia with a budget of \$3.2 billion and 10,000 employees, serving a population of 1.1 million people.

She is a fellow of the Australian Institute of Company Directors and the Australian Institute of Public Administration.

Ms Munro was CEO of the Cities of Moreland and St Kilda in Victoria and the City of Adelaide. She was a Director of the Translink Transit Authority, Brisbane Institute, Australia Trade Coast Pty Ltd, City of Brisbane Investment Corporation, International River Foundation, United Way Queensland, Brisbane Riverfestival, Adelaide City Marketing, Adelaide Convention and Tourism Authority, and the 7th Australian Masters Games Board. She is a former chair of the National Local Government Drugs and Alcohol Committee and Queensland president of the Institute of Public Administration Australia.



Mr Russell was appointed Airservices Chief Executive Officer on 19 July 2005.

Mr Russell was Chief Operating Officer at Athens International Airport until June 2005 and, from 1999 to 2003, Director Aviation, Sydney Airport Corporation. Prior to that he was an executive with regional operator Hazelton Airlines for six years and General Manager of the company. He has also held a range of management positions in private companies and government organisations.

Mr Russell is currently the Vice-Chairman of the Civil Air Navigation Services Organisation (CANSO), and Chairman of the Asia-Pacific CANSO CEO's Committee.

## Benefits and interests in contracts with Airservices Australia

Details of directors' benefits and interests in contracts with Airservices are set out in Notes 26 and 28 of the financial statements.

## Directors' and officers' indemnities and insurance

In 2010–11, Airservices held a directors and officers liability insurance policy. It is a condition of this policy that the nature of the limits of liability, the liability indemnified and the premium payable is not disclosed to third parties except to the extent that:

- Airservices is required to do so by law, or
- the insurer consents in writing to such disclosure.

## Board Performance Review

As part of its approach to corporate governance, the Board of Airservices undertook a board performance review in 2011. This review was based on the Board Dimensions methodology developed by Cameron Ralph Pty Ltd.

The process used a confidential questionnaire which was independently analysed and benchmarked against a database of responses from Australian Directors. A report was provided to all Directors which highlighted the self-assessed strengths and weaknesses in the Board's performance and made suggestions for improvement.

The review suggested several areas for potential improvement to the Board's operations.

## Meetings of the Board, Board committees and Directors' attendance

**TABLE 4:** Meetings of the Board, Board committees and Directors' attendance

	Board	Safety	Audit	Remuneration	Environment
No. of meetings convened	10	7	4	3	4
David Forsyth <sup>a</sup>	10	7	3	3	4
Robert Maher <sup>b</sup>	8	2 <sup>*</sup>	4	0	4
Roxley McLennan	10	7	0	0	1 <sup>*</sup>
Henk Meertens <sup>c</sup>	9	7	0	0	1 <sup>*</sup>
Greg Russell <sup>d</sup>	10	7	3	3	4
Warren Mundy <sup>e</sup>	10	7	3	3	4
Liza Carver	9	2 <sup>*</sup>	4	0	4
David Burden	10	6	0	0	4
Jude Munro <sup>f,g,h</sup>	10	3	4	0	0

a - Chairman of the Board

b - Chair of the Audit Committee until February 2011

c - Chair of the Safety Committee

d - Ex officio member of all Board Committees, excluding Audit Committee

e - Deputy Chair and Chair of the Environment Committee

f - Commenced as Audit Committee member in August 2010

g - Chair of the Audit and Risk Committee from February 2011

h - Commenced as a Board Safety Committee member in April 2011

\* Not a Committee member

## Appendix 2: Statutory and administrative information

### Work health and safety—executive commitment

Airservices supported a strategic approach to work health and safety in 2010–11. The work program continued to focus on improving risk management of identified hazards.

### Legislative change to occupational health and safety

Amendments have been made to the *Occupational Health and Safety (Safety Standards) Regulations 1994* (the Regulations) which took effect on 16 March 2011 to update references to the seventh edition of the Australian Code for the Transport of Dangerous Goods by Road and Rail and the third edition of the Australian Code for the Transport of Explosives by Road and Rail. The impact of the change on Airservices has been reviewed and assessed.

### Consultation and health and safety committees

The National Health and Safety Committee met on four occasions. Two open staff forums with the National Health and Safety Committee were held during the year. Five formal local health and safety committees exist, with other forums at local management level, providing opportunities for consultation on work health and safety matters. Online communication is used to advise staff of consultative arrangements. The health and safety employee representation arrangements have been reviewed during the year in consultation with staff.

### Work health and safety strategy

The Airservices Board Safety Committee and National Health and Safety Committee monitored the progress of the second phase of implementation of the Workplace Safety Strategy 2009–12. The work program focused on implementation of improved risk controls, integrating safe design principles and maturing programs and resource support (see Table 5).

The strategy covers all aspects of occupational health and safety (OHS), from prevention to injury management. It is designed to embed Airservices systematic OHS approach in specific programs and business processes. Programs target:

- organisational risks and gaps in safety by design
- improving risk controls for hazards
- health surveillance and promotion
- early intervention and return to work.

Some of the key achievements for 2010–11 included:

- review of emergency arrangements (fire and first aid)
- development of OHS risk registers for business group managers
- management of risks associated with asbestos, chemical substances, occupational noise and manual tasks
- integration of OHS requirements for safety change management and system design
- implementation of early intervention system for injury management
- gap analysis for legal compliance in preparation for harmonised work health and safety laws in 2012.

### Education

Training activity included:

- 15 managers and health and safety representatives were trained in OHS legal obligations by Comcare and the practical application of the Safety Management System for OHS
- 60 employees attended a managing OHS risk for contractors and projects course.

Airservices sponsored an OHS competency course (for 15 specialist advisors), one OHS Diploma and one lead OHS auditors course.

**Occupational health and safety incidents**

Airservices required reporting to Comcare complied with section 68 of the *Occupational Health and Safety Act 1991*. Table 6 compares performance for the past three financial years.

**National OHS Targets**

Airservices performance against the established national OHS targets is detailed in Table 7.

**Workers compensation premium**

Airservices workers compensation premium for 2010–11 was 0.79 per cent of payroll. The rate represents an increase from the previous period due to an increase in average claim costs over the last four years up to 2009. This result remains significantly less than the combined rate for all Comcare scheme members which was 1.2 per cent in 2010–11 (2009–10: 1.25 per cent).

**Comcare investigations and notices**

No investigations occurred. No notices were issued.

**TABLE 5:** Initiatives and achievements summary under the second phase of the Workplace Safety Strategy 2009–12

Initiatives	Achievements
Safety by Design	Integration of OHS requirements into safety change processes and systems design manuals.
Improving risk controls	Contractor, procurement and project management program Stage 2.  Systematic risk management requirements implemented for identified hazards of manual tasks, asbestos and hazardous substances.
Health surveillance	Review completed and revised program endorsed by Executive.
Supporting decision makers and managers to enable risk management	'Safety by Design' resources and tools provided; together with manager advisory services from workplace safety specialists.
Health and well-being program	Program established. Global corporate challenge successfully engaged workforce.
Early intervention and return to work	Injury management system implementation.
Leadership, individual commitment and accountability	Refreshed supervisors and health and safety representative's courses and online induction. OHS risk registers developed with managers.
Enhanced assurance	Stronger adoption of system requirements in projects and operational management.
System sustainability	Established specialist support protocols for OHS audit program.  Structured communications for OHS mechanisms.  Review of health and safety management arrangements in consultation with staff and representatives.  Revised targets to embed lead indicators for OHS.

