



Annual Report 2011-12



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Cover photo: Paul Sadler. New Airservices air traffic control and aviation rescue and fire fighting facility in Broome

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Letter of transmittal



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

Dear Minister

Annual Report 2011-12

On behalf of the Board of Airservices Australia, I am pleased to submit to you the Airservices Australia Annual Report for the financial year 2011-12.

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

The report outlines the organisation's achievements and milestones and includes a review of operations and financial statements for the year ending 30 June 2012.

Yours sincerely

A handwritten signature in black ink, appearing to read "Angus Houston".

Air Chief Marshal Angus Houston (Ret'd)
Chair

12 September 2012

connecting australian aviation



Chair's report

In my new capacity as Chair of Airservices, I am delighted to present the organisation's annual report for 2011–12.

Aviation is a dynamic industry and this has been evident again over the last year. Difficult global trading conditions as a result of the European debt crisis and relatively high oil prices have had a significant impact on the profit margins of our international customers.

Within Australia, the strength of the resources sector and the increase in fly-in fly-out activity continues to put pressure on aviation infrastructure. Airservices is working with airports, charter operators and the mining industry to address congestion issues at our airports and to get the most efficient use of our airspace. The entry of new low cost carriers into the market and strong competition between Australia's two major domestic airlines also contributed to an increase in aviation activity.

Last July, Airservices launched its new brand, corporate values, mission and vision. The 2020 Vision 'Connecting the Australian aviation industry to deliver world best industry performance' recognises that Airservices has a whole-of-industry perspective and so occupies a unique position within the Australian aviation industry.

Central to the realisation of this vision is our ongoing mission to deliver safe, secure, efficient and environmentally responsible air navigation, and aviation rescue and fire fighting services.

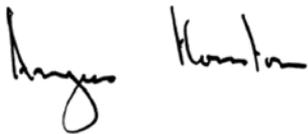
Our activities and initiatives undertaken during 2011–12, which are detailed in the review of operations in this report, were aligned with the expectations of our owner, our customers and other stakeholders. The effective implementation of our corporate strategy is measured against key performance indicators in this annual report.

I welcome our new Chief Executive, Ms Margaret Staib, who replaces Greg Russell, who resigned towards the end of 2011–12 and made a significant contribution during his time as leader of the organisation.

The term of the previous Chairman, Mr David Forsyth, also ended in June 2012. David spent more than seven years on the Airservices Board, four of those as Chairman, and I would like to acknowledge his leadership during this period of major reform for the organisation.

Robert Maher, Henk Meertens, Liza Carver and Roxley McLennan also retired from the Board during the year and I want to thank them for their dedicated service.

The successes enjoyed by Airservices this year, highlighted in this report, are due to the efforts of our people. I would like to thank and congratulate the management and staff for their commitment, professionalism and endeavour.

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

Air Chief Marshal Angus Houston (Ret'd)
Chair



Chief Executive Officer's report

Aviation activity in Australia remains positive, despite ongoing global economic uncertainty. During 2011–12, international activity increased by over two per cent compared to last year and domestic activity increased by three per cent.

Airservices financial result for the year was an operating profit after tax of \$45.6 million. While this was lower than anticipated, it was impacted by the unexpected downturn in activity in the second half of the year and adjustments to long-term employee entitlements.

As part of our vision of connecting the Australian aviation industry to deliver world best industry performance, much of our focus during the year has been working with industry on effectively managing aviation growth within the existing capacity constraints.

Airservices has improved operational efficiency through initiatives such as the publication of permanent required navigation procedures – Smart Tracking – at Brisbane airport. As well as the operational benefits and fuel savings this technology provides for the airlines, Smart Tracking also results in environmental benefits through reduced carbon dioxide emissions.

We have also delivered a range of demand and capacity management projects including the implementation of collaborative decision making technology at Sydney and Perth airports.

The growth in fly-in fly-out operations servicing the resources sector in Western Australia is causing significant congestion at Perth Airport and in Western Australian airspace. To this end Airservices has engaged with representatives from the aviation industry and the resources sector to promote the safety and efficiency benefits of Automatic Dependent Surveillance – Broadcast (ADS-B) technology

and is encouraging operators in regional Western Australia to consider voluntary fitment of the technology to their fleet ahead of the mandate from the Civil Aviation Safety Authority.

As an interim solution, Airservices is in the process of installing a transportable radar at Paraburdoo in Western Australia to enhance surveillance in the Pilbara region and to provide better surveillance in what is becoming a congested airspace.

Airservices new five-year pricing agreement came into effect on 1 October 2011. Over the period of this agreement, real price reductions of over 10 per cent are forecast for our customers. It will also enable us to invest in new infrastructure to better serve our customers.

During 2011–12, Airservices invested \$178 million in Australia's aviation infrastructure. We have commenced work on a new state-of-the-art aviation hot fire training ground at Melbourne airport, which is due for completion early next year. New air traffic control towers at Rockhampton, Adelaide and Melbourne airports are practically complete, with the fit-out of tower technology well advanced and a new combined air traffic control and fire fighting facility at Broome officially opened on 3 July 2012. We have also commissioned new terminal area radars at Adelaide, Cairns and Canberra and upgraded the instrument landing systems at Sydney and Canberra.

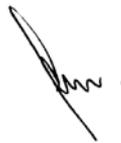
Airservices remains focused on the environment and released an Environment Action Plan and Status Report in December 2011. We are continuing to work with industry to manage aircraft noise and consult with communities affected by aircraft noise through the Community Aviation Consultation Groups established at airports around Australia.

In February 2011, the Aircraft Noise Ombudsman completed a review of Airservices complaints handling processes and we have now implemented 17 out of 18 recommendations contained in this report.

In March 2012, Airservices conducted an employee opinion survey and I am pleased to say that we recorded the highest level of staff engagement since the surveys started in 2003.

Planning for the long-term replacement of the core operational air traffic management system is progressing well. Airservices is working collaboratively with the Department of Defence to design a harmonised civil-military system. A joint industry supplier briefing day was held with Defence in December 2011 and draft specifications for the system have been released to suppliers. The next stage in this significant and complex project will be the release of a request for tender which is expected during 2012–13.

Finally, I would like to thank our management and staff and acknowledge the role they all play in enabling the organisation to provide a range of services to the aviation industry and the professional manner in which they go about their jobs.



Andrew Clark
Acting Chief Executive Officer

Who we are

01

Our role

Each year Airservices oversees more than four million aircraft movements that carry 80 million passengers across Australia and oceanic airspace. Our jurisdiction covers 11 per cent of the earth's surface.

We manage the safe and efficient carriage of aircraft from two major centres in Melbourne and Brisbane, at 28 towers and terminal control units at international and regional airports across Australia. A national network of communications, surveillance and navigation facilities and infrastructure supports these services.

Aviation rescue and fire fighting services are also provided at 21 of Australia's busiest airports.

Mission

To provide safe, secure, efficient and environmentally responsible services to the aviation industry.

Airservices is a Commonwealth Statutory Authority, established by the *Airservices Act 1995*. Our primary role is to provide air navigation and aviation rescue and firefighting services, which are regulated by the Civil Aviation Safety Authority and independently investigated by the Australian Transport Safety Bureau.

Safety is our most important consideration. Our services are delivered according to Civil Aviation Safety Regulations 171 and 172, and underscored

by a performance-based air traffic management framework that is aligned to International Civil Aviation Organization Standards. They are designed to enhance performance in safety, the environment, capacity, flight efficiency and cost effectiveness.

Aviation rescue and fire fighting services are delivered according to *Civil Aviation Safety Regulation 139H*. We are well equipped to respond to aircraft incidents and fires at aviation related facilities at major airports.

We engage our stakeholders through regular consultation to develop a common understanding on current and future service delivery requirements. Ongoing performance monitoring is an essential part of our commitment to continual service improvement.

As the aviation industry continues to grow, there is an increasing need to promote environmentally responsible services and manage the impact of aircraft noise and emissions. We work closely with the community, aviation industry and government to minimise the environmental impact of aircraft operations as well as our own environmental footprint.



Vision

Connecting the Australian aviation industry to deliver world best industry performance.

Our position within the Australian aviation industry provides a unique, whole-of-industry perspective. We underscore and play a primary role in connecting the industry.

We provide information vital to measuring and improving performance across the entire industry, and provide the link between aircraft, airport, air traffic management and navigation services and systems.

Our aim is to integrate all parts of the Australian aviation industry by 2020 to allow airspace users to enjoy the benefits of safe, efficient and cost effective passenger and freight movement.

Values

Excellence, inclusion, cohesion, initiative.

Our values define the behaviour we expect from our people.

As we work to connect the Australian aviation industry and deliver world best industry performance, these behaviours support and maintain a highly effective work culture that will be sustained over the long term.

Mission

To provide safe, secure, efficient and environmentally responsible services to the aviation industry

Vision

Connecting the Australian aviation industry to deliver world best industry performance

Values

Excellence	We are the best we can be
Inclusion	We are diverse and involved
Cohesion	We are working together
Initiative	We are making a difference



**Corporate
overview**

02

Principal activities

Airservices is a statutory authority wholly owned by the Australian Government. The organisation is responsible for providing safe, secure, efficient and environmentally responsible air traffic management and related services in the Australian flight information region and, under contract with the governments of Solomon Islands and Nauru, in the upper airspace of the Honiara and Nauru flight information regions.

We provide communication, navigation and surveillance for over 11 per cent of the world's surface. This includes the Australian flight information region (see figure 1) and international airspace over the Pacific and Indian Oceans.

We deliver:

- 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
- noise complaint and information services
- management of the Australian national air navigation infrastructure.

We manage more than four million flights each year and maintain an asset base valued at over \$1 billion, including 1079 buildings at 684 sites. A list of major air traffic control and aviation rescue and fire fighting facilities is available at www.airservicesaustralia.com

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

We are a world leader in the adoption of technologically advanced communication, navigation and surveillance systems. We work 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, plan for the future and improve global aviation safety standards.

We also work 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, Department of Defence, Civil Aviation Safety Authority, the Australian Transport Safety Bureau and the Australian Maritime Safety Authority.

Airservices plays a leading role in reducing the impact of aviation on the environment. This action includes 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* (the Act) and is also subject to the *Commonwealth Authorities and Companies Act 1997*.

Under the Act, we:

- provide facilities for the safe navigation of aircraft within Australian-administered airspace
- promote and foster civil aviation in Australia and overseas

- provide air traffic services, aviation rescue and fire fighting services, and aeronautical information, radio navigation and telecommunications services in line with the Chicago Convention and to ensure the safety, regularity and efficiency of air navigation
- cooperate with the Australian Transport Safety Bureau in investigating aircraft accidents and incidents
- help protect the environment from impacts associated with the operation of Commonwealth jurisdiction aircraft or other aircraft, inside or outside Australia
- adhere to regulations relating to impacts associated with the operation of Commonwealth jurisdiction aircraft
- undertake functions as required under the *Air Navigation Act 1920* and the *Aviation Transport Security Act 2004* or by regulation

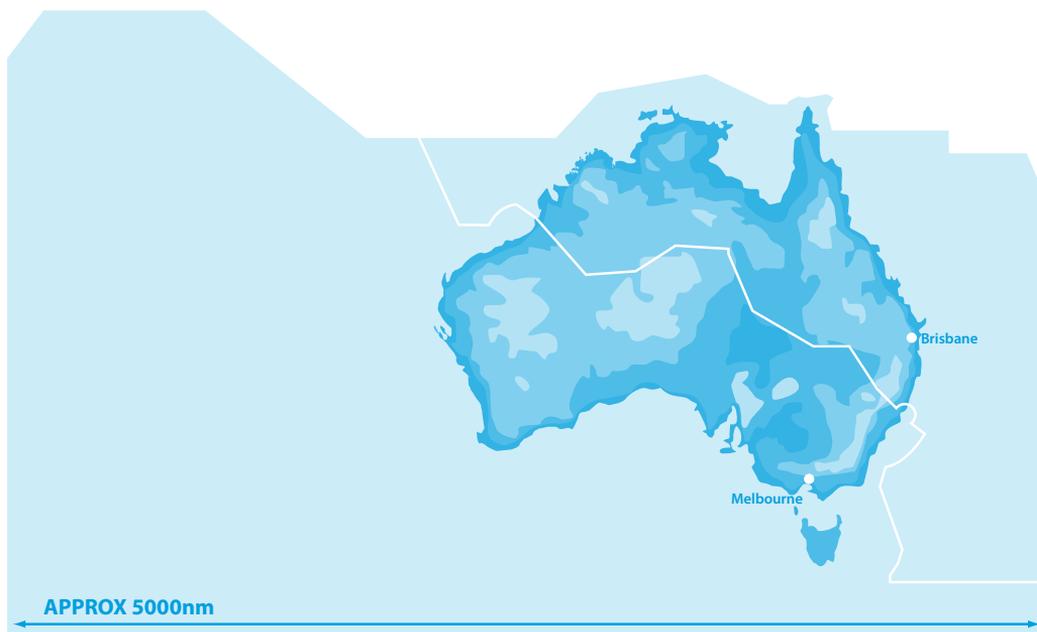
- provide other services and facilities to maintain or improve the skills of our employees.

In our day-to-day activities, we adhere to and are empowered by a range of other legislation (see www.airservicesaustralia.com for a full list).

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. The Airservices Board is required by legislation to provide an annual report for tabling in Parliament. This report has been prepared in accordance with the *Air Services Act 1995*, the *Commonwealth Authorities and Companies Act 1997* and the Finance Minister's Orders.

FIGURE 1 Australian Flight Information Region



Corporate structure

During 2011–12 Airservices introduced a number of structural changes to ensure the organisation is focused on continual improvement and is best placed to meet future challenges.

The Air Traffic Control Future Systems group merged with the former Technology and Asset Services group to create the Projects and Engineering group, with a focus on project and engineering excellence.

Within the Air Traffic Control group, a Demand and Capacity Management function was created to bring together work currently underway to manage the growth and complexity of the Australian aviation industry.

The Learning Academy was transitioned to a standalone division in recognition of the importance Airservices places on continued training of our current and future workforce. An advisory board was created to supervise the academy's activities and four heads of school positions were created.

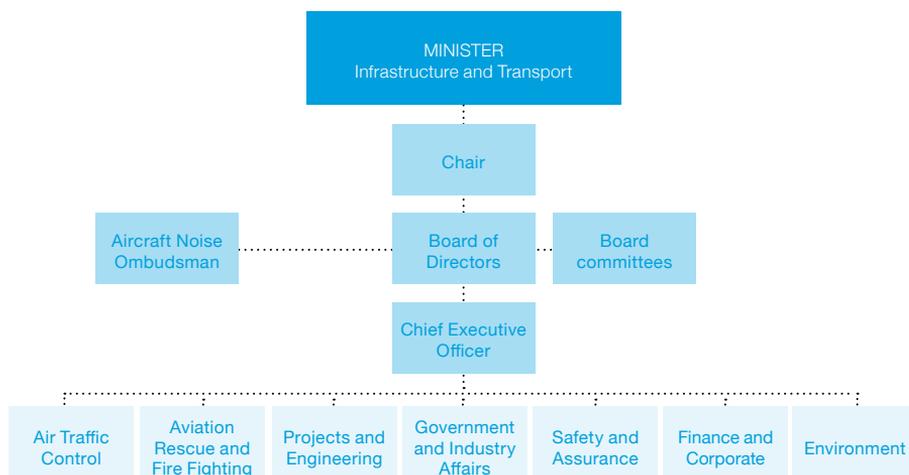
A Chief Information Officer position was created, within the Finance and Corporate group, to head a new Information and Communication Technology division. This allows a strategic alignment of information technology and enables the consolidation of business systems and support services.

There were no structural changes to the Aviation Rescue and Fire Fighting, Environment and Safety and Assurance groups. The Corporate and International Affairs group was renamed Government and Industry Affairs.

As at 30 June 2012 Airservices operated through the following business groups:

- Air Traffic Control
- Aviation Rescue and Fire Fighting
- Environment
- Finance and Corporate
- Government and Industry Affairs
- Projects and Engineering
- Safety and Assurance.

FIGURE 2 Airservices Australia business structure at 30 June 2012



The executive general managers of these business groups form the Executive Committee, which reports to the Chief Executive Officer on operational matters. This committee is responsible for formulating strategies and policies for Board consideration.

At 30 June 2012, Airservices employed 3,991 permanent staff across Australia. This number has grown from June 2011 largely due to the introduction of new services, project delivery activities and an increase in the recruitment of trainees.

The 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 4 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 Chair, a Deputy Chair, the Chief Executive Officer and six non-executive Directors. Directors are appointed by the Minister on a part-time basis. The Chief Executive Officer 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 managing the organisation to the Chief Executive Officer and conducts regular formal evaluations of its own performance and the performance of its committees. Further information on Board membership is in Appendix 1.

Board committees

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

The **Audit and Risk Committee** helps monitor and maintain Airservices risk management system and internal controls, including an extensive audit program. The committee assures the objectivity and reliability of financial reports and helps to ensure that Airservices and its

TABLE 1 Members of the Executive Committee as at 30 June 2012

Mr Andrew Clark	Acting Chief Executive Officer
Mr Paul Logan	Acting Chief Financial Officer
Mr Jason Harfield	Executive General Manager Air Traffic Control
Mr Andrew Rushbrook	Executive General Manager Aviation Rescue and Fire Fighting
Ms Michelle Bennetts	Executive General Manager Environment
Mr Unni Menon	Executive General Manager Government and Industry Affairs
Mr Mark Rodwell	Executive General Manager Projects and Engineering
Mr Stephen Angus	Executive General Manager Safety and Assurance

Directors comply with all relevant legislative and other government obligations. This includes obligations under the Commonwealth Authorities and Companies Act. Membership consists of three non-executive Directors. The Board Chair is an ex officio member.

The **Safety Committee** helps assure that Airservices is compliant with all safety-related legislation, government and Board policies, and meets its operational safety, and workplace health and safety obligations. The committee also monitors organisational preparedness to counter security threats. Its membership consists of up to four non-executive Directors and the Board Chair and Chief Executive Officer, who are ex officio members.

The **Environment Committee** helps assure that Airservices is compliant with all environment-related legislation, as well as government and Board policies, and that Airservices is meeting its environmental responsibilities. Membership consists of up to four non-executive Directors and the Board Chair and Chief Executive Officer, who are ex officio members.

The **Remuneration and Human Resources Committee** recommends remuneration for the Chief Executive Officer, and reviews the Chief Executive Officer's performance and succession. The Committee also considers human resource issues. Membership includes the Board Chair,

who is also the committee Chair, three other non-executive Directors and, as appropriate, the Chief Executive Officer.

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

Ethical standards

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

Airservices has an internal ethics hotline to allow any ethical issues to be raised and addressed constructively. Disclosures received by the ethics hotline are reported to the Ethics Committee.

The **Ethics Committee** helps assure that ethical issues are identified and dealt with appropriately and are in line with our obligations under the Commonwealth Authorities and Companies Act. It keeps the Chief Executive Officer informed of any current or emerging issues and reports regularly to the Board. The chair of this committee is also Airservices disclosure officer.



Other members include the Chief Auditor, General Counsel, Manager of Security and the General Manager, People and Change.

Risk management

We are committed to best practice risk management and regard this as integral to effective corporate governance. Our risk management policy is supported by the Board-endorsed Risk Management Framework, which sets out the requirements for risk management throughout Airservices.

All 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 them to the Chief Executive Officer.

The Chief Executive Officer reports regularly to the Board. Executive 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 5) for the period 1 July 2011 to 30 June 2013 outlines the government's expectations on the operations and performance of Airservices. The Airservices Statement of Intent (Appendix 6) and Corporate Plan respond to the government's expectations by identifying key strategic priorities and deliverables.

We produce an annual Corporate Plan in accordance with the Air Services Act and the Commonwealth Authorities and Companies Act. The plan outlines our operating environment and corporate and financial strategies, specifies the targets to be achieved, and sets the benchmarks and key performance indicators.

The Airservices Corporate Plan for the period July 2012 to June 2017 was presented and approved by the Minister for Infrastructure and Transport in August 2012. Quarterly reports are provided to the Minister against the Corporate Plan as well as reports to industry on progress against our Services Charter 2011–12. This charter enables customers and the public to monitor our performance against key industry priorities and projects.

The Corporate Plan, Services Charter and reports to industry are available at www.airservicesaustralia.com

Adverse effect of non-commercial commitments

No non-commercial commitments were recorded during 2011–12.



**Management and
accountability**

03

Operational results

This section provides our operational results for the year against the Airservices Corporate Plan for the two operational groups – Air Traffic Control and Aviation Rescue and Fire Fighting – supported by Projects and Engineering and four corporate support groups.

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

During the year, each business group aimed to meet four strategic priorities for the short, medium and long term:

- maximising safety performance
- core operational and business performance
- creating new value for industry
- high performing organisation.

Our strategic objectives support the Australian Air Traffic Management Strategic Plan and the International Civil Aviation Organization's Global Air Traffic Management Operational Concept. Our Corporate Plan 2011–2016 outlines these objectives, as well as performance measures for each of these, and initiatives and programs to achieve them. Reporting against our key performance indicators can be found in Table 3 on pages 22-26.

2011–12 financial results

Operating profit after tax was \$45.6 million. A final dividend for 2010–11 of \$8 million was paid in February 2012. An interim dividend for 2011–12 of \$11 million was paid in June 2012.

The after-tax return on average equity was 12.1 per cent, which was 4.4 per cent below target.

During the year Airservices invested \$178 million on its capital expenditure program.

Income

Total income for the year increased by 8.9 per cent to \$898 million, compared to \$824.6 million in the previous year. Gross airways revenue grew by 3.1 per cent across the year. Net airways revenue was \$860.8 million after industry rebates of \$2.3 million. The rebates will be credited to customers in the first half of 2012–13.

Expenses

Overall expenses increased by 8.1 per cent to \$835.3 million. Employee costs increased by \$63.7 million, mainly due to increased long service leave expense associated with a reduction in the valuation discount rate, increased staff levels and remuneration increases under the relevant agreements.

Ministerial directions

1996 – Handling aircraft noise complaints

Our dedicated Noise Complaints and Information service works to resolve noise complaints. Airservices liaises with airport consultative forums and communities impacted by aircraft noise. Airservices has also implemented 17 of the 18 recommendations in the initial report of the Aircraft Noise Ombudsman (visit www.ano.gov.au for more information).