### Inspections conducted

During 2010–11 there were 887 separate planned inspections of sites, including technical workshop facilities. Asbestos surveys were conducted at 600 of Airservices more than 1000 sites.

### Provisional improvement notices

No provisional improvement notices were raised by health and safety representatives during 2010–11.

**TABLE 6:** OHS incidents 2007–08 to 2010–11

Incident category	2007–08	2008–09	2009–10	2010–11
Workplace fatality	0	1	1	0
Serious personal injury	14	15	16	8
Incapacity with more than one week lost time	9	19	10	16
Dangerous occurrence	34	34	35	34

**TABLE 7:** Performance against National OHS Targets 2010–11

Target	Performance
Target 1: Incidence of workplace injury and disease	Airservices is performing significantly better (17 claims) than the indicated national target (24 claims).
Target 2: Zero work-related fatality	N/A
Target 3: Weeks lost time	Airservices has increased the weeks lost time for injury claims in 2010–11 (543.27 weeks cumulative total) compared to the previous year 2009–10 (378.50 weeks cumulative total). Activity to address this deficiency is a key part of our strategy to improve our injury management system.
Target 4: Average weeks to commence return to work activity	Airservices has not met the target (average of 44.29 weeks compared to target of two weeks). The organisation continues to work to address this deficiency through a renewed systemic approach to respond to injured employees (an early intervention injury management approach by managers).

**TABLE 8:** Corporate Plan performance measures for 2010–11

Performance measure	Purpose and definition	Performance Standard	Rate as at 30 June 2011
OHS incident rate	Occurrences per 100 staff per month	0.2	0.58
Serious personal injury rate	Number of medically treated injuries per 1,000,000 hours worked	0	1.69

## Aviation security

Airservices maintains a Transport Security Program, as required by the *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*. The program describes the security measures and procedures that the organisation uses to minimise the risk of unlawful interference with aviation and major security threats against critical air traffic, aeronautical navigation, telecommunications, and surveillance and emergency facilities.

These physical security measures and procedures affect all Airservices operations and facilities. Enhanced CCTV and access control systems have been delivered during 2010–11. Identified security risks to non-operational facilities and functions are managed according to the Protective Security Manual issued by the Attorney-General's Department.

## Fraud control

Airservices has fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet its needs and, where required, those of the Commonwealth Fraud Control Guidelines.

## Privacy

The *Privacy Act 1988* requires Airservices to maintain a record of personal information in accordance with Clause 3 of Information Privacy Principle 5, including the following details:

- the purpose for which the records are kept
- the class of individuals to which the records apply
- the period for which the records are kept
- how individuals can get access to records about themselves.

Airservices personal information digest record is available on the website of the

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Office of the Federal Privacy Commissioner at [www.privacy.gov.au](http://www.privacy.gov.au). During 2010–11, the Privacy Commissioner did not undertake any investigations under section 40 of the Privacy Act in relation to Airservices.

## Freedom of information

The *Freedom of Information Act 1982* (FOI Act) requires Australian Government agencies to make available information about their organisation, functions and operations, and about rules and practices they use in making decisions that affect members of the public.

## Powers and functions

Airservices legislative framework, powers and functions are set out in the Corporate Overview section of this report.

## Procedures and initial point of contact

Under the FOI Act, the Chief Executive Officer or authorised officers may grant or refuse access to any document held by Airservices. Within the organisation, the FOI and Inquiries Coordinator in the Office of Legal Counsel makes initial decisions about access and fees. A request under the FOI Act must be in writing or email and state an address to which notices under the FOI Act can be sent. Applicants may be liable to pay administrative charges for the processing of a request, at rates prescribed by the FOI Act and Regulations.

The address for lodging requests is:

FOI and Inquiries Coordinator  
Office of Legal Counsel  
Airservices Australia  
GPO Box 367  
Canberra ACT 2601

Telephone: (02) 6268 5108  
Fax: (02) 6268 5148  
Email: [foi@airservicesaustralia.com](mailto:foi@airservicesaustralia.com)

### FOI activity in 2010–11

Table 9 shows Airservices FOI activity for 2010–11.

### Commonwealth Ombudsman activity

During 2010–11, Airservices responded to three formal requests for information from the Office of the Commonwealth Ombudsman.

**TABLE 9:** FOI activity

Activity in 2010–11	Numbers
<b>Requests</b>	
On hand at 1 July 2010	1
New requests received	27
Total requests handled	28
Total requests completed at 30 June 2011	26
Outstanding at 30 June 2011	2
<b>Action on requests</b>	
Access in full	16
Access in part	4
Access refused	3
Access transferred in full	0
Request withdrawn	3
<b>Response times (excluding withdrawn)</b>	
0–30 days	19
31–60 days	3
61–90 days	0
90+ days	1
<b>Internal review</b>	
Requests received	0
Decision affirmed	0
Decision amended	0
Request withdrawn	0
<b>Review by Administrative Appeals Tribunal</b>	
Applications received	0

### Aircraft Noise Ombudsman activity

Since 25 October 2010 Airservices responded to 34 formal requests for information from the Office of the Aircraft Noise Ombudsman.

### Consultative arrangements

Airservices welcomes comment from other organisations and from the public on its policies and practices.

The organisation maintains many channels for consultation, including consultative committees, the Airservices website ([www.airservicesaustralia.com](http://www.airservicesaustralia.com)), airport community consultative committees, telephone enquiry services, industry and pilot briefings, and locally advertised public meetings. The Minister, the Board, the Chief Executive Officer, the Executive and business centre managers also respond to posted comments.

The National Aviation Policy White Paper outlined a new requirement for major airports to establish community aviation consultation groups to give residents and businesses the opportunity to comment on airport planning and operations.

In the financial year, representatives from Airservices Community Relations section attended 36 community aviation consultation groups.

Airservices is a member of various Australian and international aviation bodies, including the Regional Core Planning Group of the ICAO; the ICAO's Air Transport, Air Navigation Commission and Legal panels and technical committees; regional planning groups; the National Association of Testing Authorities; the Air Coordinating Committee; Sydney Airport and Basin development committees; the International Air Transport Association; CANSO; joint Airservices–Defence working parties and committees; the Sydney Airport Community Forum; the Sydney Long Term Operating Plan Implementation and Monitoring Committee; the Central Traffic Management System Steering

Group; the Airport Development Committee; the Regional Airspace Users Advisory Committee; the Aviation Policy Group; the Aviation Implementation Group; the Standards Consultative Committee; and the Australian Firefighters Council.

### **Categories of documents held by Airservices**

Documents in the categories listed below are held by Airservices as paper records or on optical, audio or digital media.

**Legal and ministerial:** Legislation affecting the organisation; taxation working documents; Treasury records; insurance files; ministerial briefing papers and correspondence; policy advice, instructions and working papers; legal records, documents, instruments, precedents and advice; FOI Act activity records.

**Financial:** Planning and pricing records; airways charges collection data; financial statements, working papers, reporting documentation and records.

**Commercial:** Corporate property files, policy documents and records; service charter documentation; general correspondence; media reports and press releases; tenders, bids and submissions; original contract documents; contracts, agreements and memorandums of association; contract precedent information.

**Management and governance:** Board submissions, minutes and action records; management meeting submissions, records and minutes; corporate and strategic plans; business management documents, business plans, cases and reports; service agreements.

**Internal procedures:** Financial and resource management records, internal operating procedures, policy and procedures manuals and instructions; procurement guidelines; budget reports, general ledger records, procedures

and manuals; project financial data, approvals, briefs, plans, designs and commissioning reports; project management policy, manuals, processes and procedures; project records, including schedules, contracts and financial records; project documentation, working party and committee reports; statistical information; information technology policy, procedures, specifications, instructions, manuals, standards, reports, maintenance and asset records; backup tapes; quality management records, procedures and manuals.

**Employees:** Workplace agreements; procedural manuals; employee and personnel management records; service and employment agreements; occupational health and safety records; equity and diversity records; internal staff publications.

**Technical:** Integrated Aeronautical Information Package containing the Aeronautical Information Publication (AIP), AIP Amendments, AIP Supplements, NOTAMs and Aeronautical Information Circulars; communication systems handbooks; aeronautical engineering instructions, drawings, reports, configuration documents and policy documents; operational policy and procedures manuals; communications, surveillance, navigation, testing and maintenance systems and engineering documents; specifications, instructions, manuals, standards, procedures, reports, maintenance records, plans and asset records; documentation of radar tapes and analyses; data communications operations manuals; maps, charts and research and investigation records; statistics of airport operations.

**Environment:** Standards and procedures; records of assessment under Air Navigation (Aircraft Noise) Regulations; Australian noise exposure forecasts, exposure concepts and indices and related documents; Noise and Flight Path Monitoring System reports; reports on environmental assessments; records of telephone enquiries and aircraft noise complaints.

**Airspace:** Airspace change proposals and associated data; change assessment guidelines, procedures, standards and manuals; records in support of decisions; audit, monitoring and review procedures, plans and findings; consultation material; website subscription and stakeholder records.

**Air traffic control (ATC):** Separation policy, guidelines, standards, instructions and manuals; training records, standards, curriculum, syllabus and examination records; procedure development records; ATC and flight service daily logs and journals, audio tapes and personnel operational records; navigational maps and charts; aircraft movement data; operational documents and aeronautical charts for pilot navigation and flight planning; pilot education material; aeronautical information publications and operational charts, including en route information and world aeronautical charts.

**Safety:** Airport emergency planning documentation; safety standards procedures and documents; audit reports and records, including on safety cases; aviation accident, incident and investigation records; national operation standards, safety and surveillance system records, policies and manuals.

**Aviation rescue and fire fighting (ARFF):** Operational, engineering, quality assurance and safety management procedures and instructions; documents and procedures on recruitment, occupational health and safety, environment, hazardous materials and fire safety; aviation fire fighting manual; Australian Public Safety Training Package and associated training manuals, including module descriptors, assessment manuals and associated records; ARFF systems training/instruction manuals, incident and investigation records.

## Categories of documents available for purchase

Airservices sells a wide range of internally and externally produced documents through its Publications Centre in Canberra, including:

- Airservices and Civil Aviation Safety Authority regulatory and operational documents
- Logbooks – aircraft, pilot, operational notes, syllabus
- training manuals and practice exams for pilots licences
- engineering, aerodrome, helicopter, human performance factor, meteorology, Global Positioning System and general reference books
- navigation products, videos and chart packages.

Airservices Publications also produce:

- the Designated Airspace Handbook (DAH)
- the En Route Supplement Australia (ERSA)
- Departure and Approach Procedures (DAP East and West).

A comprehensive list of publications and prices is available from the Publications Centre:

Locked Bag 8500  
 Canberra ACT 2601  
 Telephone: 1300 306 630 (local call cost)  
 Fax: (02) 6268 5111  
 Website: [www.airservicesaustralia.com/publications](http://www.airservicesaustralia.com/publications)

## Superannuation

Airservices employer superannuation arrangements complied with the requirements of the *Superannuation Benefits (Supervisory Mechanisms) Act 1990* as prescribed by the Minister for Finance in Determination No. 1 of 1994 made under that Act. Employees

are generally defined benefit and/ or defined contribution members of the AvSuper fund. AvSuper's trustee, AvSuper Pty Ltd, holds a public offer Registrable Superannuation Entity (RSE) licence (L0000147). The AvSuper defined benefit scheme was closed to new members in 2002.

Airservices is a Commonwealth Superannuation Scheme (CSS) approved authority under the Superannuation (CSS) Approved Authority Declaration (1995). Approximately 250 employees are defined benefit members of the CSS, which is administered by the Australian Reward Investment Alliance (RSE licence L0001397).

The CSS has been closed to new members since 1 July 1990. Except for members of the CSS and some non-collective agreement employment instruments, employees are able to select an eligible choice fund other than AvSuper to receive employer contributions.

### **Judicial decisions and reviews by outside bodies**

No judicial decisions or decisions of administrative tribunals during 2010–11 had, or may have, a significant impact on the operations of Airservices.

In May 2011 Airservices sought an order from the Federal Court to enforce a direction of Fair Work Australia in relation to a dispute over rostering arrangements at the Avalon Airport Aviation Rescue and Fire Fighting station.

The order was not granted and the issue was subsequently resolved through negotiation with the United Firefighters Union.

### **Environmental protection and ecologically sustainable development**

In 2010–11, Airservices reduced greenhouse gas emissions and protected the environment through such air traffic management initiatives as:

- pre-departure tactical management
- use of the long-range optimal flow tool
- Flextracks
- ongoing trials of Required Navigation Performance (RNP) procedures
- the Asia and South Pacific Initiative to Reduce Emissions (ASPIRE)
- the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE).

See 'Delivering excellent core performance' in the review of operations for full details of these initiatives.

In internal operations, we protected the environment by:

- conducting training for Airservices staff on environmental issues, the environmental management system, risk management and staff accountabilities
- promoting environmental awareness and initiatives, including Earth Hour and Greenfleet Tree Planting Day, through internal communications
- continuing active involvement in the CANSO Environment Working Group
- enhancing the WebTrak service, which provides public access to information about aircraft noise and operations around eight of Australia's busiest airports
- continuing to examine ways to reduce Airservices environmental footprint and that of the aviation industry
- maintaining ISO 14001 (the international standard for environmental management systems) certification for operations at Coolangatta Airport and Gellibrand Hill radar site
- commencing transition to a fire fighting foam that is fluorosurfactant free in response to concerns these compounds have been declared persistent organic pollutants under the United Nation's Stockholm Convention

- 
- implementing an environment management plan to manage potential issues from the use of fire fighting foams containing fluorosurfactants at ARFF training grounds
  - supporting the preservation of Australia's aviation history through the Civil Aviation Museum
  - ongoing monitoring of a threatened species at the Launceston fire station site
  - undertaking assessments in accordance with the *Environment Protection and Biodiversity Conservation Act 1999* requirements in support of new and changing internal business processes for projects, property and operational procedures
  - ensuring that the impacts of Airservices executive fleet and ARFF vehicle operations are offset by membership of Greenfleet (trees are planted as carbon offsets)
  - upgrading environmental legal and other requirements register
  - improving the system to monitor the organisation's greenhouse gas emissions and energy consumption and production on an ongoing basis, in order to enable reporting in accordance with *National Greenhouse and Energy Reporting Act 2007* requirements for the 2010–11 financial year.