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 its operations via its website and through the Sydney Airport Consultative Forum.

1999 – Responsibilities in relation to the environmental effects of aircraft

We continue to promote high quality environmental practices in regard to aircraft operations and work closely with airlines and airports. The introduction of new technologies will deliver benefits in safety and efficiency, as well as savings in fuel, time and emissions. We provide noise and flight path monitoring systems, and our noise complaints and information service provides information to the public on noise issues. During 2011–12, new information sources were developed and made available on the Airservices website. These included fact sheets, reports, noise information packs and airport profiles.

2004 – Provision of approach radar services at specific airports

Airservices will provide approach services using surveillance at identified regional airports to provide for safe and efficient growth of aviation within Australia.

We have developed an operational concept and an implementation plan in response to the Ministerial Direction and the recommendations of the CASA Office of Airspace Regulation. The delivery of the Surveillance Approach for Regional Airports (SAFRA) program has commenced.

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

The plan outlines a phased approach to the introduction of regional air traffic services using surveillance, initially focussing on seven locations namely Hobart, Launceston, Rockhampton, Mackay, Hamilton Island, the Sunshine Coast and Alice Springs. The first stage of the change to regional air traffic services involved enhancements to regional air traffic service delivery at Launceston and Hobart which commenced in June 2011.

Significant changes in the state of affairs during the financial year

Changes to legislation

On 1 January 2012, changes were introduced to the Work Health and Safety Act and its associated regulations and codes of practice. The new Act reinforces the duty for Airservices to ensure the health and safety of our workers and visitors. It introduced a requirement for all staff to exercise due diligence, and expanded personal liability with significant criminal penalties.



Key performance indicators

TABLE 3 Key performance indicators against our Corporate Plan and Services Charter

Performance measure	Purpose and definition	3-year average per annum to 2011–12	2011–12 target	2011–12 actual
Maximising safety performance				
ATS attributed en route BoS rate	Air Traffic Service attributed number of en route breakdowns of separation (BoS) per 100,000 flight hours.	1.06	<1.13	1.31 ¹
ATS attributed terminal area BoS rate	Air Traffic Service attributed number of terminal area breakdowns of separation (BoS) per 100,000 movements.	1.3	<1.1	1.87 ²
ATS attributed tower BoS rate	Air Traffic Service attributed number of tower breakdowns of separation (BoS) per 100,000 movements.	0.40	<1.0	0.43
ATS attributed runway incursions	Number of ICAO Class A or B Airservices Air Traffic Service attributable runway incursions.	0.67	0	1 ³
Serious personal injury rate	Number of medically treated injuries per 1,000,000 hours worked.	New KPI	0	0.40 ⁴
WHS incident rate	Occurrences per 100 staff per month.	New KPI	0.2	0.72 ⁵

1. A total of 22 occurrences were recorded in 2011–12. A review of breakdown of separation incidents is currently underway.

2. A total of 23 occurrences were recorded in 2011–12.

3. Target exceeded with one ATS Attributed Runway Incursion with an ICAO severity rating Class B recorded in 2011–12.

4. A total of three Serious Personal Injuries were recorded in 2011–12.

5. A total of 339 occurrences were recorded in 2011–12.

Performance measure	Purpose and definition	3-year average per annum to 2011-12	2011-12 target	2011-12 actual
Core operational and business excellence				
Aircraft holding	Percentage total of aircraft holding to ground holding at Sydney, Melbourne and Brisbane.	New KPI	< 60%	50% ⁶
ATS attributable delays	Total number of Air Traffic Service attributable flight delay events (where the delay is greater than 10 minutes, and demand is less than airport capacity).	6.83	<7 per quarter	7.8 ⁷
Runway capacity improvement	Percentage increase in maximum hourly runway movement capacity through new Air Traffic Service initiatives at major aerodromes (excluding movement capped aerodromes).	New KPI	≥3%	3.3%
Runway capacity achieved	Percentage of maximum runway movement capacity delivered during peak periods.	New KPI	>95%	94% ⁸
Noise Information and Complaint Service	Noise Information and Complaint Service compliance to prescribed response times for complaints and enquiries.	New KPI	≥95%	96%
Noise complaints	Percentage reduction in the number of annual complainants per 100,000 movements.	New KPI	2% reduction	33% reduction

6. Due to the change from the Central Traffic Management System in March 2012, results are shown for the period 1 July 2011 to 29 February 2012.

7. The full year target was exceeded primarily due to Precision Radar Monitoring (PRM) unavailability in Quarter's 1 and 2.

8. Due to the change from the Central Traffic Management System in March 2012, results are shown for the period 1 July 2011 to 29 February 2012.

03 Management and accountability

Performance measure	Purpose and definition	3-year average per annum to 2011–12	2011–12 target	2011–12 actual
Consultation on noise issues	Number of procedural changes implemented without consultation in accordance with Airservices Communication and Consultation Protocol (excluding those implemented to address immediate safety issues).	New KPI	0	0
Noise abatement	Adherence to noise abatement procedures at all noise monitored aerodromes (an allowance has been made in the target against a 100% compliance for uncontrollable events such as weather).	New KPI	90%	84% ⁹
ARFF operational preparedness	Percentage of time ARFF resources were available to meet required capacity according to the regulated service category for the aerodrome.	99.85%	> 99.9%	99.78% ¹⁰
ATS availability	Hours of Air Traffic Service availability as a percentage of total hours of coverage.	99.92%	> 99.9%	99.99%

9. Performance is highly dependant upon weather, traffic conditions and individual aircrew and operational requirements with noise abatement procedures highly variable between airports. Aircraft operators are not obliged to comply with noise abatement procedures.

10. Operational restrictions, such as attendance at non-aviation related incidents and roster requirements, impacted on the achievement of this KPI for 2011–12.

Performance measure	Purpose and definition	3-year average per annum to 2011-12	2011-12 target	2011-12 actual
Creating new value for industry				
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 the organisation's service delivery.	82.67%	> 80%	88%
Air traffic fuel efficiency initiatives	Number of new fuel efficiency initiatives implemented.	New KPI	≥ 10	13
Departure/arrival procedures review	Number of aerodrome Standard Instrument Departure (SIDs), Standard Terminal Arrival Route (STARs) and approach procedures reviewed.	New KPI	≥ 3	6
Consultative forums	Number of industry consultative forums run during the year to enhance industry alignment.	New KPI	≥ 4	6

Performance measure	Purpose and definition	3-year average per annum to 2011–12	2011–12 target	2011–12 actual
High performing organisation				
Targeted retention rate for key specialised areas (excluding retirements)	Percentage of specialist skills retained.	New KPI	> 95%	N/A ¹¹
Employee survey – values focussed	Engagement score expressed as a percentage of satisfaction and specific values related results.	64% ¹²	> 60%	70% ¹³
Increased diversity	Percentage improvement in the number of women, Indigenous Australians and people with disabilities participating in Airservices workforce in non-traditional roles.	New KPI	> 10%	6.9% ¹⁴
Employee disputes	Percentage of employee complaints resolved through the use of the fair treatment review system.	New KPI	> 98%	93% ¹⁵
Employee initiated separation	Number of employee initiated separations per year as a percentage of Airservices workforce.	4.55%	< 5%	4.7% ¹⁶

11. Current Workforce Plan activity will define the critical roles. This KPI will be reported in FY 2012–13.

12. The 2011–12 Employee Opinion Survey was conducted by a new survey provider. The 2009–10 and 2010–11 engagement results have been adjusted to enable engagement levels over the past three years to be accurately compared.

13. Total Employee Engagement Score for the 2012 Employee Opinion Survey.

14. The Executive Diversity Council was established during the year to develop and oversight implementation of strategy and initiatives to improve diversity profile.

15. 18 cases opened in 2011–12. 13 cases were closed via the Fair Treatment process and one case was heard by the Employee Grievance Board. Four cases remain under management at 30 June 2012.

16. Results measured cumulatively through 2011–12.



**Report on
performance**

04

Corporate strategy

Our corporate strategy underscores our vision:

Connecting the Australian aviation industry to deliver world best industry performance.

Our strategy outlines the objectives that underpin our vision and articulates how we will progress towards this over the next five years.

The strategy maps a clear path based on our vision, outcomes, deliverables and performance measurement. Key objectives are derived from the Minister for Infrastructure and Transport's expectations of us, as well as the expectations of our customers and stakeholders, our goals for continuous improvements, and the development of our people and systems.

Our objectives are arranged under four strategic themes, each of which are reported against in this annual report:

- maximising safety performance
- core operational and business performance
- creating new value for industry
- high performing organisation.

Achievements within the four strategic themes are measured against a number of key performance measures and initiatives.

More detail on the content of each theme and key achievements from the past year are provided in the following section of this report.



Maximising safety performance

The safety and integrity of Australia's air navigation system is our most important consideration. Our safety performance relies on delivering safe and resilient aviation services, and reducing risk through effective industry and regional collaboration. The safety of all who use and contribute to delivering these services is integral to our safety performance.

We maximise safety performance in the Australian aviation industry and in performing our functions by:

- providing safe, secure and resilient aviation services
- driving industry and regional collaboration to reduce risk
- designing, providing and managing safe, secure and resilient systems to deliver safe outcomes
- identifying, leading and communicating the safety agenda
- providing safe and healthy workplaces for our people.

A number of major initiatives were undertaken during 2011–12 in line with our commitment to meet and exceed the expectations of government, industry and the community for safe aviation operations.

Key achievements are outlined below.

Exceeding global safety standards

Airservices has a strong safety record and we strive to meet our annual safety performance

targets for infringement of en route and terminal area separation standards. In broad terms, breakdowns of separation have remained at two for every 100,000 flight-hours.

The long-term trend of breakdowns of separation is decreasing, with just 0.001 per cent of flights infringing a safety standard. We also performed strongly on maintaining separation standards compared to other air navigation and safety organisations worldwide.

A review of incidents where separation standards were infringed by aircraft began during the year. This is focusing on controller and system performance and aims to improve risk controls and reduce the likelihood of future incidents.

An industry-wide runway safety risk model was also developed with support from the Civil Air Navigation Services Organisation, Eurocontrol, the Federal Aviation Administration (United States), and the International Civil Aviation Organization. As part of this initiative, industry links are being strengthened to collaborate on developing and delivering education materials for controllers and pilots.

Airservices continued to improve its Workplace Safety Strategy to meet the requirements of the new Work Health and Safety legislation introduced in January 2012.

Security and resilience

Airservices conducts annual internal resilience exercises for its executive, senior managers and subject matter experts, all of who are involved in the response to potential abnormal and emergency operations.

During 2011–12 Airservices supported the Australian Government's All-Hazards approach to critical infrastructure resilience by participating in seven training exercises that tested various elements of organisational resilience.

Other activities included preparation for the Commonwealth Heads of Government Meeting in Perth in November 2011 and a series of desktop exercises with the Attorney-General's Department which influenced updates to a suite of Commonwealth managed business continuity plans.

Safety forums

Airservices hosted and participated in a range of airline safety meetings, conferences and forums during the year designed to share and discuss best practice operations and safety improvements with industry and other stakeholders.

In August 2011, Airservices hosted the 28th Air Traffic Services/Airline Safety Forum in Brisbane. This is an annual event for aviation safety specialists and operational management from airlines and air navigation service providers from the Asia-Pacific region. The event shares safety information and lessons learnt through presentations and discussions, to ensure an integrated approach to risk management is achieved on operational safety issues. A large number of industry delegates attended from

international airline and air traffic services, domestic and regional airlines, as well as the Department of Defence and the Australian Transport Safety Bureau.

Airservices hosted the Western Australia Regional Aviation Safety Forum in September 2011 at the Perth Air Traffic Services Centre. This event focused on the increasing aviation activity in Western Australia associated with fly-in, fly-out operations servicing the mining industry. A range of stakeholders across the resources, aviation and local government sectors attended to review potential safety risks from increased air traffic in the region and to develop mitigation strategies to address current and future growth.

A key result was the formation of a smaller steering group committee of key stakeholders, which convened in December 2011 and March 2012 to discuss and implement outcomes from the forum. A key objective has been to encourage fitment of Automatic Dependent Surveillance – Broadcast (ADS-B) in aircraft providing fly-in, fly-out services to the resources industry.

Airservices participated in a panel discussion at the Safeski conference in October 2011 and discussed the future challenges of aviation growth and Airservices role in coordinating fly-in, fly-out operations in Western Australia.

The 2012 Australasian Runway Safety Group met in February. Its work during the reporting period focused on developing the Australian Aerodrome Safety Action Plan and helping establish local runway safety teams at towered aerodromes around Australia.

International engagement

Engaging with our counterparts across the globe is a vital part of our work and ensures we are able to disseminate the results of our experiences and innovations, as well as learn from others working at the leading edge of the aviation industry.

A range of capability improvement programs were delivered with our counterparts at Papua New Guinea Air Services Limited, including a program to improve on-the-job training capability within its air traffic management group, and further delivery of safety awareness training. A plan to implement a safety management system was finalised for the organisation and support was provided for new system planning.

Air navigation service providers from Indonesia visited Airservices throughout 2011–12 to learn more about our approach to air navigation service delivery and safety management.

We also supported our Indonesian counterparts to prepare for increased air traffic at small airports during the 2011 South East Asian Games in Indonesia, as part of the Australian Government's Indonesia Transport Safety Assistance Package.

We have been involved with the Civil Aviation Navigation Services Organisation in the Global Safety Standing Committee. This committee is working on global safety programs that include:

- implementation of safety management systems
- runway safety
- future safety management system requirements
- safety performance benchmarking.

We currently chair the committee and have two working group co-lead roles on the programs.

Safe and healthy work and workplaces

Health and safety is a critical component of Airservices safety management system.

The Airservices Board Safety Committee and National Health and Safety Committee govern implementation of the Workplace Safety Strategy 2009–2012. The continued focus for management is on the implementation of improved risk controls, integrating safe design principles in our projects, maturing our understanding of work health and safety risk, and building capability and resource support.

This year's initiatives targeted:

- reviewing risk controls for hazards that can cause serious harm (for example falls or electrical work) and body stress
- building the capability of management for due diligence obligations under the new work health and safety laws
- preparing for early intervention and return to work.

Key achievements for 2011–12 include:

- implementing systemic emergency improvements (fire and first aid), as well as procedural improvements to manage risks associated with workplace bullying and equipment use
- finalising work health and safety risk registers for business group managers
- standardising data management process and systems for work health and safety
- integrating safety by design as a key risk control.

Our internal anti bullying and harassment campaign, 'It's only fair', was relaunched in October 2011, and a diversity council was established to facilitate greater support from across the organisation for diversity initiatives.

Senior management was targeted through an awareness program to ensure their obligations under the new work health and safety legislation

were embedded in day-to-day activities, along with an updated staff induction to align with the new requirements. A supporting program of work was also introduced to ensure we are compliant with all aspects of the legislation.

Fatigue risk management system

Airservices has continued to refine its approach to fatigue risk management. All rosters for our air traffic controllers now comply with revised work scheduling requirements, and any changes undergo risk assessment and appropriate mitigation actions.

A new air traffic control fatigue risk management system, including a tactical risk component to address changes in shifts, is being finalised and tested. This system will be implemented gradually across the whole organisation.



Core operational and business excellence

Our performance is focused on enhancing safety, improving capacity, improving cost effectiveness, realising environmental benefits and meeting customer needs. Delivering agreed priorities in an efficient, effective and predictable way is essential to the financial viability and sustainability of the organisation.

We deliver core operational and business excellence by:

- delivering a performance-based outcome driven by agreed priorities
- promoting environmentally responsible services
- improving the efficiency and effectiveness of our services
- aligning capacity to increasing demand
- having efficient and predictable business processes that deliver planned outcomes.

During the year, the Airservices Part 171 certificate from the Civil Aviation Safety Authority was renewed, which approves Airservices as an aeronautical telecommunication and radio navigation service provider under the *Civil Aviation Safety Regulations 1998*.

Major initiatives were undertaken in 2011–12 to enhance safety and improve capacity and cost effectiveness.

Key achievements are detailed in the following overview.

Stakeholder satisfaction and engagement

Airservices performance is strongly reflected through our 2012 stakeholder satisfaction survey – conducted throughout April and May – which indicated that 88 per cent of stakeholders were satisfied or very satisfied with the organisation.

Recommendations from a November 2011 review on the provision of noise information to communities in the Perth region were finalised in June 2012. Recommendations from a March 2012 review on the provision of information to communities in the Sydney region will be finalised by December 2012.

Service availability

The delivery of safe, efficient and effective air traffic and aviation rescue and fire fighting services are central to our operations.

In 2011–12, air traffic services availability was maintained at or above our target of 99.9 per cent. Aviation rescue and fire fighting operational preparedness was 99.78 per cent which is marginally below the target of 99.9 per cent.

National Aviation Policy White Paper

Technical support was provided to the government's Joint Study on aviation capacity for the Sydney Region, an initiative of the National Aviation Policy White Paper to provide the appropriate level of forward, long-term and integrated infrastructure planning required to progress Sydney's future aviation capacity needs.

A taskforce was also established with Sydney Airport to consider the implications of the airport's proposal to establish two airline alliance-based precincts and new maintenance hangers, which may require new Airservices facilities to be built.

Other White Paper initiatives that are well advanced within Airservices include developing aviation skills training in regional Australia through our strong relationship with TAFE NSW Riverina Institute at Wagga Wagga, and helping neighbouring air navigation services providers to improve air traffic management systems and capability in the region.

Sydney Airport maximum movement limit

Work was undertaken during the year with the Sydney Cap Management Working Group to implement a movement monitor at Sydney Airport. This is allowing runway movements to be counted and the movement cap to be effectively managed to prevent possible cap breaches.

Civil-military harmonisation

Close relationships continued to be fostered with the Australian Defence Force during the year as a range of harmonisation initiatives are pursued. This includes joint development of a replacement air traffic management system for both organisations.

Regular meetings were conducted as part of the Australian Civil-Military Air Traffic

Management Committee, which oversees harmonisation activities between Airservices and Defence. It was agreed to appoint the Civil Aviation Safety Authority as lead regulator for the common elements of the future air traffic management system.

Positive harmonisation activities include increased air traffic control capability at the jointly occupied facility in Perth and sharing radar data.

The National Surveillance and Infrastructure Plan was completed, and the Australian Civil-Military Air Traffic Management Committee also implemented a rolling program of initiatives aimed at increasing connectivity, efficiencies and effectiveness in areas beyond the common air traffic management system and focusing on wider harmonisation issues.

Joint engagement activities were also undertaken with the air navigation service provider community regarding Airservices and Defence's system harmonisation initiatives, including at the International Civil Aviation Organization Asia-Pacific Civil-Military Cooperation Seminar in February and at the international ATC Global conference and exhibition in March 2012.

ATC future systems

In preparation for the replacement of our core air traffic management system, a range of long-term planning initiatives were developed and approved during the reporting period. This included briefings, workshops and forums held with a range of stakeholders, including Airservices staff, specialists and airspace users.

A joint program team was established with Defence to progress the tender process for joint acquisition of a civil-military air traffic management system. An industry supplier briefing was conducted in December 2011 to engage industry stakeholders and progress towards future harmonised air traffic management systems. As part of this briefing, a draft joint

functional and performance specification was distributed to potential suppliers for comment and feedback.

Long-term pricing agreement

A new five-year, long-term pricing agreement came into effect on 1 October 2011 following endorsement from the Australian Competition and Consumer Commission. The agreement secures a revenue stream of \$4.7 billion over the next five years and supports infrastructure investment of almost \$1 billion.

The agreement means that by the end of 2016 Airservices will have facilitated price reductions for industry of up to 40 per cent in real terms since 2001. Over the next five years there will be a nominal price increase of just four per cent, which represents a reduction of more than 10 per cent in real terms over the period of the new agreement.



Airport capacity enhancement

Airservices Airport Capacity Enhancement program is now established at Brisbane Airport and activities were conducted during the year to implement the program in Melbourne and Perth. Extra movement slots were identified and achieved. This has enabled an annual capacity increase of more than three per cent at Melbourne and an annual capacity increase of just under three per cent at Perth.

The United Kingdom's air navigation service provider, NATS (formerly the National Air Traffic Services Limited), has completed capacity baseline and operational performance analysis at Australia's main capital city airports. Each Airport Capacity Enhancement community, which is comprised of air traffic control, airports and airlines, is developing a structured program to improve the safety and efficiency of these airports.

A new departure path was implemented from Perth Airport in July 2011 as part of a trial to allow late night international flights into military airspace to the north of the city to reduce the number of aircraft flying low over suburbs to the north west of Perth Airport during the night. A review of this trial is currently underway.

At Perth Airport, a new departures management procedure was also introduced in March 2012 to improve the management of morning peak demands and provide airlines with better and earlier visibility of aircraft departure planning.

Environment

The Airservices Environment Action Plan and Status Report was finalised in September 2011, which maps out the delivery of our Environment Strategy 2011–2016 and disseminates information on key environmental initiatives to industry.

A key pillar of the Airservices environmental focus is the Aviation Rescue and Fire Fighting

Environmental Management Plan, which recorded a number of achievements during 2011–12. These included:

- managing renegotiation of the Dark Smoke Agreement with the Department of Infrastructure and Transport
- conducting a review of aviation rescue and fire fighting bulk storage arrangements for diesel, and identifying priority areas for remediation
- ensuring that all locations have site specific Environmental Management Local Instructions
- working with the Environment and Projects and Engineering groups to ensure that environmental criteria for the Port Hedland fire station complies with requirements.

A number of tools were implemented during the year to help deliver our environmental commitments. These include a new air traffic flow management software, which reduces airport holding on arrivals into Sydney and Perth. This collaborative decision making software, which pinpoints demand and capacity imbalances at airports and in airspace, will be rolled out in Melbourne and Brisbane in 2013 and has already achieved significant environmental savings by reducing fuel, CO₂ emissions and the levels of airborne holding.

Seven new Flextracks and two User Preferred Routes were introduced during the reporting period, modifying existing rules and procedures and significantly expanding the direct route segment options across continental Australia. These changes provide more fuel-efficient route alternatives and enable increased operator participation in off-air route flight planning, which delivers shorter flight times, reduces fuel consumption and decreases aircraft emissions.