Airservices Environment Strategy 2011–2016 was submitted to the Minister for Infrastructure and Transport on 21 April, 2011. The development of an environment action plan to deliver the Environment Strategy has commenced.

Airservices revised heritage strategy was submitted to the Minister for Sustainability, Environment, Water, Population and Communities on 6 April 2011. The strategy is an integral part of Airservices commitment to sound environmental management. An initiative of the strategy is the assessment of potential heritage values of Aviation Rescue and Fire Fighting (ARFF) stations. This may result in some ARFF stations being nominated for inclusion on the Commonwealth Heritage List.

## Appendix 3: Equity and diversity progress report

### Background

As a Commonwealth authority employer, Airservices is bound by:

- the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*
- the *Human Rights Commission Act 1986*
- the *Racial Discrimination Act 1975*
- the *Sex Discrimination Act 1984*
- the *Disability Discrimination Act 1992*
- the *Age Discrimination Act 2004*.

This report to the Minister for Infrastructure and Transport is made under Section 9 (2) of the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*. The Act requires Airservices to report on the employment of women and people in designated groups, i.e. people with a disability, Indigenous Australians and people from culturally and diverse backgrounds (CALD).

### Reporting Obligations

The *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* requires Airservices to undertake the following actions as part of its equity and diversity program.

#### Informing employees - s. 6(a)

Employees are informed about Airservices equity and diversity initiatives through the internal website and Airservices staff magazine Azimuth. Each year's progress report is available online together with policies, procedures and information on fairness and diversity. Updates on diversity initiatives and relaunched policies and procedures are provided in Azimuth.

#### Conferring responsibility - s. 6(b)

Overall accountability for the National Equity and Diversity Program has been conferred to Airservices CEO and Executive Committee. The People and Change business group is responsible for the overall oversight and continuous review of the program. Individual business groups are responsible for implementation of program strategies within their areas. All employees have a responsibility to ensure their behaviour is at all times compliant with the Code of Conduct which sets the standard to treat everyone with fairness, equity and justice at all times.

#### Consultation with trade unions - s. 6(c)

Airservices consults with each trade union that represents its employees. These are the Association of Professional Engineers, Scientists and Managers, Australia (APESMA), the Communications, Electrical, Electronic, Plumbing and Allied Workers Union of Australia (CEPU), the Civil Air Operations Officers' Association of Australia (CAOOAA), the Community and Public Sector Union (CPSU) and the United Firefighters' Union (UFU).

Airservices typically meets with the National Consultative Council (NCC) twice a year to discuss relevant organisational and employee issues. The NCC is comprised of representatives from each trade union and members of the Airservices Executive Committee.

In 2010–11, Airservices established the fairness and diversity sub-committee, a working group of the NCC. This group consists of members from each of the relevant unions and management and employee representatives from each of Airservices business groups. This committee aims to meet quarterly to review organisational strategies and policies relating to equity and

diversity, and to make recommendations for the elimination of any barriers in the workplace which inhibit employees from balancing their work, life and cultural responsibilities.

### **Consultations with employees - s. 6(d)**

In the period 2010–11, Airservices continued with the CEO and Executive visits to metropolitan and regional sites, to meet with employees to discuss current organisational initiatives and any areas of concern. These visits provide employees, particularly those in regional locations, with the opportunity to communicate directly with Airservices Executive Committee.

The Women in Leadership Network continued to be an avenue to consult with female senior managers through the holding of forums. Women in Leadership forums were held in October 2010 and July 2011. Both forums involved approximately 70 women, including managers and women from operational areas.

The fairness and diversity team commenced use of the internal web site to publish draft procedures and policies for comment on diversity issues. In the reporting period the Work Life Balance Procedure was published for comment.

Airservices also conducted 'pulse' surveys during 2010–11. These surveys give a quick snapshot of the views of the organisation on varying issues.

A pulse survey of the Women in Leadership Network was conducted in March 2011 regarding gender issues and the direction of the network which was used to formulate the aims for the network in 2011-12.

A pulse survey was conducted to assess employee engagement in 2010 with almost 300 employees participating. Overall, the survey results indicated that, against the majority of engagement factors, most employees are optimistic that Airservices performance on these issues had either been steady or better in the

previous six months and will remain the same or improve over the next six months. Response rates ranged between 48 per cent and 82 per cent for all engagement factors. Across all the engagement factors surveyed, only a minority of respondents perceived a worsening in the organisation's performance.

The air traffic control group also regularly conduct pulse surveys to assess the engagement of employees.

### **Collection of statistics - s. 6(e)**

The *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* requires organisations to collect and record statistics and related information about their employees, including the number of, and the types of jobs undertaken by employees of either sex, and employees in designated groups.

New employees in Airservices are invited to provide their equity and diversity information. All employees are encouraged to update their own equity and diversity data within the Human Resource Information System. Submission of such data is voluntary due to privacy considerations.

### **Consideration of policies, examination of practices – s. 6(f)**

Airservices promotes a workplace that is free from discrimination, through the provision of practices and policies that promote equity and diversity including the Code of Conduct and the Human Resources Policy. Airservices also monitors the impact of legal decisions about anti-discrimination legislation.

Every year the organisation's people systems, policies and procedures are reviewed and revised if necessary. In this reporting period the Fair Treatment Review System and Employee Grievance Board Procedure were relaunched and the Work Life Balance Procedure reviewed. The

fairness and diversity team commenced work on a Discrimination, Bullying and Harassment Policy and Procedure, together with a Complaints and Investigations Procedure.

### **Setting objectives and selecting indicators – s. 6(g)**

Airservices is developing a revised National Equity and Diversity Program for 2011-2014 which addresses five key areas:

- women
- Indigenous Australians
- people from CALD backgrounds
- people with a disability
- mature-age workers.

The plan encourages diversity across four areas:

- attracting
- recruiting
- development and advancement
- creating an appropriate work environment.

### **Monitoring and evaluation – s. 6(h)**

The program allocates responsibilities and sets performance indicators so that its objectives and strategies can be monitored.

Workforce data about trends in the employment of women and designated groups form the basis for monitoring and evaluating the program. Further data regarding the number and type of complaints and enquiries help Airservices monitor and evaluate the program.

### **Summary of progress**

Airservices is committed to fairness and diversity and values inclusion. The aim is to ensure that all employees are treated with dignity and respect and experience the same opportunities throughout their careers with Airservices.

Airservices is committed to increasing the number of women, Indigenous Australians, people with disabilities and people from CALD backgrounds within the organisation, together with managing a mature-aged workforce. Airservices aims to create a work environment where all employees are supported and differences are embraced.

### **Women**

Airservices is committed to the attraction, recruitment and development of women. Women in management roles are a continual focus and the second Women in Leadership Network Forum was held in October 2010 and attended by 70 women in management and operational roles. The network offers development and networking opportunities to women in management roles, with the invitation extended to women in operational or non traditional roles for the second forum. Airservices also offered external developmental opportunities to women leaders in 2010–11.

### **Indigenous Australians**

Airservices aims to close the gap in employment between the wider Australian population and Indigenous Australians. In May 2011 the role of Indigenous Strategy and Support Advisor was created to further develop the recruitment, employment and support initiatives for Indigenous Australians together with educating the organisation. In the period 2010–11 Airservices continued to work with Department of Education Employment and Workplace Relations to increase the representation of Indigenous Australians.

### **Employees from CALD backgrounds**

Airservices has revised its recruitment processes to encourage diversity of applicants including people from CALD backgrounds.

### Employees with a disability

The People and Change business group has revised its recruitment processes to encourage diversity of applicants including people with a disability. Airservices currently has 1.5 per cent of its workforce who have identified as having a disability. This figure has remained stable over time.

### Mature-aged workers

Currently 46 per cent of Airservices workforce is 45 years of age or over (Table 10). This is being addressed by initiatives including succession planning and skills transfer. In 2010, Airservices created an Alumni program for employees who have left the organisation. There are currently 200 members. During 2010–11 two functions were held, with members also receiving a quarterly newsletter.

### Strategic achievements

Airservices Workforce Plan encourages diversity across four key strategic areas of attract, recruit, develop and advance, and create an appropriate work environment. These four areas represent opportunities for Airservices to remove barriers for applicants from diverse groups, develop current employees and ensure Airservices as a whole is culturally aware.

### Attract

The People and Change business group has been specifically targeting advertising campaigns

to attract women and Indigenous Australians, particularly to operational roles such as air traffic controllers, aviation fire fighters and technical officers. This involves advertising in publications including the Koori Mail and Indigenous Times, and holding open days for fire fighter recruitment across a range of locations.

### Recruit

The People and Change business group undertook a review of its recruitment systems and processes to encourage diversity of applicants. It has also implemented an initiative that at least one woman must be on every interview panel.

### Develop and advance

The Management Essentials leadership program was implemented in 2009–10 to equip managers with the skills to lead high performing teams. This program was updated in 2010–11 to include further compulsory modules on fairness and diversity. For new employees, the Airservices Corporate Induction Program has been reviewed to provide further information on policies and procedures relating to fairness and diversity.

Airservices launched a bullying and harassment prevention program in October 2010 which included rolling out training to all managers on discrimination, bullying and harassment in the workplace. In 2010–11, 360 managers completed this training. Members of People and Change also completed training in how to undertake an investigation of complaints.

**TABLE 10:** Age profile at 30 June 2011

Age range	Number of employees	Proportion of employees
Under 25	168	4.3%
25-34	826	21.3%
35-44	1095	28.2%
45-54	1166	30.0%
55-64	591	15.2%
65+	40	1.0%

### Create an appropriate work environment Policies, procedures and information:

In 2010-11 Airservices revised and re-launched the Code of Conduct which includes guides to behaviour for fairness and equity and discrimination, bullying and harassment.

Airservices also commenced work on developing a Discrimination, Bullying and Harassment Policy and Procedure together with a Complaints and Investigations Procedure. The Fair Treatment Review System and the Employee Grievance Board Procedure were revised and relaunched.

**Contacts:** Airservices created a fairness and diversity team in August 2010 comprising a Fairness and Diversity Manager, Project Officer and Indigenous Strategy and Support Advisor. A confidential fairness and diversity inbox was also created together with an intranet page outlining policies, procedures, contacts and information on fairness and diversity, unfair treatment and bullying and harassment.

The number of Fair Treatment Contact Officers in Airservices increased in 2010-11 from seven to 23. These officers are trained and active in their

**TABLE 11:** Equity and diversity enquiries and complaints 2003 to 2010

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Employee numbers	2975	3085	2929	2996	3130	3237	3462	3853
Ethics Hotline enquiries	31	40	38	35	10	1	4	6
Ethics Hotline complaints	5	8	8	6	3	0	1	4
Formal complaints*	0	6	2	5	3	10	6	16

\*These complaints were made via the Fair Treatment Review System and the Employee Grievance Board

**TABLE 12:** Representation of designated groups among permanent staff 2003 to 2010

Designated Groups*	2003-2004 %	2004-2005 %	2005-2006 %	2006-2007 %	2007-2008 %	2008-2009 %	2009-2010 %	2010-2011 %
Indigenous Australians	0.6	1.1	1.5	1.3	1.2	1.1	1.0	0.9
People with a disability	1.8	1.6	1.6	1.6	1.5	1.6	1.6	1.5
People from a CALD background	7.7	3.9	8.5	4.3	4.9	5.6	6.3	7.45

\*Note that only 60 per cent of all staff provided equity and diversity data for these groups

respective locations providing advice on policies and procedures to all employees.

Airservices has also gone to tender to procure/refresh its Employee Assistance Program. This program is available to all employees and offers free counselling services.

## Statistics for 2010–11

### Enquiries and complaints

The number of complaints and enquiries regarding fairness and diversity for the reporting period are shown in Table 11. The figures show that the total number of complaints has increased. This is due to the October 2010 launch of the “see it, report it, stop it” campaign

**TABLE 13:** Employment of permanent staff in designated groups by job classification

Job family	Indigenous employees		CALD backgrounds		Employees with disability	
	Total June 2010	Total June 2011	Total June 2010	Total June 2011	Total June 2010	Total June 2011
Air traffic controller	12	11	27	32	11	10
Air traffic controller (trainee)	0	0	13	13	0	1
Air traffic support specialist	1	1	7	1	1	1
Clerical administration	3	4	74	117	12	20
Executive manager	0	0	0	0	0	0
Fire fighter	4	4	0	14	3	3
Fire officer	0	4	0	0	2	1
Flight data co-ordinator	1	1	0	1	0	0
Flight information service officer	1	1	3	2	1	0
Flight service officer	0	0	0	0	0	0
Professional	0	0	5	5	0	1
Senior manager	0	0	2	5	0	2
Snr technical officer	0	0	0	0	0	0
Team leader	0	0	3	3	1	1
Technical manager	0	0	0	0	0	0
Technical officer	6	6	56	54	13	13
Technology professional	2	1	37	30	7	0
Trades and TGO	2	2	9	11	5	5
<b>Total FTE</b>	<b>32</b>	<b>35</b>	<b>236</b>	<b>288</b>	<b>56</b>	<b>58</b>
<b>Percentage of workforce</b>	<b>1.0</b>	<b>0.9</b>	<b>6.4</b>	<b>7.5</b>	<b>1.6</b>	<b>1.5</b>

which targeted bullying and harassment within Airservices and encouraged employees to report any inappropriate behaviour. Enquiries to the ethics hotline also increased marginally for the same reason.

### Diversity profile

Airservices diversity profile has remained relatively consistent over the last seven financial years.

As outlined in Table 12 and Table 13, the percentage of Indigenous employees has slightly decreased due to overall growth in the organisation; however the total number has increased by three employees to 35. The number of employees with a disability has also increased slightly (two employees) however the percentage

has slightly decreased for the same reasons. The number of employees from CALD backgrounds has increased by over 50 employees, particularly in the clerical administration area.

On average, since 2007, the number of CALD employees has steadily increased. Indigenous employees and employees with a disability have remained constant.

### Gender

Women currently make up 18 per cent of Airservices total workforce (680 women). The number of women has increased since the last financial year but the percentage has remained stable due to overall growth in the organisation. Table 14 shows the breakdown of gender by

**TABLE 14:** Gender by job classification as at 30 June 2011

Job Family	Percentage of females	Female	Male
ATC	12	122	861
ATC Trainee	16	21	112
ATS Support	7	3	42
Aviation Fire Fighter	2	9	558
Clerical Admin	50	385	390
Executive Manager	11	1	8
Fire Officer	1	1	165
Flight Data Co-ordinator	22	5	18
Flight Information Service Officer	17	12	57
Professional	9	5	53
Senior Manager	23	57	194
Senior Manager/Aviation Fire Fighter	0	0	3
Team Leader	19	9	38
Technical Officer	3	10	355
Technology Professional	6	9	151
Target Generator Officer	24	30	93
Trades	1	1	75
<b>TOTAL</b>	<b>18</b>	<b>680</b>	<b>3,173</b>

job classification. The number of women in management roles remains constant at 58.