A series of demonstration flights were undertaken with Emirates, Etihad and Virgin Australia as part of the Indian Ocean Strategy Partnership Initiative

to Reduce Emissions (INSPIRE) and the Asia Pacific Initiative to Reduce Emissions (ASPIRE) programs. These demonstration flights show how time, fuel and carbon emissions could be reduced. The flights used best practice air traffic procedures during every phase from the United Arab Emirates to Australia.

An aircraft noise forum hosted with the Australian Airports Association in Adelaide in November 2011 featured discussions and presentations from airlines, airports, the Aircraft Noise Ombudsman and government on the latest initiatives to reduce noise, fuel consumption and emissions.

During the year, 71 per cent of Aircraft Noise Ombudsman recommendations were implemented, including from the Complaint Handling Review, Perth Review and Sydney Review. A work program is in place to implement the remaining recommendations.

Airservices participated in 97 per cent of Community Aviation Consultation Group meetings, technical meetings on airport noise, community aviation and community environment forums. New publications on aircraft noise were also produced, including fact sheets, information packs and website updates, to ensure community members with aircraft noise concerns have quick and easy access to Airservices information.

Work also continued to develop the online WebTrak system, available through the Airservices website, which allows anyone to access information about aircraft operations and noise over metropolitan areas. WebTrak version 4 was released during the year, while significant work was undertaken to further enhance its long-term analysis capability.

Infrastructure

Our significant \$900 million investment in world-class infrastructure continues to be rolled out across Australia resulting in improvements to efficiency, safety and environmental outcomes.

A total of \$178 million was invested in the capital expenditure program during 2011–12.

Significant achievements during the year included:

- starting work on the hot fire training ground at Melbourne Airport. The facility will deliver high-quality, realistic aviation fire training for around 250 fire fighters each year. It will be operational in early 2013 and will be the only one of its kind in the Southern Hemisphere
- commencing planning for a new aviation fire fighting capability at Port Hedland
- commissioning new terminal area radars for Cairns, Canberra and Adelaide. The upgrades are part of a \$90 million modernisation program being undertaken to ensure safe and efficient movement of air traffic in Australian airspace
- completing upgrades to the Gold Coast and Tamworth air traffic control towers
- commissioning a Wide Area Multilateration radar-like system at Sydney Airport which will provide enhanced surveillance and display capabilities replacing the previous electronic scan precision runway monitor
- commissioning five high visibility fire rescue vehicles for Sydney Airport. The ultra-large vehicles are the largest in Australia and enable fire fighters to respond within three minutes to any incident at the airport
- progressing the installation of a secondary surveillance radar at Paraburdoo to deliver enhanced surveillance in the Pilbara region. This is a priority project for Airservices due to the significant increase in air traffic in Western Australia over the last four years as a result of the mining boom
- completing construction of a new combined air traffic control tower and aviation rescue and fire fighting facility at Broome Airport. Officially opened by Minister Albanese on 3 July 2012, this \$20 million facility is the first new tower to be delivered by Airservices

in over 15 years and uses ecologically sustainable design principles that incorporate water and energy efficiencies. It is also able to withstand a Category 4 cyclone

- completing essential upgrades to Instrument Landing Systems at Sydney and Canberra airports as part of a major enhancement to key air navigation technology nationally. Work at Alice Springs Airport has also commenced
- installing new modern and efficient fire control centre technology at 21 sites, which will enhance airport operations and provide a significant improvement in airside emergency response management
- completing the practical construction of our new Melbourne building which will accommodate 330 staff. The building is a 5,800m² five green star integrated office and workshop and is due for occupation in early 2012–13
- replacing 36 ageing wire braced towers supporting navigation infrastructure at 18 sites
- commencing the Ground Based Augmentation System commissioning in Sydney in June 2012. The first phase will enable system monitoring which will ensure stability prior to use by the airlines
- being named winner of the Telecommunications Technology Category of the Australian Institute of Project Management National Project Management Achievement Awards in October 2011 for the Airservices very high frequency radio network major upgrade project.

Business systems renovation

Significant improvements were made during the year through a business systems renovation approach to our website and external portals, as well as major changes to the systems used to support operational staff rostering, the allocation of technical work orders, and our financial and resource budgeting and forecasting systems.

This program of work will continue through the realignment of the business and information management system.

A single data warehousing solution was introduced during 2011–12 to bring together our vast range of aviation-related information and improve data capture, reporting and analysis. The data collected by Airservices will be critical to the aviation industry as it looks to increase efficiency to deal with projected strong growth in air traffic over the next decade.

People and performance

Commitment to our people is fundamental to a high performing organisation. In 2011–12 important people and performance initiatives were advanced that aim to strengthen our capability to deliver effective and expanding services.

A new air traffic control rostering tool—Quintiq—was released in October 2011 to provide a range of new capabilities and replace a number of legacy systems.

The Airservices Learning Academy is the primary mechanism for designing and delivering training and education to our staff, and contributes to the development of our leaders. An internal review was undertaken in 2011 which recommended establishing an Airservices advisory board to provide strategic advice, oversee performance and deliver academic assurance. As a result of the review, the Learning Academy established four schools for each of the current key training areas. A general manager to oversee operations was appointed in March 2012.



Creating new value for industry

As the industry continues to grow and be driven by financial, economic and environmental influences, we need to work collaboratively to anticipate, understand and plan for future needs, and to deliver value through innovation, new services, products and technology.

Programs are being rolled out to improve industry connections and to optimise performance by:

- providing new services and products to improve whole-of-system efficiency
- facilitating improved aviation industry performance
- understanding industry requirements and collaboratively planning future services and facilities
- implementing systems and technology in collaboration with industry partners
- promoting and fostering the aviation industry in Australia.

Safety and security

Airservices reviewed aviation safety during 2011–12 in the context of fly-in, fly-out operations in Western Australia. This work was completed in collaboration with Perth Airport, airlines, charter operators and the resources sector, and is ensuring a cooperative approach to addressing the challenges of aviation growth in the region.

Industry initiatives

Industry initiatives continued to feature prominently during the year.

Creating and maintaining open communication with key stakeholders, including the Civil Aviation Safety Authority, airlines, airports, Defence, policy makers and government representatives, is a critical function of our work.

The annual Airservices industry consultation forum, Waypoint, is one mechanism through which we connect with stakeholders. In June 2012, about 150 senior industry representatives from across Australia and overseas, attended the forum, which focused on demand, capacity and efficiency in Australia's aviation industry.

An industry-wide collaborative approach was introduced in March 2012 to manage air traffic demand. The air traffic flow management software enables airlines and airports to share data to maximise use of available airspace and airport capacity, reduce fuel burn and environmental emissions, and enhance safety. This is reducing flight times by an average of five minutes on the Melbourne–Sydney route and saving about 40,000 tonnes of CO₂ a year.

Permanent Required Navigation Performance procedures were introduced at Brisbane Airport in March 2012, which was the culmination of nearly three years of collaboration with industry. The project has resulted in substantial

savings in greenhouse gas emissions of around 19,000 tonnes of CO₂ a year – the equivalent of taking nearly 5,000 cars off the road.

Airservices also supported key industry events including the 13th annual Regional Aviation Association of Australia conference and the Global Performance Based Navigational Summit, both in September 2011, and the Australian Airports Association's National Convention held in November 2011.

Infrastructure

A series of Automatic Dependent Surveillance – Broadcast (ADS-B) briefings were hosted with the members of the Western Australia resources sector in March 2012 to encourage voluntary early fitment of ADS-B technology for their fly-in, fly-out charter aircraft.

Work was also undertaken with Canada's air navigation services provider, NAV CANADA, and SaabSensis, to progress Airservices multi-million dollar tower technology upgrade. The technology will be installed at new towers in Broome, Melbourne, Adelaide and Rockhampton and combines flight and operational data, surveillance

and voice communication into a single, integrated tower-specific layout.

International engagement

Airservices works with our international counterparts to ensure we maintain our focus on technological improvements and world-class systems and standards. We participate in planning and technical activities of the International Civil Aviation Organisation in collaboration with other Australian agencies and in the global air navigation service organisation, the Civil Air Navigation Services Organisation.

Our international engagement activity centres on the development of seamless air traffic management services with the Asia and Pacific Regions. Neighbouring nations are engaged to cooperatively develop safety and efficiency practices. Programs include safety performance monitoring in optimisation of airspace capacity, runway incursion safety programs, short term staff exchange and hosting bi-lateral visits by key air navigation service providers of other nations.

During 2011–12, we presented an industry briefing in Singapore on the Asia and South Pacific Initiative to Reduce Emissions (ASPIRE)



to highlight the availability of ASPIRE daily city pairs to airlines scheduled on the Asia and South Pacific route.

Airservices attended the Global Air Navigation Industry Symposium and the Asia Pacific Air Navigation Planning and Implementation Regional Group, both held in September 2011. These events provided an opportunity to discuss current and emerging technology issues and to chart the next steps to achieve a seamless global air navigation system.

An agreement with Boeing Research and Technology Europe was signed during 2011–12 to progress joint research into the future operating environment and trajectory based operations.

Airways New Zealand executives were also hosted in Australia, as well as a visit by the organisation's Chief Executive Officer. A collaborative agreement was also signed to advance harmonisation activities and improve service delivery in the region.

People and performance

Airservices continued to support the sustainability of general aviation and promote careers in aviation for women by awarding four flight training

scholarships in 2011–12 in conjunction with the Australian Women Pilots' Association.

We also helped foster and develop the Australian aviation industry by awarding four Airservices Learn to Fly Scholarships to aviation enthusiasts through the Royal Federation of Aero Clubs of Australia. The scholarships are part of a three-year sponsorship agreement worth almost \$100,000 and will help recipients subsidise the cost of obtaining a private or commercial pilot's licence. An additional 10 scholarships were presented in conjunction with Recreation Aviation Australia as part of a three-year \$60,000 sponsorship arrangement through the Giving Young Flyers Training Support program.

A new Airservices website was launched in October 2011 which features an improved air traffic network status page. Travellers can now access information on the status of Airservices national network as well as the WebTrak aircraft noise monitoring system and industry flight briefing service.

Airservices launched an online media portal in July 2011, providing media and general public access to news and information on our operations.



High performing organisation

Achieving our vision is dependent on our people, leadership and culture. Airservices needs to attract and retain talented people, build a flexible, empowered and engaged workforce, and develop inspiring, value-based leadership.

Airservices operates as a high performing organisation by:

- building capability to provide skills and capacity
- transforming to a focused and determined organisation that delivers
- living our values
- developing inspiring leadership.

Key achievements are outlined below.

New Airservices values

We launched our new corporate values in July 2011 and continue to undertake a program of staff engagement to embed these across the organisation.

In July 2011 a series of executive engagement sessions were held, with about 900 staff across Australia participating in the launch of our new vision, mission, values and branding.

Building capability

The position of Chief Information Officer was created in early 2012 to head a new information and communication technology division. This

will allow strategic alignment of our information technology and enable the consolidation of business systems and support services.

Three air traffic controllers were recognised for their hard work and professionalism as part of celebrations for the International Day of the Air Traffic Controller on 20 October 2011. These three peer nominated recipients are now set to visit an international air navigation services provider as part of their professional development.

Our commitment to training and development continued, with 12 technical trainees graduating from our Learning Academy during 2011–12, as well as 18 new aviation rescue fire fighters. Seventy-one new air traffic controllers graduated from the Learning Academy. These recruits are now working in permanent positions at facilities across Australia.

Change management

Project change management was implemented across Airservices in 2011–12. This now operates as a professional discipline with structured processes, tools and techniques to manage the human resources of our capital expenditure projects and to achieve projected business benefits.

Transforming our organisation

The Airservices Workforce Plan 2011–2013 was released in November 2011. It highlights progress and opportunities, reports on strategies from the 2010–2013 plan and refreshes the organisation's projections to 2014–15.

Progress continued on initiatives that are aligned to our five key people streams of building capability, diversifying the workforce, lifting employee engagement, aligning our values, and developing strong leaders.

Workforce engagement

A total of 65 per cent of staff took part in the 2012 Airservices employee opinion survey. The results showed that 70 per cent of employees are engaged in their work which is a rise of 11 per cent since the 2009 survey. This translates to improved retention rates, improved morale and ultimately a more productive workforce.

A series of briefings was undertaken by our executive across Australia in September and December 2011 for about 400 staff, and again in

February and April 2012 for about 500 staff, as part of a regular program of forums to keep our people informed of major issues and initiatives.

Reward and recognition

Three Airservices Chairman's Awards were presented at the Waypoint dinner in June 2012 for professional excellence, together with a CEO commendation. The award categories were aligned to Airservices 2020 Vision through the corporate strategy map.

Paul Carroll, Air Traffic Control Line Manager for East Coast Services in Sydney, was recognized for maximising safety performance; the core operational and business excellence award went to Michael Ling, Fire Commander, Hobart ARFF Station and the Environmental Strategy team - Dr Rob Weaver, Sue Akeroyd and JJ Chen, was recognised for core operational and business excellence.

The CEO Commendation was awarded to Troy Stockwell, Courier and Mail Coordinator from Shared Services for his efforts to undertake a social justice program and contribute to



Airservices being a good corporate citizen, and showing that all employees can work together.

Developing a highly skilled and diverse workforce

A range of employee diversity initiatives were developed and implemented during the year to increase recruitment of air traffic controllers and aviation rescue and fire fighters as well as technical trainees. Initiatives were aimed at mature aged workers and former employees through the alumni program, which now has more than 200 members.

A Diversity Council was established in November 2011 to build greater support of diversity initiatives and facilitate cultural change throughout the organisation. A number of trials were also completed on transition to work programs for staff with disability, while preparations began for the introduction of a number of initiatives targeting employees from culturally and linguistically diverse backgrounds.

To underscore Airservices commitment to diversity in the workforce, a statement of commitment to develop a Reconciliation Action Plan was signed and a Reconciliation Action Plan working group was formed. This group, which consists of six Airservices employees and two external Indigenous members, met for the first time in January 2012 and will provide input and insight into our Indigenous employment strategy.

Airservices first Reconciliation Action Plan was launched in August 2012.

A number of employee processes and policies were reviewed throughout the year, including the Airservices Fair Treatment Review System, Code of Conduct and Behaviour, and Improvement Procedure. Recommendations from these reviews will improve efficiency and effectiveness. Consultation is currently underway on the recommended changes.

Inspiring leadership

The development of inspiring leadership at all levels is a key part of a high performing organisation. Our focus is on ensuring that highly effective leaders have the capabilities to take the organisation forward, and to develop a pool of potential successors ready to step up to senior leadership positions in the future.

A structured leadership development program, tapping into both internal and external expertise, is being rolled out to support the establishment of a leadership pipeline. Achievements over the past financial year include:

- 114 managers participating in the Managing for Results program
- 14 emerging leaders taking part in the Step up to Management program
- 187 employees participating in part one of the Diploma of Management – Personal Effectiveness
- front line managers participating in a senior leadership program at Mt Eliza Business School to further develop their capabilities
- a series of women in leadership forums to improve the engagement of women in Airservices. The first meeting of the Airservices Women in Leadership Network Committee was also conducted during the reporting period.

All leadership development programs have a strong emphasis on supporting our values, our business strategy, and completion of work-based action learning projects under the direction of the participants' manager.

**Financial
statements**

05



**Australian National
Audit Office**

INDEPENDENT AUDITOR'S REPORT

To the Minister for Infrastructure and Transport

I have audited the accompanying financial statements of Airservices Australia for the year ended 30 June 2012, which comprise: a Statement by Directors, Chief Executive Officer and Chief Finance 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 to the financial statements for the year ended 30 June 2012 comprising a Summary of Significant Accounting Policies. 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.

Director's 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 is necessary to enable the preparation of the financial statements that give a true and fair view and 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 financial statements comply 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 the 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 Airservices Australia'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 Airservices Australia'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.

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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 Airservices Australia:

- (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 2012 and 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
23 August 2012

**Statement by Directors, Chief Executive Officer and Chief Financial Officer
For the year ended 30 June 2012**

In our opinion, the attached financial statements and notes for the year ended 30 June 2012 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 Airservices Australia and the consolidated entity 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.



Angus Houston
Chairman



Andrew Clark
Chief Executive Officer



Paul Logan
Chief Financial Officer

Melbourne, 23 August 2012

Financial Statements for the year ended 30 June 2012
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
CONTINUING OPERATIONS			
INCOME			
Airways revenues		860,784	794,975
Finance income	3	8,356	2,418
Other commercial revenue		23,227	23,816
Miscellaneous income		2,690	3,355
Reversal of previous asset write-down		2,957	-
TOTAL INCOME		898,014	824,564
EXPENSES			
Employee benefits	3	555,241	491,553
Suppliers		152,307	152,049
Depreciation	13	75,793	69,723
Amortisation	14	26,402	25,909
Finance costs	3	17,537	14,727
Write-down and impairment of assets	13	6,112	17,453
Net loss on disposal of non-current assets and assets held for sale	3	1,919	1,239
TOTAL EXPENSES		835,311	772,653
PROFIT BEFORE INCOME TAX		62,703	51,911
Income tax expense	4	17,147	15,491
PROFIT AFTER INCOME TAX		45,556	36,420
OTHER COMPREHENSIVE INCOME			
Net gain on revaluation of land, buildings and plant & equipment	22	16,032	5,769
Foreign exchange hedge	22	775	(282)
Exchange differences on translation of foreign operations	22	-	(28)
Actuarial gains/(losses)	22	(99,661)	29,836
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		(82,854)	35,295
TOTAL COMPREHENSIVE INCOME / (LOSS)		(37,298)	71,715

Consolidated Balance Sheet
As at 30 June 2012

Financial Statements for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
CURRENT ASSETS			
Cash and cash equivalents	8	63,759	66,832
Trade and other receivables	9	107,134	86,607
Prepayments		6,886	5,711
Inventories		1,202	1,161
Assets classified as held for sale	10	100	125
Other current assets	11	-	1,465
TOTAL CURRENT ASSETS		179,081	161,901
NON-CURRENT ASSETS			
Land and buildings	13	226,501	180,339
Infrastructure, plant and equipment	13	749,457	707,061
Deferred tax assets	12	105,148	84,037
Intangible assets	14	68,092	56,731
Other non-current financial assets	15	6,585	5,893
Other non-current assets	16	3,199	3,199
TOTAL NON-CURRENT ASSETS		1,158,982	1,037,260
TOTAL ASSETS		1,338,063	1,199,161
CURRENT LIABILITIES			
Trade and other payables	17(a)	145,301	144,788
Provisions	17(a)	148,537	178,122
Borrowings	18	54,744	169,463
Other current liabilities	20	759	759
TOTAL CURRENT LIABILITIES		349,341	493,132
NON-CURRENT LIABILITIES			
Provisions	17(b)	67,689	59,229
Borrowings	18	348,030	149,168
Defined benefit fund liability	19	217,417	86,010
Other non-current liabilities	21	6,152	6,074
TOTAL NON-CURRENT LIABILITIES		639,288	300,481
TOTAL LIABILITIES		988,629	793,613
NET ASSETS		349,434	405,548
EQUITY			
Contributed equity		222,190	222,190
Reserves	22(a)	89,042	72,663
Retained earnings	22(b)	38,202	110,695
TOTAL EQUITY		349,434	405,548

Financial Statements for the year ended 30 June 2012
Consolidated Statement of Changes in Equity
For the year ended 30 June 2012

	Retained earnings		Asset revaluation reserve		Other reserves		Total reserves		Contributed equity		Total equity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Opening balance	110,695	66,539	75,688	71,982	(3,025)	(2,763)	72,663	69,219	222,190	222,190	405,548	357,948
Comprehensive income												
Actuarial gains/(losses)	(99,661)	29,836	-	-	-	-	-	-	-	-	(99,661)	29,836
Net revaluation	-	-	16,032	5,769	775	(310)	16,807	5,459	-	-	16,807	5,459
Profit for the period	45,556	36,420	-	-	-	-	-	-	-	-	45,556	36,420
Total comprehensive income/(loss)	(54,105)	66,256	16,032	5,769	775	(310)	16,807	5,459	-	-	(37,298)	71,715
Transactions with owners												
Returns on capital:												
Dividends	(19,000)	(25,000)	-	-	-	-	-	-	-	-	(19,000)	(25,000)
Transfers on Dissolution of Subsidiary	-	(48)	-	-	-	48	-	48	-	-	-	-
Sub-total Transactions with Owners	(19,000)	(25,048)	-	-	-	48	-	48	-	-	(19,000)	(25,000)
Revaluation reserve - disposals	612	2,948	-	-	-	-	-	-	-	-	612	2,948
Revaluation reserve - disposals (net of deferred tax)	-	-	(428)	(2,063)	-	-	(428)	(2,063)	-	-	(428)	(2,063)
Closing balance	38,202	110,695	91,292	75,688	(2,250)	(3,025)	89,042	72,663	222,190	222,190	349,434	405,548

Consolidated Cash Flow Statement
For the year ended 30 June 2012

Financial Statements for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		930,507	939,969
Income tax refund		8,575	8,039
Payments to suppliers and employees (inclusive of GST)		(760,761)	(721,585)
Borrowing costs		(17,759)	(13,522)
Income tax paid		(29,804)	(26,727)
Net cash inflows from operating activities	33	<u>130,758</u>	<u>186,174</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of infrastructure, plant and equipment		2,050	1,895
Purchase of infrastructure, plant and equipment		(204,146)	(195,767)
Purchase of intangibles		(617)	(677)
Interest received		2,882	2,469
Net cash flows used in investing activities		<u>(199,831)</u>	<u>(192,080)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(19,000)	(25,000)
Proceeds from borrowings		85,000	25,000
Net cash flows from financing activities		<u>66,000</u>	<u>-</u>
Net decrease in cash and cash equivalents		(3,073)	(5,906)
Cash and cash equivalents at the beginning of period		66,832	72,738
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	<u>63,759</u>	<u>66,832</u>

Financial Statements for the year ended 30 June 2012
Consolidated Schedule of Commitments
As at 30 June 2012

	2012	2011
	\$'000	\$'000
BY TYPE		
CAPITAL COMMITMENTS		
Infrastructure, plant and equipment	103,549	146,091
TOTAL CAPITAL COMMITMENTS	<u>103,549</u>	<u>146,091</u>
OTHER COMMITMENTS		
Operating leases	156,793	148,840
Other commitments ⁽¹⁾	251,327	97,252
TOTAL OTHER COMMITMENTS	<u>408,120</u>	<u>246,092</u>
COMMITMENTS RECEIVABLE		
Other commitments receivable ⁽²⁾	(21,685)	(18,952)
GST recoverable on commitments	(44,521)	(33,623)
TOTAL COMMITMENTS RECEIVABLE	<u>(66,206)</u>	<u>(52,575)</u>
TOTAL NET COMMITMENTS BY TYPE	<u>445,463</u>	<u>339,608</u>
BY MATURITY		
CAPITAL COMMITMENTS		
Within one year	62,493	62,924
After one year but no more than five years	36,092	80,683
More than five years	4,964	2,484
TOTAL CAPITAL COMMITMENTS	<u>103,549</u>	<u>146,091</u>
OPERATING LEASES		
Within one year	15,688	15,873
After one year but no more than five years	49,554	45,202
More than five years	91,551	87,765
TOTAL OPERATING LEASES	<u>156,793</u>	<u>148,840</u>
OTHER COMMITMENTS		
Within one year	70,356	59,024
After one year but no more than five years	100,382	37,953
More than five years	80,589	275
TOTAL OTHER COMMITMENTS	<u>251,327</u>	<u>97,252</u>
COMMITMENTS RECEIVABLE		
Within one year	(19,573)	(20,061)
After one year but no more than five years	(29,358)	(23,755)
More than five years	(17,275)	(8,759)
TOTAL COMMITMENTS RECEIVABLE	<u>(66,206)</u>	<u>(52,575)</u>
TOTAL NET COMMITMENTS BY MATURITY	<u>445,463</u>	<u>339,608</u>

⁽¹⁾These commitments primarily comprise contracts for services.

⁽²⁾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 general practice that at the completion of these lease terms, these items are returned to the lessor.

Leases for office accommodation

Airservices 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.

Notes to the Financial Statements for the year ended 30 June 2012

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Notes to the Financial Statements for the year ended 30 June 2012

1: Summary of significant accounting policies

Set out below are the principal accounting policies adopted in the preparation of the financial statements comprising: the Statement by Directors, Chief Executive Officer and Chief Financial Officer; 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. 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 statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose report. The financial statements have 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 the periods ending on or after 1 July 2011).

Historical cost convention

These financial statements have been prepared on an accrual basis and 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 and loss, and certain classes of property, plant and equipment.

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

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

(c) Statement of compliance

Compliance with International Financial Reporting Standards (IFRS)

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Adoption of new Australian Accounting Standard requirements

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

The following amending standard issued prior to the signing of the statements by the Chairman, Chief Executive Officer and Chief Financial Officer was applicable to the current reporting period and had an impact on the Group.

(i) AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements (effective 1 July 2011)

The AASB and NZ FRSB have issued accounting standards that eliminate most of the existing differences between their local standards and IFRS. Where additional disclosures were considered necessary, they were moved to the new standard AASB 1054. The Group has applied the standard from 1 July 2011 and has made an additional disclosure at note 1(w).

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 the current reporting period did not have an impact and are not expected to have a future impact on the Group.

Notes to the Financial Statements for the year ended 30 June 2012

1: Summary of significant accounting policies (continued)**(c) Statement of compliance (continued)****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 and are expected to have an impact on the Group for future reporting periods.

(i) *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.

(ii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iii) *Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have an impact on the Group's calculation of profit or loss and disclosures. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

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 impact on the Group.

(d) Foreign currency translation**Functional and presentation currency**

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

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.

Notes to the Financial Statements for the year ended 30 June 2012

1: Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

Group companies

The results and financial position of API (which did not have the currency of a hyperinflationary economy) which had a functional currency different from the presentation currency were translated into the presentation currency in the comparatives as follows:

- assets and liabilities were translated at the closing rate at the date of that balance sheet;
- income and expenses in the statement of comprehensive income were translated at average exchange rates (unless this was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses were translated at the dates of the transactions); and
- all resulting exchange differences were 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). Underpinning this agreement are risk sharing provisions which compensate parties where either airways activity volumes exceed or do not achieve agreed levels, costs vary due to changes in regulations, or capital expenditure levels vary substantially from agreed investment levels.

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.

Assets purchased by the Airservices 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 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.

Notes to the Financial Statements for the year ended 30 June 2012

1: Summary of significant accounting policies (continued)**(f) Property, plant and equipment (continued)****Revaluations (continued)**

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.

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 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 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.

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

	2012	2011
- 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

Notes to the Financial Statements for the year ended 30 June 2012

1: Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

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.

(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 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 notional 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.

Notes to the Financial Statements for the year ended 30 June 2012

1: Summary of significant accounting policies (continued)**(l) Income tax (continued)**

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.

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.

(o) Provisions

Provisions are recognised when Airservices 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.

Notes to the Financial Statements for the year ended 30 June 2012

1: Summary of significant accounting policies (continued)

(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.

Early retirement benefit

A liability for early retirement benefit is recognised within the provision for separations and redundancies in accordance with the applicable Airservices 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) 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.

Notes to the Financial Statements for the year ended 30 June 2012

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 Group's 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 employee's long service leave and accrued recreation leave, even though the leave is expected to be taken beyond twelve months. Excluding these from the working capital analysis has current assets at approximately ninety percent of current liabilities.

(s) Investments and other financial assets**Classification**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of the reporting period.

(t) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value. Liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Supplier and other payables are recognised at cost. Trade liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

(u) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

(v) 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.

(w) Reporting framework

The Airservices Group is a for profit entity which prepares its financial statements in accordance with the Finance Minister's Orders made under the Commonwealth Authorities and Companies Act 1997.

Notes to the Financial Statements for the year ended 30 June 2012

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 2012 are discussed in Note 19.

Long Service Leave and Early Retirement Benefits

Various actuarial assumptions are required when determining Airservices obligations for Long Service Leave and the Early Retirement Benefit Scheme. The assumptions relied on for the year to 30 June 2012 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 3.0% per annum has also been applied and represents the 10 year Commonwealth Government Bond rate at 30 June 2012.

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).

Notes to the Financial Statements for the year ended 30 June 2012

3: Profit from continuing operations

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

	2012 \$'000	2011 \$'000
Revenue		
Finance income		
- Investments	2,621	2,017
- Deposits	76	117
- Interest rate swap fair value gain	5,473	-
- Other	186	284
Total finance income	<u>8,356</u>	<u>2,418</u>
Expenses		
Employee expenses		
- Wages and salaries	356,952	326,205
- Superannuation (defined contribution funds)	32,142	28,861
- Leave and other entitlements	140,527	109,989
- Separation and redundancies	7,458	4,958
Employee expenses (excluding defined benefit superannuation expense)	<u>537,079</u>	<u>470,013</u>
Net defined benefit superannuation expense recognised in employee expenses		
- Current service cost	29,963	30,041
- Interest cost	36,176	34,098
- Expected return on fund assets	<u>(47,977)</u>	<u>(42,599)</u>
Defined benefit superannuation expense	<u>18,162</u>	<u>21,540</u>
Total employee expenses	<u>555,241</u>	<u>491,553</u>
Finance costs		
- Loans	16,152	12,838
- Interest rate swap fair value loss	-	1,160
- Other	<u>1,385</u>	<u>729</u>
Total finance costs	<u>17,537</u>	<u>14,727</u>
Impaired loss on trade and other receivables		
Movement in allowance for impairment (receivables)	1,480	591
Bad debts written off	<u>374</u>	<u>1,072</u>
Total bad and doubtful debt expense	<u>1,854</u>	<u>1,663</u>
Operating lease charges	19,382	18,508
Gain/(loss) from sales/(write-off) of non-current assets and assets held for sale		
- Proceeds from disposal of non-current assets	2,025	1,895
- Written-down value of disposed non-current assets	<u>(1,955)</u>	<u>(1,937)</u>
- Proceeds from disposal of assets held for sale	25	-
- Written-down value of disposed assets held for sale	<u>(25)</u>	<u>-</u>
Net gain/(loss) from sale of non-current assets and assets held for sale	<u>70</u>	<u>(42)</u>
Written down value of scrapped assets	<u>(1,989)</u>	<u>(1,197)</u>
Net loss from disposal of non-current assets and assets held for sale	<u>(1,919)</u>	<u>(1,239)</u>

No related party amounts are disclosed separately for revenue and expense transactions above as they are immaterial.

Notes to the Financial Statements for the year ended 30 June 2012

4: Income tax

	2012	2011
	\$'000	\$'000
(a) Income tax expense:		
Current tax	2,566	22,585
Deferred tax	<u>14,581</u>	<u>(7,094)</u>
Income tax expense attributable to profit from continuing operations	<u>17,147</u>	<u>15,491</u>
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	<u>62,703</u>	<u>51,911</u>
Prima facie income tax expense at 30%	18,811	15,573
Tax effect of amounts which are not deductible/assessable in calculating taxable income:		
Non-deductible legal costs	(10)	165
Other non-deductible expenditure	(981)	1,301
Prior year under/(over) provision of tax	(2,322)	(1,761)
Unrealised losses on revaluation of assets to fair value	<u>1,649</u>	<u>213</u>
Income tax expense	<u>17,147</u>	<u>15,491</u>

5: Dividends

(a) Dividend paid

An interim dividend for the year ending 30 June 2012 of \$11.0m (2011: \$10.0m) was paid on 15th June 2012. A final dividend of \$8.0m for the year ended 30 June 2011 was paid on 28 February 2012 (2011: \$15.0m final dividend for the year ending 30 June 2010).

(b) Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30% (30 June 2011: 30%) are \$279.9m (30 June 2011: \$258.7m).

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

Notes to the Financial Statements for the year ended 30 June 2012

6: Investments in controlled entities**(a) Airservices Pacific Incorporated (API)**

Airservices 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 did not rebid for the contract. As a consequence API was dissolved as a company on 11 March 2011. Its results are reflected in the 2011 comparatives.

(b) Special purpose entities

In accordance with the indicators of control for accounting purposes detailed in UIG Interpretation 112, the Airservices 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 Group but is held by two finance companies. These entities are not consolidated due to materiality considerations.

7: Events occurring after the reporting period

No events have occurred after the balance sheet date that should be brought to account or disclosed in the 2011-2012 financial statements.

8: Current assets - Cash and cash equivalents

	2012 \$'000	2011 \$'000
Cash at bank and in hand	2,659	7,032
Deposits at call	<u>61,100</u>	<u>59,800</u>
	<u>63,759</u>	<u>66,832</u>

(a) Cash at bank and in hand

Cash at bank has a floating interest rate of 3.40% (30 June 2011: 4.65%). Cash in hand is non-interest bearing.

(b) Deposits at call

The deposits at call have a floating interest rate of 3.50% (30 June 2011: 4.75%). These 11am cash deposits are rolled over on a daily basis.

Notes to the Financial Statements for the year ended 30 June 2012

9: Current assets - Trade and other receivables

	2012 \$'000	2011 \$'000
Loans and receivables		
Trade receivables (a)	89,366	83,843
Provision for impairment of receivables (b)	<u>(2,597)</u>	<u>(1,117)</u>
	86,769	82,726
Other receivables (c)	6,458	88
Accrued revenue and interest	804	3,793
Income tax receivable	<u>13,103</u>	<u>-</u>
Total current receivables	<u>107,134</u>	<u>86,607</u>

(a) Ageing analysis of trade receivables

	2012 \$'000	2011 \$'000
Current	81,599	76,282
Overdue by:		
1 to 30 days	4,190	4,038
31 to 60 days	554	912
61 to 90 days	177	480
90 + days	<u>2,846</u>	<u>2,131</u>
Total	<u>89,366</u>	<u>83,843</u>

(b) Reconciliation for the provision for impairment of receivables

	2012 \$'000	2011 \$'000
Opening balance	1,117	1,708
Increase/(decrease) recognised in net profit	<u>1,480</u>	<u>(591)</u>
Closing balance	<u>2,597</u>	<u>1,117</u>

The provision for impairment of receivables is aged as follows:

	2012 \$'000	2011 \$'000
Current	40	41
Overdue by:		
1 to 30 days	66	57
31 to 60 days	46	47
61 to 90 days	31	71
90+ days	<u>2,414</u>	<u>901</u>
Total	<u>2,597</u>	<u>1,117</u>

(c) Other receivables

Other receivables is comprised of the current portion of the royalty stream which the Group is entitled to receive from the sales of navigation augmentation system technology, net balances associated with salary sacrifice arrangements and the Group's interest rate swap portfolio.

Notes to the Financial Statements for the year ended 30 June 2012

10: Assets classified as held for sale

Two land assets have been identified as surplus to the requirements of the Airservices Group and have been classified as assets held for sale. Their disposals are expected to be completed within the 2012-13 financial year. The carrying amount of the assets amounted to \$0.100m (30 June 2011: \$0.125m).

11: Current assets - Other

	2012 \$'000	2011 \$'000
Lease incentive - Current	-	1,465

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

12: Non-current assets - Deferred tax assets

	2012 \$'000	2011 \$'000
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The balance comprises temporary differences attributable to:*Amounts recognised in the statement of comprehensive income*

Depreciation for accounting purposes	(5,377)	2,823
Allowance for impairment	779	335
Employee benefits	57,625	51,806
Provision for revenue to be returned to customers	699	12,820
Provision for legal costs	570	132
Other provisions	6,126	7,166
Accruals	(1,148)	(1,227)
	<u>59,274</u>	<u>73,855</u>

Amounts recognised directly in equity

Foreign exchange hedge reserve	964	1,297
Revaluation of land, buildings, plant and equipment	(39,125)	(32,438)
Defined benefit liability	<u>84,035</u>	<u>41,323</u>
	<u>45,874</u>	<u>10,182</u>

Net deferred tax assets	<u>105,148</u>	<u>84,037</u>
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Movements:

Opening balance at 1 July	84,037	91,198
Credited/(charged) to the statement of comprehensive income	(14,581)	7,093
Credited to equity	<u>35,692</u>	<u>(14,254)</u>
Closing balance at 30 June	<u>105,148</u>	<u>84,037</u>

Tax losses

The Group has capital losses of \$8.0m (30 June 2011: \$8.0m) that are available indefinitely for offset against future capital gains. Deferred tax assets have not been recognised in respect of these losses as Management has evaluated and concluded that it is not probable future capital gains will be available against which the Group can utilise these losses in the foreseeable future.

Notes to the Financial Statements for the year ended 30 June 2012

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

	Land \$'000	Buildings \$'000	Total Land and Buildings \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
Gross value - 1 July 2011	48,392	138,326	186,718	466,903	283,142	936,763
Additions	-	2,433	2,433	4,985	178,276	185,694
Revaluations	(311)	9,996	9,685	(40,544)	-	(30,859)
Commissioned assets under construction	-	38,037	38,037	112,128	(150,165)	-
Assets under construction commissioned as software (refer note 14)	-	-	-	-	(37,831)	(37,831)
Impairment (b)	-	-	-	-	(6,112)	(6,112)
Disposals	(1)	(1,246)	(1,247)	(7,420)	-	(8,667)
Gross value - 30 June 2012	<u>48,080</u>	<u>187,546</u>	<u>235,626</u>	<u>536,052</u>	<u>267,310</u>	<u>1,038,988</u>
Accumulated depreciation - 1 July 2011	-	(6,379)	(6,379)	(42,984)	-	(49,363)
Depreciation charged	-	(14,924)	(14,924)	(60,869)	-	(75,793)
Revaluations	-	11,270	11,270	45,448	-	56,718
Disposals	-	908	908	4,500	-	5,408
Accumulated depreciation - 30 June 2012	<u>-</u>	<u>(9,125)</u>	<u>(9,125)</u>	<u>(53,905)</u>	<u>-</u>	<u>(63,030)</u>
Net book value - 30 June 2012	<u>48,080</u>	<u>178,421</u>	<u>226,501</u>	<u>482,147</u>	<u>267,310</u>	<u>975,958</u>

Notes to the Financial Statements for the year ended 30 June 2012

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
Gross value - 1 July 2010	49,519	127,100	176,619	389,007	256,008	821,634
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 (b)	(1,400)	-	(1,400)	-	(8,872)	(10,272)
Reclassifications	-	48	48	(48)	-	-
Gross value - 30 June 2011	48,392	138,326	186,718	466,903	283,142	936,763
Accumulated depreciation - 1 July 2010	-	(2,527)	(2,527)	(30,201)	-	(32,728)
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	-	-
Accumulated depreciation - 30 June 2011	-	(6,379)	(6,379)	(42,984)	-	(49,363)
Net book value - 30 June 2011	48,392	131,947	180,339	423,919	283,142	887,400

Notes to the Financial Statements for the year ended 30 June 2012

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

(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.

The Airservices Group engaged accredited valuers Aon Valuation Services to value its land, buildings, plant and equipment (the valuers were also used for the previous year, except for land which was valued by CB Richard Ellis). 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 2012.

(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.

As a result of this review the organisation has recorded impairments of \$6.1m which included the reassessment of amounts spent in respect of upgraded technology.

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

	2012 \$'000	2011 \$'000
Land		
At cost	<u>3,676</u>	<u>3,678</u>
	<u>3,676</u>	<u>3,678</u>
Buildings		
At cost	265,182	237,180
Accumulated depreciation	<u>(141,486)</u>	<u>(139,214)</u>
Net book amount	<u>123,696</u>	<u>97,966</u>
Plant and equipment		
At cost	945,786	871,280
Accumulated depreciation	<u>(449,179)</u>	<u>(419,979)</u>
Net book amount	<u>496,607</u>	<u>451,301</u>

Notes to the Financial Statements for the year ended 30 June 2012

14: Non-current assets - Intangible assets

	Internally developed software \$'000	2012 Other intangible Assets \$'000	Total intangible Assets \$'000	Internally developed software \$'000	2011 Other intangible assets \$'000	Total intangible assets \$'000
Gross value - 1 July	143,585	48,812	192,397	129,800	37,602	167,402
Additions	-	617	617	373	304	677
Disposals	-	(2,707)	(2,707)	-	-	-
Transferred from assets under construction	<u>26,082</u>	<u>11,749</u>	<u>37,831</u>	<u>13,412</u>	<u>10,906</u>	<u>24,318</u>
Gross value - 30 June	<u>169,667</u>	<u>58,471</u>	<u>228,138</u>	<u>143,585</u>	<u>48,812</u>	<u>192,397</u>
Accumulated amortisation - 1 July	(102,420)	(33,246)	(135,666)	(84,423)	(25,334)	(109,757)
Amortisation for the year	(17,038)	(9,364)	(26,402)	(17,997)	(7,912)	(25,909)
Disposals	-	2,022	2,022	-	-	-
Accumulated amortisation - 30 June	<u>(119,458)</u>	<u>(40,588)</u>	<u>(160,046)</u>	<u>(102,420)</u>	<u>(33,246)</u>	<u>(135,666)</u>
Net intangibles - 30 June	<u>50,209</u>	<u>17,883</u>	<u>68,092</u>	<u>41,165</u>	<u>15,566</u>	<u>56,731</u>

15: Non-current assets - Other financial assets

	2012 \$'000	2011 \$'000
Navigation augmentation system receivable	<u>6,585</u>	<u>5,893</u>

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

16: Non-current assets - Other

	2012 \$'000	2011 \$'000
Lease incentive - Non-current	<u>3,199</u>	<u>3,199</u>

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

Notes to the Financial Statements for the year ended 30 June 2012

17: Provisions and payables

(a) Current payables and provisions

	2012	2011
	\$'000	\$'000
Current payables		
Suppliers		
- Trade payables	18,893	15,299
Employees		
- Salaries and wages	18,649	14,581
- Superannuation	2,244	1,747
- Recreation leave ⁽¹⁾	55,274	47,540
Revenue received in advance	2,997	3,374
Interest payable	2,302	1,667
Accrued payroll tax	3,242	2,756
Net goods and services tax payable	10,956	11,141
Other accrued expenses	<u>30,744</u>	<u>46,683</u>
Total current payables	<u>145,301</u>	<u>144,788</u>

Current provisions

Employee benefits		
- Long service leave ⁽²⁾	139,708	121,091
- Separations and redundancies	458	1,310
Workers compensation	544	509
Taxation	-	5,560
Revenue to be returned to customers	2,330	42,732
ARFF decontamination	2,112	5,294
Litigation and legal costs	1,900	440
Other	169	169
Makegood on leasehold assets	<u>1,316</u>	<u>1,017</u>
Total current provisions	<u>148,537</u>	<u>178,122</u>
Total current provisions and payables	<u>293,838</u>	<u>322,910</u>

(b) Non-current provisions

Employee benefits		
- Long service leave	26,180	19,743
- Separations and redundancies	19,672	22,054
ARFF decontamination	10,472	9,457
Makegood on leasehold assets	8,087	5,758
Workers compensation	<u>3,278</u>	<u>2,217</u>
Total non-current provisions	<u>67,689</u>	<u>59,229</u>

⁽¹⁾ Recreation leave expected to be settled within 12 months from the reporting date is \$36.8m, and greater than 12 months is \$18.5m. Refer to note 1 (r) for further information.

⁽²⁾ Long service leave expected to be settled within 12 months from the reporting date is \$16.7m, and greater than 12 months is \$123.0m. Refer to note 1 (r) for further information.

Notes to the Financial Statements for the year ended 30 June 2012

17: Provisions and payables (continued)

(c) Description of provisions

Employee benefits:

- *Workers compensation*
These provisions represent the Airservices Group's self insured liability for workers compensation prior to 1 July 1989.
- *Separations and redundancies*
This includes \$19.7m (30 June 2011: \$22.1m) in early retirement benefits which have been elected to be taken by employees as a lump sum on retirement. Also, \$0.4m (30 June 2011: \$1.3m) relates to redundancy provisions in relation to the restructuring of the organisation.

Revenue to be returned to customers

In accordance with the long term pricing agreement a \$2.3m revenue rebate provision has been recorded for the deferral of new ARFF services which were anticipated to be introduced this year. Comparatives reflect revenue in excess of 5% of agreed revenue levels 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 Group on ongoing matters which commenced prior to 30 June 2012.

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.