### Indigenous Australians

As shown in Figure 3, there are 35 employees having self-identified as being Indigenous Australians. This represents 0.9 per cent of Airservices employees, however may not reflect the actual numbers of Indigenous employees as many employees in this group choose not to disclose.

### People with a disability

Table 13 and Figure 3 show a small but steady increase in employees reporting a disability over the past few years. However, it should be noted that legislated safety standards preclude persons with certain disabilities from holding some positions, for example air traffic controllers and aviation and rescue fire fighters.

### CALD backgrounds

Currently there are 288 identified people from CALD backgrounds employed by Airservices which represents 7.5 per cent of the total workforce as shown in Table 13 and Figure 3. This may not be an accurate reflection of the workforce as many employees in this category choose not to respond or identify.

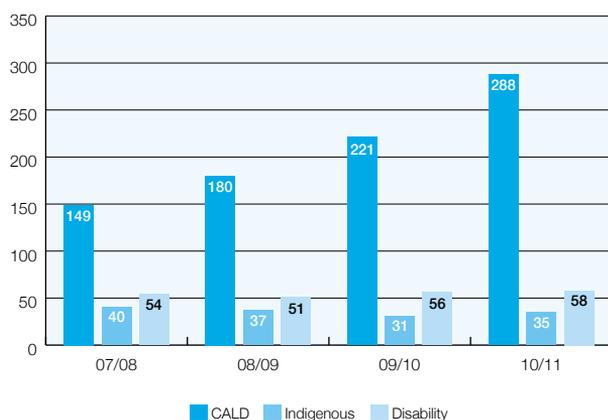
### Mature-aged employees

Airservices increasingly relies on mature-aged employees (45 years and over) who, in 2010–11, represented 46 per cent of the ongoing workforce. Implications of an ageing workforce are being addressed through initiatives including succession planning, workforce planning, knowledge and skills transfer, part-time working arrangements, and phased retirement plans. Additionally, employees approaching retirement age are provided with information on the superannuation benefits of deferred retirement.

### Work life balance

As at 30 June 2011, 156 employees were working in part-time roles. This represents four per cent of the workforce. This number has increased since last financial year where there were 131 part-time employees (3.6 per cent).

**FIGURE 3:** Headcount by designated group 2007-2011

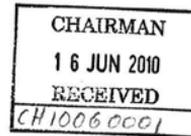


## Appendix 4: Statement of expectations



**The Hon Anthony Albanese MP**

Minister for Infrastructure,  
Transport, Regional Development  
and Local Government  
Leader of the House



10 JUN 2010

Reference: 02678-2010

Mr David Forsyth  
Chairman  
Airservices Australia  
GPO Box 367  
CANBERRA ACT 2601

Dear Mr Forsyth

*David,*

I am writing to you about my Statement of Expectations (the Statement) for the Board of Airservices Australia (Airservices), which I have enclosed.

This Statement, covering the period from 1 July 2010 to 30 June 2011, replaces the previous statement that I issued on 24 October 2008 and represents a notice of strategic direction under Section 17 of the *Air Services Act 1995*.

I expect Airservices to implement a number of initiatives announced in the National Aviation Policy White Paper, including the establishment of the Aircraft Noise Ombudsman and the clarification of the roles and responsibilities for Airservices in the provision of Aerodrome Rescue and Fire Fighting Services.

In addition, I expect Airservices to continue to play an important role in the effective management and provision of information on the environmental effects of aircraft and look forward to receiving a detailed work program in this regard.

I have highlighted the importance of the implementation of the Sydney Airport Long Term Operating Plan and the development of advice in relation to the potential for wider use of Required Navigation Performance (RNP) including the steps Airservices will take to consult with community and industry stakeholders. I will write to you shortly on the nature of the RNP advice that would assist the Government in the future consideration of this initiative.

I look forward to your support and cooperation in achieving each of the key points outlined in the Statement and I ask that you provide me with a Statement of Intent, within a month of the date of this letter, outlining how you intend to meet these expectations.

PARLIAMENT HOUSE CANBERRA ACT 2600  
Telephone: 02 6277 7680 Facsimile: 02 6273 4126

It is important to note that in drafting your Statement of Intent, that it outlines appropriate targets and key performance indicators, so that Airservices performance can be measured accordingly.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Anthony Albanese', written in a cursive style.

ANTHONY ALBANESE

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**Statement of Expectations  
For the Board of Airservices Australia  
For the period 1 July 2010 to 30 June 2011**

This Statement of Expectations (SOE) outlines in a formal and public way, my expectations concerning the operations and performance of Airservices Australia (Airservices) from 1 July 2010 – 30 June 2011. This SOE serves as a notice of strategic direction to Airservices under section 17 of the *Air Services Act 1995*.

The Government's vision for Airservices is that it efficiently and effectively performs its statutory functions to deliver safe, high quality air navigation and related services for the benefit of the Australian community. The Government expects that, consistent with subsection 9(1) of the *Air Services Act 1995*, Airservices must regard the safety of air navigation as the most important consideration in performing its functions.

As the Board of Airservices, I expect that you:

- will ensure that Airservices acts in accordance with the *Air Services Act 1995*, *Commonwealth Authorities and Companies Act 1997* (and associated regulations) as well as other relevant legislation and legal instruments; and
- will keep me and the Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government (the Department), through the Chair of the Board, fully informed of Airservices' actions in relation to the initiatives and activities stated below, and alert me to events or issues that may impact on the operations of Airservices, including the provision of timely:
  - Board reports; and
  - Quarterly reports of progress against the Corporate Plan.

My expectations are that Airservices will:

1. perform its functions in a manner that supports Government policy, specifically the following three key aviation goals outlined in the National Aviation Policy White Paper:
  - safety remains the highest priority;
  - a responsible approach to managing the environmental impacts of aviation; and
  - a coordinated approach to airport planning and investment.
2. implement relevant air traffic management and other initiatives of the White Paper (in conjunction with the Department, the Australian Transport Safety Bureau (ATSB), the Civil Aviation Safety Authority (CASA) and the Department of Defence as appropriate).
3. engage constructively in processes where it can provide information, assistance or advice for the purpose of policy formulation, implementation and regulation being undertaken by Government agencies, both within and outside my portfolio.

4. assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including the:
  - distribution of information to the public through maintenance and appropriate resourcing of the Noise Enquiry Unit;
  - development of a detailed work program outlining Airservices initiatives in managing, monitoring and reporting on the environmental effects of aircraft;
  - implementation of Sydney Airport Long Term Operating Plan; and
  - development of advice in relation to the potential for wider use of Required Navigation Performance (RNP) approaches at Australian airports to enhance safety and efficiency, reduce emissions, and minimise noise impacts, and the steps Airservices will take to consult with community and industry stakeholders.
5. establish an Aircraft Noise Ombudsman to:
  - conduct independent reviews of noise enquiry and complaints handling;
  - make recommendations for improvements where necessary; and
  - monitor Airservices' consultation arrangements and presentation of noise information with a view to continuing to improve the flow of information to noise affected communities.
6. provide a clearly defined Aerodrome Rescue and Fire Fighting Service (ARFFS) for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety Regulations 1998.
7. continue the implementation of a number of agreed joint civil and military aviation harmonisation initiatives in conjunction with the Department of Defence.
8. through a sound financial platform, continue to invest in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program.
9. develop through consultation with key stakeholders, a new Long Term Pricing Agreement for the period 2011 to 2016 consistent with Government policy settings as outlined in the Aviation White Paper.
10. commit to a strong focus on human resource issues, including publication of an annual update of the Airservices Australia Workforce Plan, and the development and implementation of proactive training and retention policies.
11. continue to support the Government's aviation safety agenda in the Asia/Pacific region.
12. adhere to values and a code of conduct that maintains high standards of professionalism, customer service, probity, reporting, accountability and transparency, consistent with the Government's aim of excellence in the public sector.

## Appendix 5: Statement of intent



AIRSERVICES AUSTRALIA

The Hon Anthony Albanese MP  
Minister for Infrastructure, Transport,  
Regional Development and Local Government  
Parliament House  
CANBERRA ACT 2600

Chairman

GPO Box 367, Canberra ACT 2601  
25 Constitution Avenue, Canberra ACT 2601  
t 02 6268 4189  
f 02 6268 5686  
ABN 59 698 720 886

Dear Minister

### Airservices Australia Statement of Intent

The Board of Airservices Australia was pleased to receive on 16 June 2010, your Statement of Expectations for the period 1 July 2010 to 30 June 2011. On behalf of the Board I am responding with our Statement of Intent.

In developing the Statement of Intent the Board has been cognisant of the need to provide appropriate targets and performance indicators. The detailed key actions and associated performance indicators will be provided in the 2010-2015 Corporate Plan.

The Corporate Plan is currently in the process of being finalised and will provide an update on the organisation's priorities for the next five years, performance measures and budget outcomes against key objectives and business strategies in addition to addressing the areas highlighted in your Statement of Expectations.

It is my intention to provide you with the draft 2010-2015 Corporate Plan before the end of July 2010. As is our usual practice, Management has consulted with your Department on its development.

If your Office requires any further information, please contact Ditta Zizi, Corporate Secretary on 02 6268 5530.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Forsyth'.

David Forsyth  
Chairman  
14 July 2010

cc: Mr Mike Mrdak, Secretary, Department of Infrastructure, Transport, Regional Development and Local Government

**Airservices Australia  
Statement of Intent**

This Statement of Intent responds to the Statement of Expectations (July 2010 to June 2011) received from the Minister for Infrastructure, Transport, Regional Development and Local Government. The Statement draws on Airservices Australia's Corporate Plan 2010-2015 which represents the organisation's priorities, specific performance measures and budget outcomes against key objectives and business strategies. Performance indicators and quantitative targets will be reported on a quarterly basis.

Airservices Australia formally commits to meeting the expectations of the Minister. This will be achieved through the following key actions.

<b>Statement of Expectations</b>	<b>Statement of Intent</b>
1. Perform functions in a manner that supports Government policy, specifically the following three aviation goals outlined in the National Aviation Policy White Paper: <ul style="list-style-type: none"> <li>• safety remains the highest priority</li> <li>• a responsible approach to managing the environmental impacts of aviation</li> <li>• a coordinated approach to airport planning and investment.</li> </ul>	Airservices will ensure that safety system enhancements and infrastructure replacement programs optimise safety benefits as well as develop initiatives to improve the environmental performance of its operations. During the period Airservices will also commence and finish projects that provide services not previously provided to the industry with respect to ground surveillance at airports and air traffic flow management.
2. Implement relevant air traffic management and other initiatives of the White Paper (in conjunction with the Department, the Australian Transport Safety Bureau (ATSB), Civil Aviation Safety Authority (CASA) and the Department of Defence as appropriate).	Airservices will continue to work cooperatively with the Department and other Government agencies through the APG and other forums to implement a range of initiatives contained in the Aviation White Paper.
3. Engage constructively in processes where Airservices can provide information, assistance or advice for the purpose of policy formulation, implementation and regulation being undertaken by Government agencies, both within and outside the portfolio.	Airservices will coordinate and foster aviation industry relationships and intelligence for the benefit of Government policy and will continue its participation in cross agency forums and provide technical advice to assist with policy formulation in areas such as safety, airspace policy, airport planning and aviation environmental impacts.

Statement of Expectations	Statement of Intent
<p>4. Assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including:</p> <ul style="list-style-type: none"> <li>• distribution of information to the public through maintenance and appropriate resourcing of the Noise Enquiry Unit</li> <li>• development of a detailed work program outlining Airservices' initiatives in managing monitoring and reporting on the environmental effects of aircraft</li> <li>• implementation of the Sydney Long Term Operating Plan</li> <li>• development of advice in relation to the potential for wider use of Required Navigation Performance (RNP) approaches at Australian airports to enhance safety and efficiency, reduce emissions and minimise noise impacts, and the steps Airservices will take to consult with community and industry stakeholders.</li> </ul>	<p>Airservices will strengthen its approach to community consultation and engagement. Airservices will continue to implement the Sydney Long Term Operating Plan (L-TOP) in accordance with the Government's aircraft noise abatement principles.</p> <p>The potential use of new navigation technologies like Required Navigation Performance (RNP) procedures will be further explored with the objective of providing a balance between more efficient air routes and the reduction of aircraft noise.</p> <p>These initiatives will be undertaken in consultation with airport consultative committees.</p> <p>Airservices will, in consultation with the aviation industry and Government agencies, develop an Integrated Environment Strategy and publish an annual Environmental work plan to record performance against the Strategy.</p>
<p>5. Establish an Aircraft Noise Ombudsman to:</p> <ul style="list-style-type: none"> <li>• conduct independent reviews of noise enquiry and complaints handling</li> <li>• make recommendations for improvements where necessary</li> <li>• monitor Airservices' consultation arrangements and presentation of noise information with a view to continuing to improve the flow of information to noise affected communities.</li> </ul>	<p>The Board of Airservices will establish the office of the Aircraft Noise Ombudsman by 31 July 2010 and develop protocols for responding to and reporting the findings of the Aircraft Noise Ombudsman.</p>
<p>6. Provide a clearly defined Aerodrome Rescue and Fire Fighting Service (ARFFS) for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety regulation 1998.</p>	<p>Airservices will deliver a five-year implementation program for key Aviation Rescue and Fire Fighting (ARFF) service delivery enhancement initiatives and will continue to work with the Department, State authorities and federally-leased airports to deliver ARFF services nationally.</p>
<p>7. Continue the implementation of a number of agreed joint civil and military aviation harmonisation initiatives in conjunction with the Department of Defence.</p>	<p>Airservices will strengthen its relationship with Defence and increase its efforts to implement a range of collaborative initiatives.</p>
<p>8. Through a sound financial platform, continue to invest in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program.</p>	<p>Airservices will maintain and deliver a substantial ongoing capital expenditure program as outlined in its Corporate Plan 2010 – 2015 and will aim to achieve a reasonable return on fixed assets.</p>