Notes to the Financial Statements for the year ended 30 June 2012

17: Provisions and payables (continued)

(d) Movements in provisions (excluding Employee benefits)

	2012 \$'000	2011 \$'000
(i) Revenue to be returned to customers (Current)		
Carrying amount at start of period	42,732	17,745
Additional provisions recognised	2,330	41,907
Credit notes issued	(42,372)	(16,095)
Rebate not returned to customers	(360)	(825)
Carrying amount at end of period	<u>2,330</u>	<u>42,732</u>
(ii) ARFF decontamination (Current/Non-Current)		
Carrying amount at start of period	14,751	17,226
Adjustment to provision	(146)	165
Payments	(2,020)	(2,640)
Carrying amount at end of period	<u>12,585</u>	<u>14,751</u>
(iii) Litigation and legal costs (Current)		
Carrying amount at start of period	440	1,075
Additional provisions recognised	1,900	440
Payments	(440)	(1,075)
Carrying amount at end of period	<u>1,900</u>	<u>440</u>
(iv) Decommissioning and restoration (Makegood - Current/Non-current)		
Carrying amount at start of period	6,775	6,983
Additional provisions recognised	3,249	1,065
Payments	(621)	(1,273)
Carrying amount at end of period	<u>9,403</u>	<u>6,775</u>
(v) Other (Current)		
Carrying amount at start of period	169	195
Payments	-	(26)
Carrying amount at end of period	<u>169</u>	<u>169</u>

Notes to the Financial Statements for the year ended 30 June 2012

18: Borrowings

	2012 \$'000	2011 \$'000
Unsecured - Bank loans		
Current ⁽¹⁾	54,744	169,463
Non-current ⁽²⁾	<u>348,030</u>	<u>149,168</u>
Total borrowings	<u>402,774</u>	<u>318,631</u>

⁽¹⁾This represents amounts issued under a \$300m commercial paper program in three separate tranches on 30th April, 8th June, and 21st June 2012. The respective maturity dates are 30th July, 7th September, and 23rd July 2012.

⁽²⁾This represents two Medium Term Notes (MTN) tranches. A \$150m MTN tranche was issued on 19 May 2009 and will mature on 19th May 2014. A further \$200m MTN was issued on 2 November 2011 and will mature on 15 November 2016.

19: Defined benefit fund liability**(a) Superannuation plan**

Airservices is the principal sponsor of the superannuation fund, AvSuper. The Plan has a defined benefit section and an accumulation section. The defined benefit section 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 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:

	2012 \$'000	2011 \$'000
Present value of the defined benefit obligation	(921,998)	(777,920)
Fair value of defined benefit plan assets	<u>704,581</u>	<u>691,910</u>
Net benefit liability - non-current	<u>217,417</u>	<u>86,010</u>

(c) Categories of plan assets

The major categories of plan assets are as follows:

	2012 \$'000	2011 \$'000
Cash	17,705	43,653
Equity instruments	453,849	412,788
Debt instruments	122,262	94,967
Other assets	<u>110,765</u>	<u>140,502</u>
	<u>704,581</u>	<u>691,910</u>

Notes to the Financial Statements for the year ended 30 June 2012

19: Defined benefit fund liability (continued)

(d) Reconciliations

	2012	2011
	\$'000	\$'000
<i>Reconciliation of the present value of defined benefit obligation:</i>		
Balance at the beginning of the year	777,920	749,747
Current service cost	29,963	30,041
Contributions by members	11,286	10,795
Interest cost	36,176	34,098
Actuarial (gains)/losses on obligation	101,133	(10,125)
Benefits paid	<u>(34,480)</u>	<u>(36,636)</u>
Balance at the end of the year	<u>921,998</u>	<u>777,920</u>

	2012	2011
	\$'000	\$'000
<i>Reconciliation of the fair value of plan assets:</i>		
Balance at the beginning of the year	691,910	615,321
Expected return on plan assets	47,977	42,599
Actuarial gains/(losses)	(41,240)	32,498
Contributions by Airservices	29,128	27,333
Contributions by members	11,286	10,795
Benefits paid	<u>(34,480)</u>	<u>(36,636)</u>
Balance at the end of the year	<u>704,581</u>	<u>691,910</u>

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

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

	2012	2011
	\$'000	\$'000
Current service cost	29,963	30,041
Interest cost on benefit obligation	36,176	34,098
Expected return on plan assets	<u>(47,977)</u>	<u>(42,599)</u>
Total included in employee benefits expense	<u>18,162</u>	<u>21,540</u>
Actual return on plan assets	<u>(4,326)</u>	<u>75,097</u>

(f) Principal actuarial assumptions

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

	2012	2011
Discount rate	2.80 %	4.80 %
Expected return on plan assets	7.00 %	7.00 %
Future salary increases	5.00 %	6.00 %

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

- the 10 year Government bond rate (3.0%) at 30 June 2012 adjusted for the effective tax rate on the assets of the Plan of 8%;

Notes to the Financial Statements for the year ended 30 June 2012

19: Defined benefit fund liability (continued)**(f) Principal actuarial assumptions (continued)**

- 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 2010-11) and a 7.0% p.a. rate of return net of tax and expenses (7.0% p.a. in 2010-11); and
- the salary increase rate is the long term expected rate including a full allowance for promotional increases.

(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 2011.

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

- 16.5% of gross salary for Air Traffic Controllers (2010-11: 16.5%);
- 16.5% of gross salary for other employees (2010-11: 16.5%); and
- 3% for those employees who remain members of the Commonwealth Superannuation Scheme (CSS) (2010-11: 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 for the year ending 30 June 2013 amount to approximately \$28.8m, not including any additional contributions required.

(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 2011), when a surplus of \$36.5m was reported. Last year in these financial statements the organisation (Airservices) recognised a defined benefit liability of \$86.0m at 30 June 2011. 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 2012 these financial statements disclose a defined benefit liability of \$217.4m. AvSuper's net financial position for the Plan under AAS 25 will not be available though until after these financial statements have been signed.

Notes to the Financial Statements for the year ended 30 June 2012

19: Defined benefit fund liability (continued)

(i) **Historic summary**

	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000
Plan assets	704,581	691,910	615,321	551,098	651,682
Defined benefit plan obligation	<u>(921,998)</u>	<u>(777,920)</u>	<u>(749,747)</u>	<u>(663,409)</u>	<u>(626,910)</u>
Surplus / (deficit)	<u>(217,417)</u>	<u>(86,010)</u>	<u>(134,426)</u>	<u>(112,311)</u>	<u>24,772</u>
Experience (gains)/losses adjustments arising on plan liabilities	860	(11,886)	15,597	(13,959)	5,768
Experience gains/(losses) adjustments arising on plan assets	<u>(41,240)</u>	<u>32,498</u>	<u>24,891</u>	<u>(153,410)</u>	<u>(96,519)</u>

20: Current liabilities - Other

	2012 \$'000	2011 \$'000
Lease liability - Current	<u>759</u>	<u>759</u>

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

21: Non-current liabilities - Other

	2012 \$'000	2011 \$'000
Lease liability - Non-current	<u>6,152</u>	<u>6,074</u>

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

Notes to the Financial Statements for the year ended 30 June 2012

22: Reserves and retained earnings

	2012 \$'000	2011 \$'000
(a) Reserves		
Asset revaluation reserve	91,292	75,688
Foreign exchange hedge reserve	<u>(2,250)</u>	<u>(3,025)</u>
	<u>89,042</u>	<u>72,663</u>
Movements:		
<i>Asset revaluation reserve</i>		
Opening balance	75,688	71,982
Net revaluation	16,032	5,769
Revaluation reserve - disposals (net of deferred tax)	<u>(428)</u>	<u>(2,063)</u>
	<u>91,292</u>	<u>75,688</u>
<i>Foreign exchange hedge reserve</i>		
Opening balance	(3,025)	(2,743)
Net revaluation	775	(282)
	<u>(2,250)</u>	<u>(3,025)</u>
<i>Foreign currency translation</i>		
Opening balance	-	(20)
Net revaluation	-	(28)
Transfer to retained earnings	-	48
	<u>-</u>	<u>-</u>

(b) Retained earnings

Movements in retained earnings were as follows:

	2012 \$'000	2011 \$'000
Opening balance	110,695	66,539
Net profit after tax for the year	45,556	36,420
Dividend Paid	(19,000)	(25,000)
Transfer from reserves on dissolution of subsidiary	-	(48)
Defined benefit fund movements direct to equity (net of deferred tax)	(99,661)	29,836
Revaluation reserve - disposals	<u>612</u>	<u>2,948</u>
	<u>38,202</u>	<u>110,695</u>

Notes to the Financial Statements for the year ended 30 June 2012

23: Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2012 in respect of:

Legal Claim

The Airservices Group is aware of 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

The Airservices Group has identified a number of sites around the country that have been potentially contaminated with a product that was contained in fire fighting foams. The product was widely used internationally and was used by Airservices from 1980. 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 2011-12. 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 over the next few years.

To facilitate this process and other activity related to this issue, a sum of \$12.6m has been provided for at 30 June 2012 (refer to Note 17). It is not possible to quantify any potential remediation costs at this time.

24: Standby arrangements and unused credit facilities

	2012 \$'000	2011 \$'000
Bank overdraft	<u>5,000</u>	<u>5,000</u>
Total credit facilities	<u>5,000</u>	<u>5,000</u>
Unused credit facilities	<u>5,000</u>	<u>5,000</u>
Loan facilities		
- Commercial paper (only expires if cancelled)	300,000	300,000
- Medium term note (matured 15 November 2011)	-	100,000
- Medium term note program	400,000	400,000
- Committed Standby facilities	230,000	210,000
- Uncommitted 11am Borrowing	<u>60,000</u>	<u>85,000</u>
Total loan facilities	<u>990,000</u>	1,095,000
Amount utilised	<u>(405,000)</u>	<u>(320,000)</u>
Unused loan facilities	<u>585,000</u>	<u>775,000</u>

25: Remuneration of auditors

	2012 \$	2011 \$
Auditing services provided by the Australian National Audit Office	<u>270,000</u>	<u>294,500</u>

Audit services for the Airservices Group are provided by the Australian National Audit Office and are subcontracted to WHK Pty Ltd. In 2011 Audit services for the Airservices Group were provided by the Australian National Audit Office and subcontracted to PriceWaterhouseCoopers. Also included in the amount above for 2011 is \$9,000 relating to the audit of API's Financial Statements.

No other services were provided by WHK Pty Ltd during the year. In 2011 other accounting and auditing services provided by PricewaterhouseCoopers during the year totalled \$244,202.

Notes to the Financial Statements for the year ended 30 June 2012

26: Remuneration of directors

	2012	2011
	No.	No.
The number of non-executive directors of the entity included in these figures are shown below in the relevant remuneration bands:		
Less than \$150 000	<u>10</u>	<u>8</u>
Total	<u>10</u>	<u>8</u>
	\$	\$
Total remuneration received or due and receivable by directors of the entity	<u>533,337</u>	<u>528,195</u>

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

27: Senior executive remuneration

	2012	2011
	\$'000	\$'000
Note 27A: Senior Executive Remuneration Expenses for the Reporting Period		
Short-term employee benefits:		
Salary	2,719	2,724
Annual leave accrued	238	251
Performance bonus	<u>570</u>	<u>615</u>
Total short-term employee benefits	<u>3,527</u>	<u>3,590</u>
Post-employment benefits		
Superannuation (post-employment benefits)	<u>402</u>	<u>355</u>
Total post-employment benefits	<u>402</u>	<u>355</u>
Other long-term benefits		
Long service leave	<u>141</u>	<u>148</u>
Total other long-term benefits	<u>141</u>	<u>148</u>
Termination benefits	<u>697</u>	<u>199</u>
Total employment benefits	<u>4,767</u>	<u>4,292</u>

Notes:

Note 27A was prepared on an accruals basis (so the performance bonus expenses disclosed above differ from the cash 'Bonus paid' in Note 27B)

Note 27A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$150,000.

Notes to the Financial Statements for the year ended 30 June 2012

27: Senior executive remuneration (continued)

Note 27B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

		2012					2011						
		Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Bonus paid ⁵ \$	Total \$	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Bonus paid ⁵ \$	Total \$
Average annual reportable remuneration¹													
Total remuneration (including part-time arrangements)													
	less than \$150,000	2	81,311	11,382	-	-	92,693						
	\$180,000 - \$209,999	1	100,695	7,023	-	74,026	181,744						
	\$270,000 - \$299,999	2	212,687	24,612	396	52,657	290,352						
	\$330,000 - \$359,999	2	252,479	27,895	-	69,149	349,523						
	\$360,000 - \$389,999	1	223,664	81,149	-	74,411	379,224						
	\$420,000 - \$449,999	1	323,380	30,189	-	68,440	422,009						
	\$450,000 - \$479,999	2	306,152	65,516	-	93,853	465,521						
	\$900,000 - \$929,999	1	728,944	46,087	-	127,603	904,634						
	Total	12											
Average annual reportable remuneration¹													
Total remuneration (including part-time arrangements)													
	less than \$150,000	2	40,738	4,295	-	-	45,033						
	\$180,000 - \$209,999	1	185,458	18,223	-	-	203,681						
	\$300,000 - \$329,999	2	217,172	26,072	-	78,287	321,531						
	\$330,000 - \$359,999	1	245,166	26,433	-	67,174	338,773						
	\$360,000 - \$389,999	2	276,564	55,185	-	34,350	366,099						
	\$390,000 - \$419,999	1	294,445	31,631	-	80,226	406,302						
	\$420,000 - \$449,999	2	289,803	62,686	-	89,671	442,160						
	\$750,000 - \$779,999	1	600,293	48,940	-	120,711	769,944						
	Total	12											

Notes to the Financial Statements for the year ended 30 June 2012

27: Senior executive remuneration (continued)**Notes:**

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable Salary' includes the following:
 - (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - (b) 'reportable fringe benefits (at the net amount prior to grossing up to account for tax benefits).
3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
6. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Notes to the Financial Statements for the year ended 30 June 2012

27: Senior executive remuneration (continued)

Note 27C: Other Highly Paid Staff

	2012				
	Staff No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Total Bonus paid ⁵ \$
Average annual reportable remuneration ¹					
Total remuneration (including part-time arrangements)					
\$150,000 - \$179,999	296	132,457	27,048	45	4,482
\$180,000 - \$209,999	441	159,286	34,426	26	2,405
\$210,000 - \$239,999	313	179,683	40,641	23	2,694
\$240,000 - \$269,999	88	199,351	46,145	20	5,409
\$270,000 - \$289,999	21	216,364	52,697	39	10,893
\$300,000 - \$329,999	4	289,502	31,928	581	15,527
\$330,000 - \$359,999	5	302,473	42,842	138	-
\$360,000 - \$389,999	2	206,662	157,865	51	-
\$390,000 - \$419,999	1	336,128	78,709	-	-
\$420,000 - \$449,999	2	370,482	65,398	-	-
Total	1,173				

	2011				
	Staff No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Total Bonus paid ⁵ \$
Average annual reportable remuneration ¹					
Total remuneration (including part-time arrangements)					
\$150,000 - \$179,999	281	132,500	29,409	30	4,956
\$180,000 - \$209,999	442	155,776	36,842	43	2,082
\$210,000 - \$239,999	236	176,022	42,937	70	2,756
\$240,000 - \$269,999	47	194,824	51,615	12	4,947
\$270,000 - \$289,999	13	198,266	63,845	124	16,061
\$300,000 - \$329,999	1	211,938	74,765	-	34,030
\$330,000 - \$359,999	1	323,740	28,043	-	-
\$360,000 - \$389,999	1	319,569	41,193	-	-
\$390,000 - \$419,999	1	345,931	59,190	764	-
Total	1,023				

Notes:

Notes to the Financial Statements for the year ended 30 June 2012

27: Senior executive remuneration (continued)

1. This table reports staff:

- a) who were employed by the entity during the reporting period;
- b) whose reportable remuneration was \$150,000 or more for the financial period; and
- c) were not required to be disclosed in Tables A, B or director disclosures.

Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable Salary' includes the following:

- (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column), which includes early retirement benefits which have been elected to be taken as a lump sum as described in note 17(c); and
- (b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and

3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts. Note that these balances reflect the age profile of the organisation's employees and that a significant number of employees included are part of the AvSuper Defined Benefit Scheme.

4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

6. Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Notes to the Financial Statements for the year ended 30 June 2012

28: Related party transactions

(a) Directors

The names of persons who were Directors of the Airservices 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	2-Jun-12
Angus Houston		3-Jun-12	Current
Deputy Chairman			
Warren Mundy		On-going	Current
Directors			
Samanatha Betzien		4-Jun-12	Current
David Burden		On-going	Current
Liza Carver		On-going	31-May-12
Annette Kimmitt		6-Jun-12	Current
Paul Lucas		4-Jun-12	Current
Robert Maher		On-going	7-Oct-11
Tony Mathews		4-Jun-12	Current
Roxley McLennan		On-going	30-Apr-12
Henk Meertens		On-going	2-Jun-12
Judith Munro		On-going	Current
Angus Houston		6-Dec-11	2-Jun-12
Chief Executive Officer			
Greg Russell		On-going	16-May-12
Andrew Clark	Acting	17-May-12	Current
		21-Jan-12	26-Jan-12
		2-Mar-12	11-Mar-12
Jason Harfield	Acting	25-Sep-11	16-Oct-11
		30-Apr-12	5-May-12

(b) Executives

The names of persons who were Executives of the Airservices 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	Executive GM Safety & Assurance	Ongoing	Current
Michelle Bennetts	Executive GM Environment	Ongoing	Current
David Byers	GM Corporate & International Affairs	Ongoing	14-Sep-11
Andrew Clark	Chief Financial Officer	Ongoing	16-May-12
Peter Curran	A/GM Corporate & International Affairs	16-Sep-11	18-Dec-11
Dan Galazowski	A/GM Technology & Asset Services	14-Sep-11	25-Mar-12
Jason Harfield	Executive GM Air Traffic Control	Ongoing	Current
Alastair Hodgson	GM Technology & Assets Services	Ongoing	16-Jan-12
Paul Logan	A/Chief Financial Officer	3-Oct-11	30-Nov-11
		21-May-12	Current
Unni Mennon	Executive GM Government and Industry Affairs	12-Dec-11	Current
Claire Marrison	A/GM Safety & Assurance	1-Dec-11	12-Mar-12
Mark Rodwell	GM ATC Future Systems	Ongoing	25-Mar-12
	Executive GM Projects & Engineering	26-Mar-12	Current
Andrew Rushbrook	Executive GM Aviation Rescue & Fire Fighting	Ongoing	Current
Peter Shea	A/GM People & Change	16-Jan-12	30-Jan-12
Anastasia Townsend	Chief Information Officer	16-Jan-12	25-Mar-12
Peter Ward	GM People & Change	Ongoing	16-Mar-12
David Woodward	A/GM Air Traffic Control	1-Mar-12	12-Mar-12

Notes to the Financial Statements for the year ended 30 June 2012

28: Related party transactions (continued)

(c) Transactions with related parties

Certain director-related entities have transactions with the Airservices 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 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 received legal services from Ashurst (formerly Blake Dawson Waldron) amounting to \$1,600,755 for the period 22 August 2011 to 31 May 2012 during which time Liza Carver was both a director of the Airservices Group and a partner with Ashurst.
- Airservices received legal services from Minter Ellison amounting to \$35,016 for the period 4 June 2012 to 30 June 2012 during which time Samantha Betzien was both a director of the Airservices Group and a partner with Minter Ellison.
- Airservices received taxation services from Ernst and Young amounting to \$48,000 for the period 6 June 2012 to 30 June 2012 during which time Annette Kimmitt was both a director of the Airservices Group and a partner with Ernst and Young.
- To the extent permitted by law, the Airservices Group provides indemnities to its directors and officers to complement the insurance arrangements that it has in place.

Notes to the Financial Statements for the year ended 30 June 2012

29: Financial instruments

The Airservices Group has exposure to credit risk, liquidity risk, market risk and foreign exchange risk arising from its financial instruments. The Airservices Group uses financial instruments to manage these risks within a framework of a comprehensive set of risk management policies. These risks are managed centrally and speculative trading is strictly prohibited.

(a) Fair value measurements

	Carrying amount 2012 \$'000	Fair value 2012 \$'000	Carrying amount 2011 \$'000	Fair value 2011 \$'000
Assets				
Forward exchange contracts	-	(3,214)	-	(4,322)
Cash and cash equivalents	63,759	63,759	66,832	66,832
Receivables	101,683	101,683	86,630	86,630
Interest rate swaps	5,451	5,451	(23)	(23)
Other financial assets	6,585	6,585	5,893	5,893
Total assets	177,478	174,264	159,332	155,010
Liabilities				
Medium Term Notes	348,030	361,105	249,168	251,338
Trade and other payables	90,027	90,027	97,248	97,248
Commercial Paper	54,744	54,830	69,463	69,512
Total liabilities	492,801	505,962	415,879	418,098
2012				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss				
Interest rate swaps	-	5,451	-	5,451
Other financial assets	-	6,585	-	6,585
Total	-	12,036	-	12,036
2011				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss				
Interest rate swaps	-	(23)	-	(23)
Other financial assets	-	5,893	-	5,893
Total	-	5,870	-	5,870

(b) Financial risk

The Group's financial risk management policy identifies the risks faced by the organisation. It sets the risk limits, identifies the controls and determines the process for monitoring and adhering to limits. The policy is designed to add value without adding to the overall risks of the organisation.

The financial risk management policy and systems are reviewed regularly to reflect changes in market practices and the Group's activities. Internal audit undertakes ad hoc reviews of financial risk management policy, controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

The Group uses financial instruments to manage its financial risks. The central Treasury unit identifies and evaluates the financial risks in close co-operation with other Airservices Group units and seeks to minimise potential adverse effects on the financial performance of the Group.

Notes to the Financial Statements for the year ended 30 June 2012

29: Financial instruments (continued)**(b) Financial risk (continued)**

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 credit, liquidity and market 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 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 (2012: \$101.683m and 2011: \$86.607m). The Airservices Group has assessed the risk of the default on payment and has allocated \$2.597m in 2012 (2011: \$1.117m) as an allowance for impairment.

The Airservices 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.

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

	Not Past Due Nor Impaired 2012 \$'000	Not Past Due Nor Impaired 2011 \$'000	Past Due or Impaired 2012 \$'000	Past Due or Impaired 2011 \$'000
Loans and receivables	<u>81,559</u>	<u>76,242</u>	<u>7,807</u>	<u>7,601</u>
Total	<u>81,559</u>	<u>76,242</u>	<u>7,807</u>	<u>7,601</u>

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.

	Average interest rate	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non- interest bearing	Total
2012		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities							
Trade and other payables	- %	-	-	-	-	90,027	90,027
Medium term notes	5.70 %	-	-	348,030	-	-	348,030
Interest rate swaps	- %	225,000	-	(225,000)	-	-	-
Interest rate swaps	- %	(157,500)	24,500	133,000	-	-	-
Commercial paper	3.89 %	<u>54,744</u>	-	-	-	-	<u>54,744</u>
Net financial liabilities		<u>122,244</u>	<u>24,500</u>	<u>256,030</u>	<u>-</u>	<u>90,027</u>	<u>492,801</u>

Notes to the Financial Statements for the year ended 30 June 2012

29: Financial instruments (continued)

(d) Liquidity risk (continued)

	Average interest rate	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011							
Financial liabilities							
Trade and other payables	- %	-	-	-	-	97,248	97,248
Medium term notes	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	5.01 %	69,463	-	-	-	-	69,463
Net financial liabilities		121,963	24,449	172,219	-	97,248	415,879

(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 the Airservices 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 +/- 1.40%.

The Airservices 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.

	Carrying amount	Change in risk variable	Effect of positive movement		Effect of negative movement	
			Profit and loss	Equity	Profit and loss	Equity
	\$'000	+/- %	\$'000	\$'000	\$'000	\$'000
2012						
Currency Risk						
Buy EUROS	11,111	15.00	-	(1,395)	-	1,588
Buy US Dollars	6,860	15.00	-	(631)	-	809
Interest rate risk						
Cash and cash equivalents	63,759	1.40	893	-	(893)	-
Medium term notes	348,030	-	-	-	-	-
Interest rate swaps	382,500	1.40	(4,613)	-	4,951	-
Commercial paper	54,744	1.40	(770)	-	770	-
2011						
Currency risk						
Buy EUROS	18,433	15.00	-	(2,220)	-	3,003
Buy US Dollars	12,538	15.00	-	(1,126)	-	1,524
Interest rate risk						
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	-

Notes to the Financial Statements for the year ended 30 June 2012

29: Financial instruments (continued)**(f) Forward exchange contracts**

Airservices uses Forward Exchange Contracts (FECs) to hedge foreign currency exchange rate risk arising from committed transactions primarily relating to capital expenditure program undertakings. Airservices 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	
	2012	2011	2012	2011
	\$'000	\$'000	EURO/\$1	EURO/\$1
Maturity				
3 months or less	2,724	6,860	0.7059	0.6963
Greater than 3 months but less than 1 year	2,097	3,362	0.7160	0.6968
Greater than 1 year	6,290	8,211	0.7105	0.6921
Buy US Dollars	Sell Australian Dollars		Average Exchange Rate	
	2012	2011	2012	2011
	\$'000	\$'000	\$US/\$1	\$US/\$1
Maturity				
3 months or less	5,350	5,496	0.6759	0.7608
Greater than 3 months but less than 1 year	1,509	7,042	0.7251	0.7193

(g) Capital management

The Airservices Group is a price regulated government-owned statutory authority providing air navigation services. Pricing for Airservices 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.

The Airservices Group sets its prices with airlines and other customers using a five-year Long Term Pricing Agreement (LTPA). In October 2011 the Group established a new LTPA. Endorsed by the ACCC the agreement allows pricing to recover all reasonably incurred costs (including a return on capital employed) relating to the delivery of services. The new agreement provides price certainty for customers through to June 2016. The development of the new agreement follows a 12 month consultation process with industry and a two year price freeze which has been in place since the expiration of the previous agreement in December 2009. It provides a price path with annual changes on 1 July each year, incorporating nominal price increases of 3.3%, translating to real price reductions of 11.4% over the next five years.

The Airservices Group target was to achieve a return on equity after tax for 2012 of 16.5%; during the year ended 30 June 2012 the return was 12.1% (30 June 2011: 9.5%).

The Airservices Group practice has been to provide for and pay a dividend to Government in two instalments.

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

Notes to the Financial Statements for the year ended 30 June 2012

30: Monies held on behalf of third parties

Airservices 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 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 \$0.491m (2011: \$0.455m) for the Solomon Islands and \$0.056m (2011: \$0.089m) for Nauru.

31: Economic dependency

Airservices 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% (2011: 31%) related to the Qantas Group excluding the Jetstar Group and 11% (2011: 11%) related to the Jetstar Group.

32: Cross-border financing arrangement

During the 2003 and 2004 years, the Airservices 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 has provided certain guarantees and indemnities to various participants in the transaction. If certain events occur, the Airservices 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\$615m (30 June 2011: US\$677m).

Airservices 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, the Airservices Group would not be required to make a significant payment under these guarantees and indemnities.

Notes to the Financial Statements for the year ended 30 June 2012

33: Notes to the statement of cash flows

	2012	2011
	\$'000	\$'000
Reconciliation of cash and cash equivalents		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Cash advances and cash on call	<u>63,759</u>	<u>66,832</u>
Total cash and cash equivalents	<u>63,759</u>	<u>66,832</u>
Reconciliation of net profit after income tax to net cash flows from operations		
Net profit after income tax	45,556	36,420
Adjustments for:		
Depreciation	75,793	69,723
Amortisation	26,402	25,909
Impairment	6,112	10,272
Interest received	(2,883)	(2,418)
Reversal of previous asset write-downs	(2,957)	7,181
Net loss on sale/write-off of non-current assets	1,919	1,239
Fair value adjustments to derivatives	(5,473)	1,160
Foreign exchange loss	-	92
Prepayments & accruals relating to plant & equipment	17,523	(9,731)
Excess AvSuper defined benefit contributions (after tax)	(7,676)	(4,055)
Change in assets	-	-
(Increase)/decrease in gross receivables	(3,434)	9,554
(Increase)/decrease in inventories	(41)	(88)
(Increase)/decrease in prepayments	(1,175)	979
(Increase)/decrease in other assets	1,465	2,930
(Increase)/decrease in deferred tax	(21,443)	(7,161)
Change in liabilities		
Increase/(decrease) in employee benefits	34,961	12,163
Increase/(decrease) in allowance for impairment	1,480	(591)
Increase/(decrease) in legal provisions	1,460	(635)
Increase/(decrease) in income tax payable/receivable	14,313	2,460
Increase/(decrease) in other liabilities	(35)	(760)
Increase/(decrease) in other provisions	463	(3,344)
Increase/(decrease) in creditors and accruals	(11,170)	9,888
Increase/(decrease) in revenue to be returned to customers provision	(40,402)	24,987
Net cash flow from operating activities	<u>130,758</u>	<u>186,174</u>

Appendices

06

Appendix 1: Board membership, meetings and committees

Directors of the Board and their terms of appointment

Board Directors for the period 1 July 2011 to 30 June 2012 were as follows.

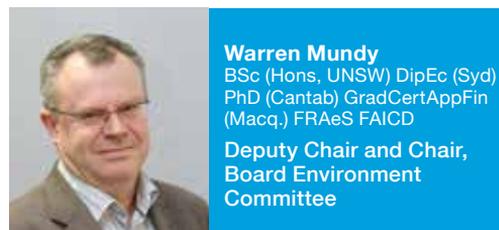


Air Chief Marshal Angus Houston AC, AFC (Ret'd) was appointed to the Board on 6 December 2011 and appointed as Chair on 3 June 2012. His current term expires on 2 June 2015.

He was the Chief of the Defence Force from 4 July 2005 until 4 July 2011. Before that he was Chief of Air Force for four years and was Commander Integrated Air Defence System from 1999–00 in Malaysia.

During 1992–93, ACM Houston (Ret'd) was the Director Air Force Policy and served at Headquarters Australian Theatre from 1997–99 as Chief of Staff, and was Head Strategic Command in Canberra from 2000–01.

ACM Houston (Ret'd) is Chair of the Anzac Centenary Advisory Board and Chair of the Council for the Order of Australia. He is also a board member of the Australian Cancer Research Foundation and a patron of numerous charitable organisations.



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

Dr Mundy has over a decade's 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 University of NSW Aviation Industry Advisory Committee. Dr Mundy was a member of the Joint New South Wales – Commonwealth Government Steering Group overseeing the development of the Aviation Strategic Plan for Sydney and 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. He was a business adviser to the Board of Sports Medicine Australia.



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

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

Ms Munro is Chair of Queensland Urban Utilities – Australia’s fourth largest water distributor-retailer – a Director of Uniting Care Queensland and the Director of Jude Munro and Associates. She is a member of the Australian Preventive Health Authority Advisory Board, the NSW Independent Panel to Review Local Government, and the Queensland Public Service Renewal Board.

She was formerly 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.

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. She was also a member of the Prime Minister’s Expert Panel on Cities.



David Burden
BSc (Mathematics) Bristol University, FRAeS

David Burden was appointed to the Board on 1 June 2009. In June 2012, he was re-appointed for a second term which expires on 31 May 2014.

He took a First in Special Honours Mathematics from the University of Bristol, and 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.



Tony Mathews

Chair Board Safety
Committee

Tony Mathews was appointed to the Board on 4 June 2012 and his current term expires on 3 June 2014. He is Chair of the Safety Committee.

He has over 40 years experience in the aviation industry including extensive work in regional aviation as a chief pilot and general manager.

He is an aviation consultant to the Royal Flying Doctor Services (South Eastern Section) and is a Director with the Regional Aviation Association of Australia and Chair of the Mildura Private Hospital Board.

Mr Mathews has qualifications as an airline transport pilot and commercial pilot.

In the past, Mr Mathews has held senior positions with Qantas Regional Airlines, served as Chair and Board member of the Mildura Cooperative Fruit Company, Chair of the Murray Campaign Committee and Mildura Murray Outback Tourism, and as a Board member of the Chances for Children Committee and First Mildura Irrigation Trust.



Paul Lucas

B.Econ, LLB, MBA, CMILT,
MAICD

Paul Lucas was appointed to the Board on 4 June 2012 and his current term expires on 3 June 2015.

Mr Lucas has almost 10 years experience in private legal practice, followed by over 15 years in Queensland Government including ministerial responsibilities in infrastructure, planning and state aviation matters.

Mr Lucas served in numerous Ministerial capacities including Deputy Premier, Minister for Infrastructure and Planning, Minister for Transport and Main Roads, Attorney General and Minister for Local Government, Minister for Health, and Minister for Innovation and Information Economy.

He is a Chartered Member of the Institute of Logistics and Transport, and a Member of the Australian Institute of Company Directors.



Annette Kimmitt was appointed to the Board on 6 June 2012 and her current term expires on 5 June 2015.

She is the Managing Partner at Ernst & Young, Melbourne and also leads Ernst & Young's Victorian Government practice. She has over 28 years professional and commercial experience, including significant experience in public sector financial reporting. She has provided advice to government and the private sector, including to the transport and communications industry.

Ms Kimmitt is a member of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Accountants in Australia. She is a Director of the Committee for Melbourne, the Melbourne Business School and the Victoria University Foundation, and a member of the Audit Committee of the Grattan Institute. She is also a member of the Selection Committee, University of Melbourne's Australian Accounting Hall of Fame and is a former Councillor and Victorian Chair of the Institute of Chartered Accountants in Australia.



Samantha Betzien was appointed to the Board on 4 June 2012 and her current term expires on 3 June 2015.

Ms Betzien is a Staff Partner at the Brisbane office of Minter Ellison Lawyers and has over 12 years experience providing legal advice on all aspects of employment, industrial relations and workplace health and safety laws, including to major employers in the infrastructure and construction sectors.



Andrew Clark was appointed to the position of Acting Chief Executive Officer in May 2012, having been with Airservices for over seven years. He commenced with Airservices in January 2005 as National Finance Manager and was appointed to the position of General Manager Aviation Rescue and Fire Fighting in April 2006 and appointed Chief Financial Officer in March 2007.

Before joining Airservices, Mr Clark held a range of executive finance positions in both the private and public sectors including healthcare, education, defence, treasury and chartered accounting environments, providing a range of audit and management consultancy services.

Mr Clark is a Fellow of the Australian Society of Certified Practising Accountants and member of the Australian Institute of Management.

Former Chair and Directors



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

He 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 Safeskiies 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.



Liza Carver was appointed to the Board on 1 June 2009 and her term expired on 31 May 2012.

Ms Carver is a partner at Blake Dawson and advises on 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)

Robert Maher was appointed to the Board on 8 August 2006 and his term expired 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 term expired 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 6000 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 RAAF Active Reserve, National President of the Royal Australian Air Force 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)
Former Chair Board
Safety Committee

Henk Meertens was appointed to the Board on 28 January 2005 and his term expired on 2 June 2012.

Mr Meertens was Chairman of the Board Safety Committee.

Mr Meertens was appointed as 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. He 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 Wesky Pty Ltd and is a former Vice President (Australia) of the Federation Aeronautique Internationale.



Greg Russell
BA
Former Chief Executive
Officer

Greg 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.

He is the former Vice Chairman of the Civil Air Navigation Service 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 2011–12, 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.

Meetings of the Board, Board committees and Directors' attendance

TABLE 4: Meetings of the Board, Board committees and Directors' attendance 2011–12

	Board	Safety	Audit and Risk	Remuneration	Environment
No. of meetings convened	10	5	4	8	5
David Forsyth ^a ^l	8	4	4	6	5
Liza Carver ^b ^j	6	1*	4	3	3
Roxley McLennan ^c ^k	9	5	0	4	1*
Henk Meertens ^d ^m	10	5	1*	0	1*
Robert Maher ⁿ	3	1*	1	0	1
Greg Russell ^e	8	5	3	2	5
Warren Mundy ^f	10	5	4	8	5
Jude Munro ^g	10	4	4	4	3*
David Burden	10	5	1*	0	5
Angus Huston ^h ⁱ	5	2	1	6	2
Andrew Clark ^o	1	0	1	1	0

a – Chairman of the Board until 2 June 2012

b – member of the Remuneration and Human Resources Committee from 24 October 2011

c – Chair of the Remuneration and Human Resources Committee from 24 October 2011

d – Chair of Safety Committee

e – ex officio member of all board committees.

f – Deputy Chair and Chair of the Environment Committee

g – Chair of the Audit and Risk Committee

h – commenced as Board member from 6 December 2011

i – commenced as Chair from 3 June 2012

j – term expired 31 May 2012

k – term expired 30 April 2012

l – term expired 2 June 2012

m – term expired 2 June 2012

n – term expired 7 October 2011

o – Acting CEO

* – not a committee member for some or all of relevant committee meetings

Appendix 2: Statutory and administrative information

Work health and safety—executive commitment

Airservices supported a strategic approach to work health and safety (WHS) in 2011–12. Our work program continued to focus on improving risk management of identified hazards and building our capability to improve work health and safety outcomes. The strategy covers all aspects of work health and safety, from prevention to injury management. It is designed to embed Airservices systematic risk management approach to work health and safety in specific programs and business processes.

Legislative change to occupational health and safety

Amendments have been made to the *Work Health and Safety Act 2011* (Cth) and its Regulations (the Regulations) which took effect on 1 January 2012. The impact of the change on Airservices has been reviewed and a change management project was implemented to assure legal compliance.

Consultation and health and safety committees

The National Health and Safety Committee (NHSC) met on four occasions. Two open staff forums with the NHSC were held during 2011–12. Four formal local health and safety committees exist, with other forums involving workers and management level, providing opportunities for consultation on work health and safety matters. Online communication is used to advise of WHS consultative arrangements. The health and safety management arrangements were reviewed with the NHSC during the year and in consultation with staff.

Education

Education initiatives undertaken during the year to ensure the new work health and safety principles are embedded in our day-to-day activities included:

- Comcare training for senior managers and health and safety representatives on our legal obligations under the new law
- an online induction package for staff, which 1356 employees completed
- training for 40 field managers and specialist advisors on the practical application of the Safety Management System for work health and safety
- training on hazardous manual task risk management for 561 employees ('smart move' and body stress prevention).

Occupational health and safety incidents

Airservices required reporting to Comcare complied with the *Work Health and Safety Act 2011* (Cth). Table 5 compares performance for the past four financial years.

National WHS Targets

Airservices performance against the established national WHS targets is detailed in Table 6.

Workers compensation premium

Airservices workers compensation premium for 2011–12 has been revised from 0.67 per cent to 0.62 per cent of payroll (2010–11 was 0.79 per cent).

This revision responded to development to the end of February 2012 of Airservices claims for injuries sustained in 2008, 2009 and 2010.

This result remains lower than the combined rate for all Comcare scheme members, which was 1.41 per cent for 2011–12 (1.2 per cent in 2010–11).

Comcare investigations and notices

- One investigation occurred in relation to a fatal incident in Darwin.
- One improvement notice related to a incident with potential asbestos exposure.

- One prohibition notice related to unguarded machinery was issued.

Inspections conducted

During the year 754 workplace safety inspections took place in Aviation Rescue and Fire Fighting and Facilities Management Services technical sites. Asbestos surveys (279) were conducted at national sites to a planned schedule.

The Aviation Rescue and Fire Fighting business group initiated a 'fresh eyes' program, which

was undertaken by senior staff unfamiliar with the site to be inspected. Fifty-five inspections were completed in addition to normal inspection activity.

Provisional improvement notices

No provisional improvement notices were raised by health and safety representatives during 2011–12.

TABLE 5: WHS Incidents 2008–09 to 2011–12

Incident category	2008–09	2009–10	2010–11	2011–12
Workplace fatality	1	1	0	3*
Serious injury or illness#	15	16	6	4
Incapacity with more than one week lost time	19	10	21	18
Dangerous incidents#	34	35	34	22

* relates to deaths of members of the public due to vehicle accident.

notification definition change occurred in work health and safety laws from 1 January 2012.

TABLE 6: Performance against National OHS Targets 2011–12

Target	Performance
Target 1: Incidence of workplace injury and disease.	Airservices is performing significantly better (17 claims) than the indicated Commonwealth target (24 claims). This is the same as the previous year.
Target 2: Work-related fatalities.	Airservices has met the Commonwealth target of zero fatality claims.
Target 3: Weeks lost time.	Airservices has decreased the number of weeks lost during 2011-2012 to 296.34 weeks, in comparison to 516.27 weeks recorded by Comcare for the 2010-2011 year. Commonwealth target was 222.89 for 2011-2012.
Target 4: Average weeks to commence return to work activity.	Airservices has not met the Commonwealth target of two weeks average although there has been an improvement on the previous year. 2011-2012 - average of 20.24 weeks. 2010-2011 - average of 44.29 weeks.

Aviation security

Airservices maintains a Transport Security Program, as well as an Aviation Security Identification Card (ASIC) program as required under the *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*. These programs describe 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 response facilities.

Protective security

Airservices physical, procedural and personnel security measures affect all Airservices operations and facilities, including non-operational facilities and functions. For facilities and functions not subject to the requirements of the Act and Regulations, Airservices applies standards consistent with the Australian Government's Protective Security Policy Framework.

Fraud control

Airservices manages the risk of fraud through a combination of fraud prevention, detection, investigation, reporting and data collection procedures and processes that are detailed in our Fraud Control Plan. In managing fraud risks, Airservices applies standards and practices consistent with the Commonwealth Fraud Control Guidelines.

Resilience

We collaborate with the Attorney-General's Department, the Office of Transport Security, various state and federal law enforcement agencies, and operators of critical infrastructure, on various activities to support the Australian Government's Critical Infrastructure Resilience Strategy. These activities include participating in several state and federal based resilience exercises and information sharing forums aimed at improving the ability of critical infrastructure operators to plan and respond to hazards that may affect our operations. Airservices also conducts annual internal resilience exercises for its executive team, senior managers and subject matter experts, all of who are involved in the response to abnormal operations.

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 access records about themselves.

Airservices personal information digest record is available from the Office of the Federal Privacy Commissioner at www.privacy.gov.au. During 2011–12, the Privacy Commissioner did not

TABLE 7: Corporate Plan performance measures for 2011–12

Performance measure	Purpose and definition	Performance Standard	Rate as at 30 June 2012
OHS incident rate	Occurrences per 100 staff per month	0.2	0.83
Serious personal injury rate	Number of medically treated injuries per 1,000,000 hours worked	0	0

undertake any investigations under section 40 of the Privacy Act in relation to Airservices.

Freedom of information

Australian Government agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

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 Freedom of Information Act, the Chief Executive Officer or authorised officers may grant or refuse access to any document held by Airservices. Within the organisation, the Freedom of Information and Inquiries Coordinator in the Office of Legal Counsel makes initial decisions about access and fees. A request under the Freedom of Information Act must be in writing and state an address to which notices can be sent. Applicants may have to pay administrative charges to process a request. Rates are prescribed by the Freedom of Information Act and Regulations.

The address for lodging requests is:

Freedom of Information 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

Freedom of Information activity in 2011–12

Table 8 shows Airservices Freedom of Information activity for 2011–12.

TABLE 8: FOI activity

Activity in 2011–12	Numbers
Requests	
On hand at 1 July 2011	2
New requests received	39*
Total requests handled	25
Total requests completed at 30 June 2012	23
Outstanding at 30 June 2012	2
Action on requests	
Access in full	13
Access in part	9
Access refused	1
Access transferred in full	0
Request withdrawn	0
Response times (excluding withdrawn)	
0–30 days	17
31–60 days	5
61–90 days	1
90+ days	0
Internal review	
Requests received	0
Decision affirmed	0
Decision amended	0
Request withdrawn	0
Review by Office of the Australian Information Commissioner	
Applications received	2

*16 requests dealt with outside of the FOI Act.

Commonwealth Ombudsman activity

During 2011–12, Airservices responded to one formal request for information from the Office of the Commonwealth Ombudsman.

Aircraft Noise Ombudsman activity

Since 25 October 2010, Airservices has responded to 80 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.

We maintain many channels for consultation, including airport aviation consultative committees, the Airservices website – www.airservicesaustralia.com – telephone enquiry services, industry and pilot briefings, and, when required, locally advertised public meetings. The Minister, the Board, Chief Executive Officer, Executive and business centre managers also respond to posted comments.

The National Aviation Policy White Paper outlined a requirement for major airports to establish community aviation consultation groups to give community and industry representatives the opportunity to comment on airport planning and operations. Airservices attends these meetings at federally leased airports and similar community forums at some non-federal airports including Cairns and the Sunshine Coast.

During the year, representatives from Airservices attended 83 community aviation consultation groups and community noise forums.