Statement of Expectations	Statement of Intent
<p>9. Develop through consultation with key stakeholders, a new Long Term Pricing Agreement for the period 2011 to 2016 consistent with government policy setting as outlined in the Aviation White Paper.</p>	<p>Airservices will continue to engage in an extensive industry consultation process to develop a Long Term Pricing Agreement (LTPA) proposal by end November 2010. A new LTPA will be completed by early 2011.</p>
<p>10. Commit to a strong focus on human resource issues, including publication of an annual update of the Airservices Australia Workforce Plan, and the development and implementation of proactive training and retention policies.</p>	<p>Airservices will focus on increasing diversity, training, succession planning, developing senior management capability and motivating staff to remain with the organisation. An updated Workforce Plan will be completed by end June 2011.</p>
<p>11. Continue to support the Government's aviation safety agenda in the Asia/Pacific region.</p>	<p>Airservices will continue to provide ongoing support to the Indonesian Transport Safety Assistance Package; it will deliver on its agreement with its counterpart in Papua New Guinea and will continue to work with Airways New Zealand towards regional (Australasian) operational solutions that enhance performance and improve safety.</p>
<p>12. Adhere to values and a code of conduct that maintains high standards of professionalism, customer services, probity, reporting, accountability and transparency, consistent with the Government's aim of excellence in the public sector.</p>	<p>Airservices will continue to manage its affairs with diligence and in compliance with relevant legislative requirements and applicable Government policies. To enhance the accountability of management, an extensive internal audit program will continue with Board Audit Committee oversight. Board oversight will continue on the safety of Airservices operations and the newly established Board Environment Committee will focus increasing attention on this important area.</p>

## Appendix 6: Staffing statistics

**TABLE 15:** Number of permanent ongoing staff, by classification and state, at 30 June 2011

	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	TOTAL
ATC	12	139	6	368	57	13	307	82	984
ATC Trainee	0	1	0	31	1	0	107	0	140
ATS Support	2	3	0	9	0	0	37	0	51
Aviation Fire Fighter	17	62	53	200	29	35	90	74	560
Clerical Admin	452	30	1	131	2	0	153	4	773
Executive Manager	10	0	0	0	0	0	0	0	10
Fire Officer	8	20	15	55	11	10	24	23	166
Flight Data Co-ordinator	0	0	0	11	0	0	12	0	23
Flight Information Service Officer	1	0	0	67	0	0	1	0	69
Professional	18	4	0	26	1	0	28	3	80
Senior Manager	158	7	1	49	2	0	34	3	254
Senior Manager/Aviation Fire Fighter	2	0	0	1	0	0	0	0	3
Team Leader	8	4	1	14	3	1	7	3	41
Technical Officer	15	74	12	126	20	6	93	27	373
Technology Professional	70	4	1	49	3	0	34	1	162
Target Generator Officer	0	6	0	41	0	0	67	6	120
Trades	7	12	3	19	7	0	20	9	77
<b>TOTAL</b>	<b>782</b>	<b>366</b>	<b>93</b>	<b>1,197</b>	<b>136</b>	<b>65</b>	<b>1,013</b>	<b>234</b>	<b>3,886</b>

## Appendix 7: Noise complaint and enquiry data

**TABLE 15:** Number of complaints, comments and enquires received by the Noise Enquiry Unit in 2010–11

Airport	Complaints	Complainants	Comments	Clients	Enquiries	Enquirers
Adelaide	721	157	8	8	32	30
Brisbane	7075	419	17	15	43	34
Cairns	241	72	0	0	9	9
Canberra	129	57	3	2	9	9
Coolangatta	30076	482	62	31	58	25
Melbourne	1371	253	11	11	41	31
Sydney	30180	1592	181	107	353	283
Perth	23850	652	51	40	80	62
<b>Total</b>	<b>93643</b>	<b>3684</b>	<b>333</b>	<b>214</b>	<b>625</b>	<b>483</b>

In 2009-10 the Noise Enquiry Unit received a total of 28,714 complaints from 3,372 complainants. The large rise in complaints in 2010-11 was due to factors including increased community concern about aircraft noise and the introduction by Airservices of enhancement to its WebTrak services which allowed complaints to be lodged electronically.

The largest increase in complaints in 2010-11 was seen in relation to aircraft movements at Brisbane, Gold Coast, Sydney and Perth Airports.

## Appendix 8: Aircraft noise ombudsman annual report



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Mr David Forsyth  
Chairman  
Airservices Australia  
GPO Box 367  
**CANBERRA ACT 2601**

Dear Mr Forsyth

In accordance with the terms of my Charter, I am hereby providing my first annual report since commencing as Aircraft Noise Ombudsman in September 2010. The following is a summary report and more detail is provided in my quarterly reports which are published on my web site.

On 16 December 2009 the Australian Government released the Aviation White Paper 'Flight Path to the Future', which included the establishment of an Aircraft Noise Ombudsman (ANO). My powers and duties are formally defined in a Charter, including enshrining the ANO's independence from Airservices Australia's (Airservices) executive management structures.

My office has been established with independent staff and is located in a small office space in Canberra. While Canberra based, the office operates nationally and has been active in engaging with industry complainants and consultative forums around Australia.

In February 2011, I published my first major review (*Review of Complaints Handling - Airservices Australia*). The review is available on the ANO website and all 18 recommendations have been accepted by Airservices. Primarily, the review recommended a shift in the organisational emphasis from information provision about aircraft noise, to active investigation and resolution of complaints. This will potentially enable complaint information to feed into improvements to aviation programs and services, and ultimately provide better noise outcomes for the Australian public.

From establishment to 30 June 2011, the ANO has received 100 complaints. A significant number of complainants related to Perth Airport (24) and Sydney Airport (21). Seven complaints related to airports not controlled by Airservices.

Of the 100 complaints received, 92 have been closed, however 40 of these relate to systemic issues in Sydney, Perth and Fingal Head (Queensland). While significant work has already been undertaken on these issues, they will be further addressed through future activities to be undertaken by my office.

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The 52 remaining complaints that have been closed were the result of the following actions:

- 28 complainants have been advised that no change is possible and a more thorough explanation provided;
- 10 complaints referred to Airservices or another agency to respond directly;
- 5 changes have been adopted by either Airservices, Aircraft operator or Airport;
- 9 complaints closed due other factors (for example, outside scope of the ANO).

In accordance with my Charter, I will also be providing this report to the Minister and subsequently publishing it on the ANO website.

Yours sincerely



Ron Brent  
Aircraft Noise Ombudsman

21 July 2011

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## Glossary

AC-MAC	Australian Civil–Military Air Traffic Management Committee
ADS-B	Automatic Dependent Surveillance—Broadcast
Air Services Act	<i>Air Services Act 1995</i>
ANSP	air navigation service provider
ARFF	aviation rescue and fire fighting
ATC	air traffic control
ATM	air traffic management
ATSB	Australian Transport Safety Bureau
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CANSO	Civil Air Navigation Services Organisation
CASA	Civil Aviation Safety Authority
CEO	Chief Executive Officer
Department, the	The Department of Infrastructure and Transport
FIR	flight information region
FOI Act	<i>Freedom of Information Act 1982</i>
government, the	the Australian Government
ICAO	International Civil Aviation Organization
KPI	key performance indicator
Learning Academy	Airservices Learning Academy
NEU	Airservices Noise Enquiry Unit
NFPMS	Noise and Flight Path Monitoring System
OHS	occupational health and safety
RNP	required navigation performance
SMS	Safety Management System
White Paper	The government’s National Aviation Policy White Paper

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