Airservices is a member of various Australian and international aviation bodies, including:

- regional core planning groups of the International Civil Aviation Organization (ICAO)
- ICAO's Air Transport, Air Navigation Commission and legal panels and technical committees

- regional planning groups
- National Association of Testing Authorities
- Air Coordinating Committee
- Sydney Airport and Basin development committees
- International Air Transport Association (IATA)
- Civil Air Navigation Services Organisation (CANSO)
- Joint Airservices–Defence working parties and committees
- Sydney Airport Community Forum
- Sydney Long Term Operating Plan Implementation and Monitoring Committee
- Central Traffic Management System Steering Group
- Airport Development Committee
- Regional Airspace Users Advisory Committee
- Aviation Policy Group
- Aviation Implementation Group
- Standards Consultative Committee
- 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; back-up 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: separation policy, guidelines, standards, instructions and manuals; training records, standards, curriculum, syllabus and examination records; procedure development records; air traffic control 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: 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; aviation rescue and fire fighting 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 Unit in Canberra, including:

- Airservices operational documents:
 - Aeronautical Information Publication
 - Designated Airspace Handbook
 - En Route Supplement Australia (ERSA)



- Departure and Approach Procedures (Designated Airspace Handbook East and West)
- Aviation Charts
- Civil Aviation Safety Authority regulatory documents:
 - Civil Aviation Advisory Publication
 - Civil Aviation Orders
 - Civil Aviation Regulations.

The Publications Unit also sells:

- 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.

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/corporate-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 2011–12 had, or may have, a significant impact on the operations of Airservices.

Environmental protection and ecologically sustainable development

In 2011–12, Airservices reduced greenhouse gas emissions and protected the environment through air traffic management initiatives such as:

- pre-departure tactical management
- implementing the air traffic flow management software to reduce airport holding into Sydney Airport
- Flextracks and User Preferred Routes
- implementing new Required Navigation Performance procedures
- the Asia and South Pacific Initiative to Reduce Emissions (ASPIRE)
- the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE).

See 'Core operational and business excellence' in the report on performance for full details of these initiatives.

In internal operations, we protected the environment by:

- training 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 Gold Coast Airport and Gellibrand Hill radar site
- implementing an environment management plan to manage potential issues from the use of fire fighting foams containing fluorosurfactants at Aviation Rescue and Fire Fighting 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 *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 Aviation Rescue and Fire Fighting vehicle operations are offset by membership of Greenfleet (trees are planted as carbon offsets)
- improving the system for ongoing monitoring of our greenhouse gas emissions and energy consumption and production to enable reporting in accordance with the *National Greenhouse and Energy Reporting Act 2007* requirements.

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*
- *Human Rights Commission Act 1986*
- *Racial Discrimination Act 1975*
- *Sex Discrimination Act 1984*
- *Disability Discrimination Act 1992*
- *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—people with 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 staff induction, 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 division is responsible for oversight and continuous review of the program. Individual business groups are responsible for implementing program strategies within their areas. All employees have a responsibility to ensure their behaviour is 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, the Communications, Electrical, Electronic, Plumbing and Allied Workers Union of Australia, the Civil Air Operations Officers' Association of Australia, the Community and Public Sector Union and the United Firefighters' Union.

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

Consultations with employees – s. 6(d)

In 2011–12, Airservices continued with 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 the Airservices Executive Committee.

The Women in Leadership Network continued to be an avenue to both consult and develop current and potential female leaders through forums held throughout the year. More information on the Women in Leadership Network can be found on page 117.

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 gender, 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 by providing 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 our people systems, policies and procedures are reviewed and revised if necessary. In 2011–12 the Fair Treatment Review System, Code of Conduct and Behaviour and Improvement Procedure were reviewed with recommendations made to improve their efficiency and effectiveness. Consultation is currently being undertaken with trade unions that represent our employees on the recommended changes.

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

Since the publication of our Workforce Plan 2010–2013, Airservices has publicly identified the diversification of our workforce as a key strategic theme. The Airservices Workforce Diversity Plan 2011–2014 was developed as part of the Airservices Workforce Plan 2011–2013.

A number of key initiatives are underway to support the objective of diversifying our workforce for the following groups:

- women
- Indigenous Australians
- people with disability
- people from CALD backgrounds
- 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 plan 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 plan. Further data regarding the number and type of complaints and enquiries help Airservices monitor and evaluate the plan.

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 us.

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

Women

Airservices is committed to attracting, recruiting and developing our female employees.

Women in Leadership Network forums have been held regularly since 2010. These offer development opportunities to both current and potential women managers in the organisation and encourage them to be actively involved in identifying and prioritising future initiatives to better support women in the workplace. In February and March 2012, forums were held in Canberra, Melbourne and Brisbane and attended by 120 current and potential women leaders.

A Women in Leadership Network Committee was established in February 2012 to workshop and develop ideas and initiatives based on feedback from the network. It also promotes forums and events and their messages and outcomes to the business. Committee membership consists of 14 women from the business in leadership roles.

In 2011–12, work commenced on the Aviation Rescue and Fire Fighting (ARFF) Women's Project, an initiative designed to address the low representation of women in operational aviation rescue and fire fighting roles. The recruitment methodology has been reviewed and redesigned to remove gender and cultural barriers, and a change management consultant has been engaged to undertake an impact analysis, business readiness assessment and develop a change management process to help ensure stations are prepared for an increase of female staff.

Indigenous Australians

Airservices aims to close the gap in employment between the wider Australian population and Indigenous Australians.

A statement of commitment was signed in November 2011 to work towards an organisational Reconciliation Action Plan. A working group was established in January to develop the plan, which includes eight Airservices employees and two external members of the Indigenous community. The group has met regularly and created a plan that sets out a four year vision for actions and targets based on Reconciliation Australia's three pillars of reconciliation: respect, relationships and opportunity. The plan has now been approved by Reconciliation Australia and was launched in August 2012.

The Indigenous Employment Strategy is currently being developed and will identify steps to address

TABLE 9: Airservices employee age profile at 30 June 2012

Age range	Number of employees	Proportion of employees %
Under 25	179	4.5
25-34	836	20.9
35-44	1143	28.6
45-54	1181	29.6
55-64	601	15.1
65+	51	1.3

critical under-representation of Indigenous Australians in the Airservices workforce. The document focuses on recruitment, retention and workforce projections.

Employees from CALD backgrounds

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

Employees with disability

In 2011–12 Airservices trialed a number of transition to work programs including one that is currently underway in the Finance group's Records Management Unit. Employees with intellectual disability have been engaged through a specialist disability personnel company and managers and staff have been provided with training and support to ensure they are able to structure work, the workplace and their relationships with staff with disability.

Mature-aged workers

Airservices continues to maintain strong relationships and access the knowledge and experience of our retired workforce through the alumni network.

By investing in our alumni we are able to tap into the specialist skills of ex-employees, connect aviation enthusiasts, create knowledge sharing opportunities and build an extended community of expertise. To date there are 282 registered alumni members. Networking events were held in Melbourne and Brisbane in November and December 2011 and approximately 110 members attended.

A large percentage of Airservices employees over the age of 50 remain in defined benefit superannuation funds such as the CSS, PSS and AvSuper Defined. Management has structured transition to retirement arrangements with AvSuper to facilitate the ongoing employment of these employees after their defined benefits reach a maximum level. These arrangements

allow Airservices to continue to use this group of employees long after their nominal retirement age.

Strategic achievements

The Airservices Workforce Plan encourages diversity across four key strategic areas of attraction, recruitment, development and advancement, and creates an appropriate work environment. These four areas represent opportunities for Airservices to remove barriers for applicants from diverse groups, develop current employees and ensure the organisation is culturally aware.

Attract

The People and Change division has specifically targeted advertising campaigns to attract women and Indigenous Australians, particularly to operational roles such as air traffic controllers, aviation and rescue fire fighters and technical officers. This involves advertising in publications including the Koori Mail and Indigenous Times, involvement in employment expos and open days and, for the Aviation Rescue and Fire Fighting group, targeted advertising in female gyms and sporting publications, and partnerships with female sporting groups such as Netball Australia.

Recruit

The People and Change division undertook a review of its recruitment systems and processes to encourage diversity of applicants.

The Aviation Rescue and Fire Fighting recruitment methodology has been reviewed and redesigned to remove gender and cultural barriers. Part of this has included a full review of the physical entry requirements to recruit courses which is being conducted in conjunction with the University of Queensland. This will provide Airservices with a scientific basis for physical testing programs.

The initiative that at least one woman must be on every interview panel continued during the reporting period.

Develop and advance

The Management Essentials leadership programs in 2011–12 continued to include compulsory modules on fairness and diversity.

In August 2011, the Airservices Learning Academy released a Fairness and Diversity online training suite which is available to all employees through our Online Training Centre.

For new employees, the Airservices Corporate Induction Program provides further information on policies and procedures relating to fairness and diversity.

Create appropriate work environment policies, procedures and information:

The Fair Treatment Review System, Code of Conduct and Behaviour and Improvement Procedure were reviewed and recommendations made to improve their efficiency and effectiveness. Consultation on the recommended changes is currently being undertaken with trade unions that represent our employees. Airservices also commenced work on developing an organisational wide diversity strategy.

Contacts

In November Airservices established the Executive Diversity Council, which is chaired by the CEO. The council's role is to focus and guide

the delivery of diversity programs and initiatives across the organisation.

A new national Employee Assistance Program provider, Converge, was also engaged. A number of information sessions were held to inform employees of the change and outline the services of the new provider.

A network of 23 Fair Treatment Contact Officers met regularly over the reporting period to discuss opportunities, challenges and provide details on use of the service, and themes and patterns of enquiries. All officers are trained and active in their respective locations and provide advice on policies and procedures to all employees.

Statistics for 2011–12

Enquiries and complaints

The number of complaints and enquiries regarding fairness and diversity for the reporting period are shown in table 10. The figures show that the total number of complaints has increased. This is due to the ongoing "it's only fair" campaign which targets bullying and harassment within Airservices and encourages employees to report any inappropriate behaviour. Enquiries to the ethics hotline also increased marginally for the same reason.

TABLE 10: Equity and diversity enquiries and complaints 2004 to 2012

	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12
Employee numbers	3085	2929	2996	3130	3237	3462	3853	3991
Ethics Hotline enquiries¹	40	38	35	10	1	4	6	6
Ethics Hotline complaints²	8	8	6	3	0	1	4	4
Formal complaints³	6	2	5	3	10	6	16	18

1. These relate to all enquiries received through the Ethics Hotline which may include equity and diversity.

2. These relate to all formal disclosures received through the Ethics Hotline which may include equity and diversity.

3. These complaints were made via the Fair Treatment Review System in the first instance.

Diversity profile

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

As outlined in table 11 and table 12, the number of Indigenous employees has remained constant. The number of employees with disability has decreased slightly by two. The

number of employees from CALD backgrounds has increased by 30, particularly in the clerical administration and technology professional areas.

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

TABLE 11: Employment of permanent staff in designated groups by job classification

Job family	Indigenous employees*		CALD backgrounds*		Employees with disability*	
	Total June 2011	Total June 2012	Total June 2011	Total June 2012	Total June 2011	Total June 2012
Air traffic controller	11	10	32	37	10	12
Air traffic controller (trainee)	0	0	13	8	1	2
Air traffic support specialist	1	3	1	7	1	2
Clerical administration	4	4	117	130	20	17
Executive manager	0	0	0	0	0	0
Fire fighter	4	3	14	14	3	3
Fire officer	4	4	0	0	1	1
Flight data coordinator	1	1	1	2	0	0
Flight information service officer	1	1	2	2	0	0
Flight service officer	0	0	0	0	0	0
Professional	0	0	5	7	1	1
Senior manager	0	1	5	9	2	0
Senior technical officer	0	0	0	0	0	0
Team leader	0	0	3	2	1	1
Technical manager	0	0	0	0	0	0
Technical officer	6	6	54	56	13	12
Technology professional	1	2	30	40	0	1
Trades and target generator officer	2	0	11	4	5	4
Total headcount	35	35	288	318	58	56
Percentage of workforce	0.9	0.9	7.5	8.0	1.5	1.4

*Note that not all staff provided equity and diversity data for these groups.

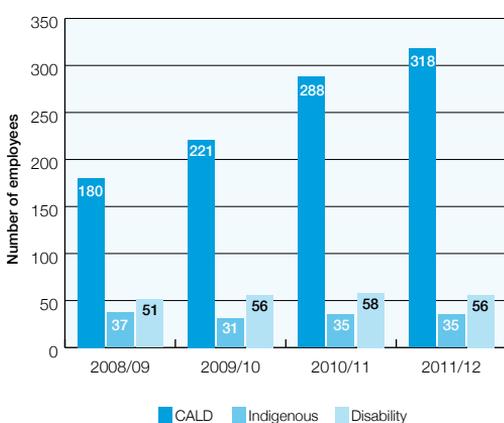
Gender

Women currently make up 19 per cent of Airservices total workforce (746 women). The number and percentage of women in the workforce has increased since last financial year. Table 13 shows the breakdown of gender by job classification. The number of women in management roles has increased by ten.

Indigenous Australians

As shown in figure 3, there are 35 employees who have identified as Indigenous Australians. This represents 0.9 per cent of Airservices employees, however may not reflect the actual numbers of

FIGURE 3: Headcount by designated group 2008–2012



Indigenous employees as many in this group choose not to disclose.

People with disability

Table 11 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 those with certain disability from holding some positions, for example air traffic controllers and aviation and rescue fire fighters.

CALD backgrounds

Currently there are 318 identified people from CALD backgrounds employed by Airservices, which represents 8 per cent of the total workforce as shown in table 11.

Mature-aged employees

Airservices increasingly relies on mature-aged employees (45 years and over) who in 2011–12 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.

TABLE 12: Representation of designated groups among permanent staff 2004 to 2012

Designated Groups*	2004-2005 %	2005-2006 %	2006-2007 %	2007-2008 %	2008-2009 %	2009-2010 %	2010-2011 %	2011-2012 %
Indigenous Australians	1.1	1.5	1.3	1.2	1.1	1.0	0.9	0.9
People with disability	1.6	1.6	1.6	1.5	1.6	1.6	1.5	1.4
People from a culturally and linguistically diverse background	3.9	8.5	4.3	4.9	5.6	6.3	7.5	8.0

*Note that not all staff provided equity and diversity data for these groups.

Work life balance

At 30 June, there were 167 employees who were working in part-time roles. This represents 4.1 per cent of the workforce. This number has increased since last financial year where there were 156 part-time employees (4.0 per cent).

TABLE 13: Gender by job classification at 30 June 2012

Job Family	% Female	Female	Male
Air traffic controller	13	129	883
Air traffic controller (trainee)	11	17	131
ATS support	22	36	129
Aviation fire fighter	1	8	552
Clerical administration	52	418	386
Executive manager	25	2	6
Fire officer	1	1	165
Flight data coordinator	21	5	19
Flight information service officer	19	12	52
Professional	14	11	66
Senior manager	26	67	194
Senior manager/aviation fire fighter	0	0	2
Team leader	14	7	42
Technical officer	4	17	369
Technology professional	8	15	175
Target generator officer	0	0	3
Trades	1	1	71
Total	19	746	3245

Appendix 4: Staffing statistics

TABLE 14: Number of permanent ongoing staff, by classification and state, at 30 June 2012

	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	TOTAL
Air traffic controller	13	142	5	375	60	12	325	80	1,012
Air traffic controller (trainee)		4		35			107	2	148
ATS support	3	9		46			103	4	165
Aviation fire fighter	18	63	51	193	27	34	91	83	560
Clerical administration	464	29	1	154	3		149	4	804
Executive manager	8								8
Fire officer	9	20	16	56	11	10	25	19	166
Flight data co-ordinator				11			13		24
Flight information service officer	1			62			1		64
Professional	23	2		24			26	2	77
Senior manager	165	7	1	43	3		36	6	261
Senior manager/aviation fire fighter	1						1		2
Team leader	12	5	1	13	3	1	11	3	49
Technical officer	15	86	14	128	20	6	93	24	386
Technology professional	70	4		58	3		51	4	190
Target generator officer				2			1		3
Trades	5	10	3	19	7		20	8	72
TOTAL	807	381	92	1,219	137	63	1053	239	3991

Appendix 5: Statement of expectations

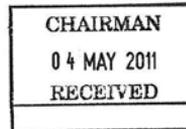


The Hon Anthony Albanese MP
Minister for Infrastructure and Transport
Leader of the House

Reference: 01420-2011

2 MAY 2011

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



Dear Mr Forsyth

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

This SOE, covering the period from 1 July 2011 to 30 June 2013, replaces the previous statement of 10 June 2010 and represents a notice of strategic direction under Section 17 of the *Air Services Act 1995*. The two year term better reflects the number of ongoing initiatives in the Statement, including those covered by longer term infrastructure investment by Airservices.

Aviation safety remains my highest priority. The initiatives in the SOE will contribute to the enhancement and maintenance of the provision of a high standard of air traffic and rescue and fire fighting services by Airservices.

The management of the environmental effects of aircraft is a fundamental role for Airservices. The establishment of the Aircraft Noise Ombudsman (ANO) was an important first step in improving community engagement on these issues and I expect Airservices to continue to support the office of the ANO. Active engagement in planning coordination forums and community aviation consultation groups will further enhance Airservices environmental role.

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 the SOE. Similarly the next Airservices corporate plan should clearly reflect Airservices response to the SOE. It is important to note that in drafting your Statement of Intent, that it outlines targets and key performance indicators, so that Airservices performance can be measured accordingly.

Yours sincerely

ANTHONY ALBANESE
Enc

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

**Statement of Expectations
For the Board of Airservices Australia
For the period 1 July 2011 to 30 June 2013**

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 2011 – 30 June 2013. This SOE serves as a notice of strategic direction to Airservices under section 17 of the *Air Services Act 1995* and commences on 1 July 2011.

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 and Transport (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. undertake effective stakeholder engagement with the community, industry and Government on the development and implementation of significant changes by Airservices to air traffic and rescue and fire fighting services.
2. 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.
3. continue to implement relevant Government air traffic management and other airspace policy initiatives in the Aviation White Paper (in conjunction with the Department, the Australian Transport Safety Bureau (ATSB), the Civil Aviation Safety Authority (CASA) and the Department of Defence).
4. engage constructively in processes where it can provide information, assistance or advice for policy formulation, implementation and regulation undertaken by Government agencies, both within and outside my portfolio.
5. assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including;
 - supporting the ongoing role of the Aircraft Noise Ombudsman;

- implementing the recommendations from the Aircraft Noise Ombudsman's review of complaints handling including the appropriate resourcing of the Noise Complaints Unit;
 - undertaking an annual update of a detailed work program outlining Airservices initiatives in managing, monitoring and reporting on the environmental effects of aircraft, including the Sydney Airport Long Term Operating Plan; and
 - continuing work on an implementation plan for 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 on the plan.
6. contribute to a coordinated approach to airport planning including appropriate participation in, and providing information to, planning coordination forums, community aviation consultation groups, and the National Aviation Safeguarding Advisory Group.
 7. support the Government's Air Traffic Management (ATM) Policy through the development and implementation of an ATM Services and Facilities Plan.
 8. 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, and develop Memorandum of Agreements with State and Territory fire authorities.
 9. progress the implementation of agreed joint civil and military aviation harmonisation initiatives in conjunction with the Department of Defence.
 10. continue to invest in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program, including enhanced air traffic and surveillance services at regional airports.
 11. 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.
 12. continue to support the Government's aviation safety agenda in the Asia/Pacific region.
 13. 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.



ANTHONY ALBANESE
Minister for Infrastructure and Transport

2 May 2011

EXPLANATORY STATEMENT

AIRSERVICES AUSTRALIA – STATEMENT OF EXPECTATIONS

Statement of Expectations – Airservices Australia

Outline

The Statement of Expectations was issued by the Government as a notice of strategic direction under Section 17 of the *Air Services Act 1995* to Airservices Australia (Airservices).

Section 17 of the *Air Services Act 1995* provides that the Minister may notify Airservices in writing of the Minister's views on the appropriate strategic direction for Airservices and the manner in which it should perform its functions.

The Statement of Expectations outlines the Minister's expectations for the agency in regard to its operations and performance over the period 1 July 2011 to 30 June 2013.

The new Statement replaces the previous statement which was issued by the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP, on 10 June 2010.

The Statement emphasises the need for Airservices to perform its functions in a manner that supports Government policy including that aviation safety remains the highest priority. Airservices is also expected to comply with relevant legislation and to keep the Minister and the Secretary of the Department of Infrastructure and Transport informed of Airservices' actions and initiatives.

Other major areas covered by the Statement include Airservices' infrastructure investment, supporting the role of the Aircraft Noise Ombudsman, implementation of environmental initiatives, stakeholder engagement and workforce planning.

The Statement outlines the Government's expectations in relation to the way Airservices conducts its functions and the need for consultation with the community, industry and Government agencies.

Details of the Statement of Expectations are set out in the [Attachment](#).

Airservices was consulted in finalising the Statement.

Notices issued under section 17 of the *Air Services Act 1995* are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Statement of Expectations commences on 1 July 2011 and expires on 30 June 2013.

Authority: Section 17 of the *Air Services Act 1995*.

ATTACHMENT**Details of the Statement of Expectations****Item 1 – Stakeholder Engagement**

This item requires Airservices to effectively engage with key stakeholders i.e. the community, industry and Government in relation to the development and implementation of significant changes to air traffic and fire fighting services.

Item 2 – Government Policy

This item requires Airservices to ensure that its activities are aligned with all relevant Government policies, with the highest priority afforded to aviation safety.

Item 3 – Implementing Relevant White Paper Initiatives

The Government has outlined a number of ongoing air traffic management and other airspace initiatives in the National Aviation Policy White Paper. Effective implementation of these initiatives requires a good working relationship between Airservices and the Department of Infrastructure and Transport, the Australian Transport Safety Bureau, the Civil Aviation Safety Authority and the Department of Defence.

Item 4 – Provision of Information, Assistance or Advice

This item aims to ensure that Airservices engages constructively and provides information and advice to Government to assist in the work of portfolio agencies performing aviation regulatory and policy functions, including relevant aviation and airport studies.

Item 5 – Environmental Responsibilities

This item requires Airservices to play a key role in supporting the Government's initiatives in relation to the management of environmental impacts of aircraft operations, including aircraft noise. Airservices is expected to implement the recommendations from the Aircraft Noise Ombudsman's report on Airservices handling of noise complaints, establish and annually update a detailed environmental work program and to continue work on an implementation plan for the potential wider use of Required Navigation Performance (RNP) at Australian airports.

Item 6 – Airport Planning

This item requires Airservices to contribute to a coordinated approach to airport planning including the appropriate participation in a number of cross agency, industry and community forums including Planning Coordination Forums and Community Aviation Consultation Groups.

Item 7 – Air Traffic Management Policy

Consistent with the Government's Air Traffic Management Policy, Airservices is expected to develop and implement an Air Traffic Management Services and Facilities plan which outlines Airservices' future planned investment in infrastructure, equipment and personnel skills and training.

Item 8 – Provision of Aerodrome Rescue and Fire Fighting Services (ARFFS)

Airservices will continue to provide ARFFS functions for civil and joint user airports where required in accordance with aviation safety regulations and detail arrangements with State and Territory fire authorities on each agencies roles and responsibilities at the ARFFS airports.

Item 9 – Joint Civil and Military Aviation Harmonisation Initiatives

This item requires Airservices to continue to work with the Department of Defence to enhance civil and military air traffic management system harmonisation to realise the benefits of improved safety, better investment in personnel and infrastructure, seamless systems compatibility and smarter procurement practices.

Item 10 - Future Investment in Technology and Infrastructure

This item articulates the need for Airservices to support investment in aviation infrastructure, including at regional airports.

Item 11 – Sustainable Workforce Planning

Airservices needs to ensure that it can maintain a sustainable and highly skilled workforce to service growing demand for services and support current and future investment in infrastructure and technology. The provision of an ongoing Airservices workforce plan, annually updated, is consistent with this objective.

Item 12 – Harmonisation, Regional Safety

Australia has an important role to play in assisting our regional partners to meet their air traffic management responsibilities. Airservices will continue to support the Australian Government's aviation safety initiatives in the Asia Pacific region.

Items 13 – Public Sector Professionalism and Accountability

This item aims to ensure that Airservices operates in a manner consistent with the standards expected of a highly professional public sector organisation with a strong culture of accountability and transparency.

Appendix 6: Statement of intent



AIRSERVICES AUSTRALIA

Chairman

GPO Box 367, Canberra ACT 2601
 25 Constitution Avenue, Canberra ACT 2601
 t 02 6268 4189
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 ABN 59 008 723 885

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

Dear Minister

Airservices Australia Statement of Intent

The Board of Airservices Australia was pleased to receive your Statement of Expectations for the period 1 July 2011 to 30 June 2013. 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 2011-2016 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. It also outlines performance measures and budget outcomes against key objectives and business strategies in addition to addressing the areas highlighted in your Statement of Expectations.

As is our usual practice, management is consulting with your Department on its development.

If your Office requires any further information, please contact Sue Freeland, Secretary to the Board on 02 6268 4859.

Yours sincerely

David Forsyth
 Chairman
 1 June 2011

cc: Mr Mike Mrdak, Secretary, Department of Infrastructure and Transport

**Airservices Australia
Statement of Intent**

This Statement of Intent responds to the Statement of Expectations (July 2011 to June 2013) received from the Minister for Infrastructure and Transport. The Statement draws on Airservices Australia Corporate Plan 2011-2016 which represents the organisation's priorities, specific performance measures and budget outcomes against key objectives and business strategies. A series of key performance indicators (KPIs) have been developed to provide appropriate measures by which the organisation's performance can be assessed with the specific quantitative targets outlined in Airservices Corporate Plan. As is current practice, progress against the KPIs will be reported to you on a quarterly basis.

Airservices Australia formally commits to meeting the expectations of the Minister. This will be achieved through the following key actions.

Statement of Expectations	Statement of Intent
<p>1. Undertake effective stakeholder engagement with the community, industry and Government on the development and implementation of significant changes by Airservices to air traffic and rescue and fire fighting services</p>	<p>Airservices will develop and maintain relationships with key stakeholders in Government and industry and participate in relevant community, industry and Government forums to support the integrity of operations and whole-of-industry safety outcomes.</p>
<p>2. Perform its functions in a manner that supports Government policy, specifically the following three aviation goals outlined in the National Aviation Policy White Paper:</p> <ul style="list-style-type: none"> • safety remains the highest priority; • a responsible approach to managing the environmental impacts of aviation; and • a coordinated approach to airport planning and investment. 	<p>Airservices will ensure that safety system enhancements and infrastructure replacement programs optimise safety benefits. Airservices will meet or exceed safety and performance benchmarks established in the Corporate Plan. In addition, Airservices will develop initiatives to improve the environmental performance of operations.</p> <p>Airservices will focus on connecting the component parts of the Australian aviation industry to enable the best business outcomes for individual participants.</p> <p>Airservices will create and deliver new value to the industry through innovation and the delivery of new services, products and technology particularly with respect to ground surveillance at airports and air traffic flow management.</p>

<p>3. Continue to implement relevant Government air traffic management and other airspace policy initiatives in the Aviation White Paper (in conjunction with the Department, the Australian Transport Safety Bureau (ATSB), the Civil Aviation Safety Authority (CASA) and the Department of Defence).</p> <p>4. Engage constructively in processes where it can provide information, assistance or advice for policy formulation, implementation and regulation undertaken by Government agencies, both within and outside my portfolio.</p>	<p>Airservices will continue to work cooperatively with the Department and Government agencies through the Aviation Policy Group and other forums to implement relevant air traffic management and other airspace policy initiatives contained in the Aviation White Paper.</p> <p>In line with Government policy, Airservices will coordinate and foster aviation industry relationships.</p> <p>Airservices will continue to participate 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.</p> <p>Airservices will continue to develop Air Traffic Management and Aviation Rescue and Fire Fighting initiatives to improve the environmental performance of operations.</p> <p>Airservices will implement an Environment Strategy with an action plan with particular emphasis on the management of aircraft noise and its impact on affected communities. Specifically, Airservices will:</p> <ul style="list-style-type: none"> • consult with the community on aircraft noise issues; • enhance management of the Noise Enquiry Unit to enable improved complaints handling; • maintain an independent Aircraft Noise Ombudsman's Office; and • implement the recommendations of the Aircraft Noise Ombudsman. <p>Airservices will focus on implementing a range of new systems and tools across the core air traffic management suite that support optimal operations, including performance based navigation, to improve capacity, enhance safety, improve cost effectiveness, realise environmental benefits and meet customer needs.</p>
<p>5. 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"> • supporting the role of the Aircraft Noise Ombudsman; • implementing the recommendations from the Aircraft Noise Ombudsman's review of complaints handling including the appropriate resourcing of the Noise Complaints Unit; • undertaking an annual update of a detailed work program outlining Airservices' initiatives in managing, monitoring and reporting on the environmental effects of aircraft, including the Sydney Airport Long Term Operating Plan; and • continuing to work on an implementation plan for the potential 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 on the plan. 	

<p>6. Contribute to a coordinated approach to airport planning including appropriate participation in, and providing information to, planning coordination forums, community aviation consultation groups, and the National Aviation Safeguarding Advisory Group.</p>	<p>Airservices will continue participation in the National Aviation Safeguarding Advisory Group and other relevant forums and maintain a high level of stakeholder and community satisfaction.</p>
<p>7. Support the Government's Air Traffic Management (ATM) Policy through the development and implementation of an ATM Services and Facilities Plan.</p>	<p>Airservices will develop and implement an ATM Services and National Facilities Plan that delivers long-term tangible improvements in safety, capacity management, flexibility and resource efficiency.</p> <p>Airservices will review service requirements in key traffic growth areas such as Western Australia.</p>
<p>8. Provide a clearly defined Aerodrome Rescue and Fire Fighting Services (ARFFS) for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety Regulations 1998, and develop Memorandum of Agreements with State and Territory fire authorities.</p>	<p>Airservices' Aviation Rescue and Fire Fighting (ARFF) service will continue to operate in line with relevant Civil Aviation Safety Regulations and in cooperation with State and Territory fire authorities.</p> <p>Airservices will continue to pursue outcomes based operating regulations for ARFF and establish Memoranda of Agreement as to roles and responsibilities established with State and Territory fire authorities for all airport locations.</p>
<p>9. Progress the implementation of agreed joint civil and military aviation harmonisation initiatives in conjunction with the Department of Defence.</p>	<p>Airservices will collaborate with the Australian Defence Force to harmonise civil and military air traffic management operations to improve operational efficiency and cost effectively manage increasingly complex civil-military airspace integration requirements.</p>
<p>10. Continue to invest in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program, including enhanced air traffic and surveillance services at regional airports.</p>	<p>Airservices will work collaboratively across the industry to anticipate, understand and plan for future needs.</p> <p>Airservices will develop a long-term plan for the replacement of the core air traffic management system to deliver operational flexibility and robust business continuity while meeting capacity growth and increasing flexibility.</p>

<p>11. 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 attract and retain talent, deliver a flexible, empowered and engaged workforce that is supported by strong leadership.</p> <p>Airservices will develop leaders who are focussed on guiding and motivating the organisation's workforce to deliver future outcomes and will create opportunities for individuals to develop and excel and to ensure the workforce as a whole is ready to take on challenges of the future.</p> <p>Airservices will provide an annual Workforce Plan update, with specific emphasis on increasing workforce diversity, and developing a values based culture that does not tolerate bullying and harassment.</p>
<p>12. Continue to support the Government's aviation safety agenda in the Asia/Pacific region.</p>	<p>Airservices will collaborate internationally with neighbouring partners and support the Australian Government's aviation safety initiatives in the Asia Pacific region to improve the safety outcomes for the industry across the region.</p> <p>In particular, Airservices will assist air navigation service providers in Indonesia and Papua New Guinea to build air traffic service capability to facilitate increased safety, harmonisation and integration of air traffic management with Australia's adjoining airspace.</p>
<p>13. 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 maintain a high level of compliance with relevant legislative requirements, policy and guidelines and will provide regular reporting to industry with performance KPIs embedded in the Service Charter. This will be supported by a comprehensive internal audit program.</p> <p>Airservices will maintain integrated management systems that support and promote excellence.</p>

Appendix 7: Noise complaint and enquiry data

TABLE 15: Number of complaints, comments and enquiries received by the Noise Complaints and Information Service in 2011–12.

Airport	Complaints	Complainants	Comments	Clients	Enquiries	Enquirers
Adelaide	495	115	10	5	46	36
Brisbane	7894	351	78	23	90	50
Cairns	79	33	4	4	6	6
Canberra	105	52	5	3	9	8
Gold Coast	17,237	342	689	47	89	43
Melbourne	1125	198	26	19	34	32
Sydney	29,542	1 333	107	70	261	187
Perth	22,604	748	2728	49	100	79
Total	79,081	3 172	3647	220	635	441

In 2011–12 the Noise Complaints and Information Service received a total of 83,363 contacts from 3833 people. Of this number, 79,081 were complaints from 3172 complainants. There was a 15.5 per cent decrease in overall complaints compared to the previous financial year.

The noticeable decline in complaints was associated to Gold Coast airport from 30,076 complaints in 2010–11 to 17,237 in 2011–12. This is a decrease of 12,839 complaints or 42.6 per cent. This change was due to the reduction of multiple complaints being lodged by a small number of individuals.

Appendix 8: Aircraft noise ombudsman annual report

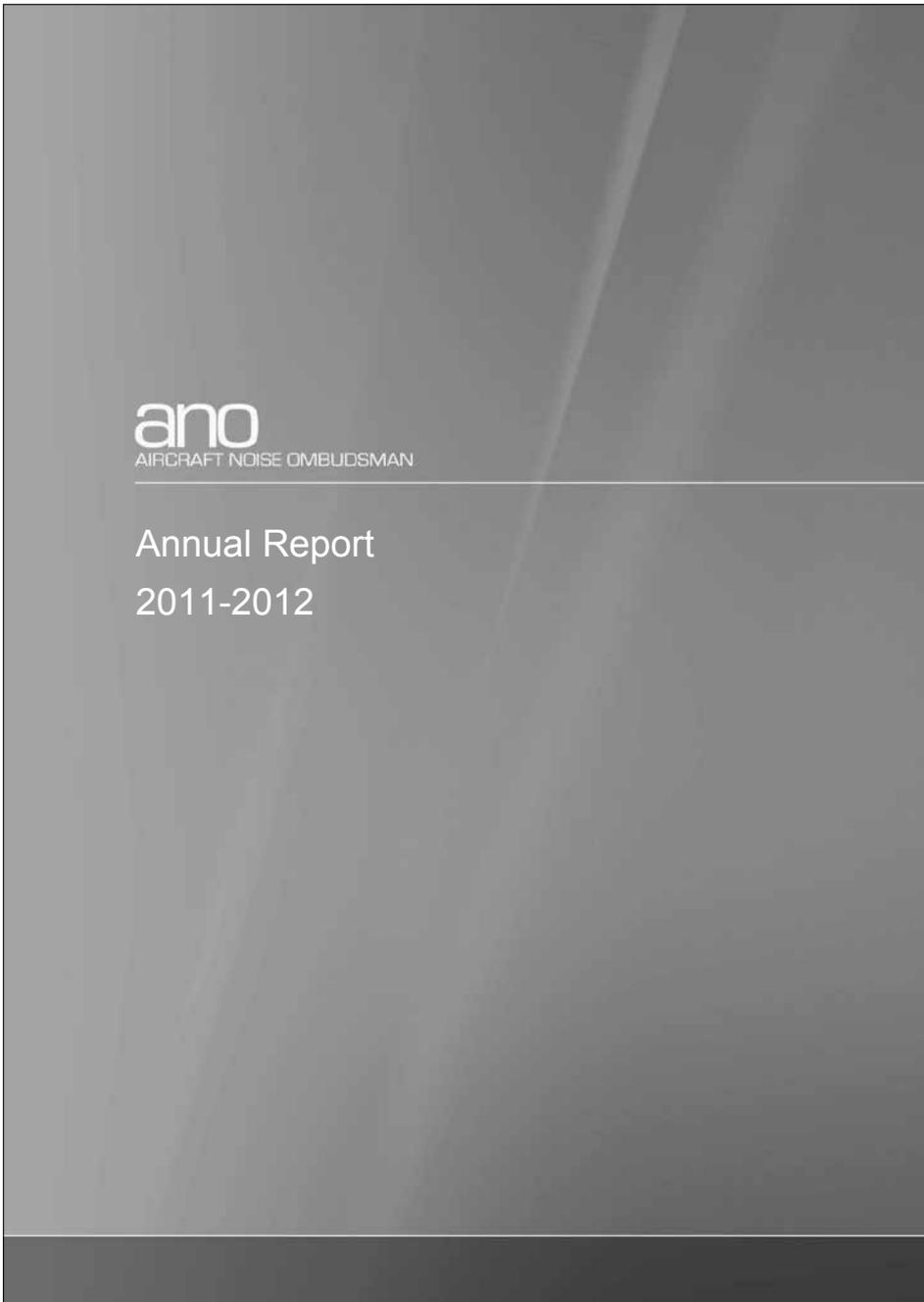


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1 From the Ombudsman

Improving noise outcomes in a growing industry

- 1.1 Aircraft noise is not going to go away and remains a key challenge for an industry that is forecasting high levels of growth. In Australia, the fly-in, fly-out sector is forecast to increase 27% by 2017¹, along with passenger growth over the next five years expected to increase by 20%, and 50% by 2020².
- 1.2 This may seem a bleak prospect for those living near an airport or under a flight path, but it does not have to be the case that the aircraft noise situation necessarily worsens with the growth of aviation activity. Innovative and strategic solutions are available, particularly in the long term. This will involve the clever use of improving technologies in aircraft and engine design, airport and aeronautical infrastructure, air traffic management, and even in the planning, design and construction of buildings in areas affected by aircraft noise. Sensible and strategic land-use planning and management will also play a role.
- 1.3 Complaints offer a direct insight into issues and opportunities to improve the noise outcome. It is the role of Airservices Australia (Airservices), as the noise data and complaints specialist, and the industry as a whole, to ensure that opportunities to reduce noise impacts are fully explored and communicated. While it is important not to see complaints as determining priorities or key issues, they are a useful indicator and are also an excellent potential source of ideas.
- 1.4 The role of complaints in driving long-term change comes through systemic issue reviews and using complaints as inputs to other review processes, such as Noise Abatement Procedure reviews and flight path reviews. For example, all three of the reviews undertaken by the Aircraft Noise Ombudsman's (ANO) office have drawn heavily on the information received through complaints, even though the individual complaints may have been resolved through an explanation of why there are no short-term changes possible.

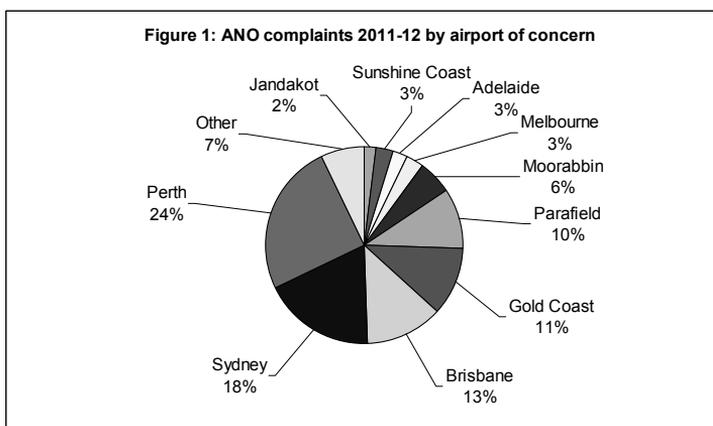
What's the point of complaining?

- 1.5 Complaints can play a key role in informing the need for change. This concept was at the heart of the first formal report by my office, *A review of complaint handling – Airservices Australia*. At the start of July 2011, Airservices had yet to action any of the recommendations from that review. Twelve months later, all but one have been actioned, which is a credit to the organisation and has laid the foundation for more effective resolution of complaints.

¹ Airservices Australia, Aviation industry focuses on demand, capacity and efficiency, media release, Airservices Australia, Canberra, 2012, viewed 8 August 2012 < <http://newsroom.airservicesaustralia.com/releases/e9775192-p6c0-4093-918b-99a507c45da4> >

² S Creedy, 'Air traffic numbers to rocket by 2030', Australian, 25 November 2011, viewed 8 August 2012 < <http://www.theaustralian.com.au/business/aviation/air-traffic-numbers-to-rocket-by-2030/story-e6frq95x-1226205217364> >

- 1.6 The remaining recommendation to upgrade the complaints database system is underway. It will deliver a key tool to underpin and support the cultural shift to focus on issues and seek resolution for complaints. My office continues to monitor the ongoing implementation of new procedures to ensure that new ways of working are not only documented, but are effective, lead to improved complaints management and ultimately deliver better noise management.
- 1.7 The ANO office received 109 complaints in the 2011-12 year, compared with 101 in the first nine months of operation (1 September 2010 – 30 June 2011). While complaints to the office are commonly phrased in terms of the aircraft noise issues experienced by the complainant, in essence the complaint is about dissatisfaction with how these noise issues have been managed. Under my charter I can investigate Airservices' management of aircraft noise issues, however, it is notable that a coordinated industry approach will be a key to improving public understanding and acceptance of aircraft noise.
- 1.8 It is interesting to consider why particular locations may be more highly represented in the complaints data than other locations where communities live close to an airport. The ANO has noted a coincidence of complaints with Master Planning processes (e.g. Gold Coast, Parafield, Moorabbin). It is likely that the heightened awareness and debate in the community about airport plans translates into increased concern about aircraft noise issues.
- 1.9 Perth and Sydney have been the areas of greatest concern in the complaints received by the ANO in 2011-12 (see Figure 1). As a result they were the focus of two ANO reviews during 2011-12. These reviews found opportunities for improved information about, and public accountability for, air traffic management decisions that affect aircraft noise outcomes.



1.10 As an Ombudsman, I am keen to ensure that improved complaint handling becomes an industry wide objective. With this in mind my office has supported an initiative by Airservices and the Australian Airports Association to improve information about, and understanding of, aircraft noise. A number of airports have very good publications on some aspects of aircraft noise but it is not necessarily easy for the public to locate the information. For example, it would be difficult for Sydney residents interested in improving the noise insulation of their homes to find the excellent material on this subject available from the Perth Airport website. Sharing of resources will deliver a much-improved outcome and assist Airservices in improving public understanding of aircraft noise.

Why didn't someone explain it clearly?

1.11 In the short and medium term, there is a lot to be said for improving aircraft noise management through improving the availability and accessibility of information about aircraft noise and its impacts. This has been a key focus of the ANO office over the past twelve months. We produced two reports on improving aircraft noise information presentation and distribution.

1.12 The ANO *Review of Aircraft Noise Information Presentation and Complaint Resolution: Perth* considered the information available about aircraft noise. Although the focus of that report was information and complaint handling for Perth, its recommendations were of relevance nationally. The recommendations can be summarised as proposing a more active approach to presenting information on aircraft noise, with a focus on plain English, clear presentation and the sharing of information nationally in the form of fact sheets, web pages and reports. Reporting should include analysis of the data that seeks to find solutions or improve the public's understanding of why suggested changes are not viable.

1.13 The ANO *Assessment of Aircraft noise information (Sydney) – Airservices Australia* built on the above report and addressed some specific areas of concern in the information available. While three of the nine recommendations were specific to Sydney the remainder are applicable across the country. As Airservices implements the recommendations from these two reports the attention of the ANO office will turn to the effectiveness of the changes.

1.14 The office will also monitor Airservices' consultation processes. The ANO or a representative has attended at least one meeting of most of the Community Airport Consultative Groups set up by airports around the country following the Government's National Aviation Policy White Paper (published in 2009)³. The office provides feedback to Airservices on its participation in those forums.

³ Department of Infrastructure, Transport, Regional Development and Local Government, National Aviation Policy: White Paper: flight path to the future, Canberra, December 2009, viewed 8 August 2012
<<http://www.infrastructure.gov.au/aviation/nap/>>

What's next?

- 1.15 In 2012-13 the key priorities for the ANO office will include:
- 1.15.1 *Pursuing individual complaints.* This will continue to be a prime role for the office. As Airservices improves its management of complaints the role of the office in individual complaints will be increasingly targeted on the most difficult or complex issues and also on some of the more difficult complainant behaviours.
 - 1.15.2 *Following up on the ANO's first three reports.* While the recommendations in the first three reports are straightforward their implementation is not necessarily so. The first 21 months of the operation of the ANO has seen three major reports and 34 recommendations. The coming year will see the office monitoring the effective implementation of those recommendations by Airservices.
 - 1.15.3 *Supporting cultural change.* The recommendations from the three reports issued involve some significant changes in the approach to noise complaints, and information provision, by many parts of Airservices. Significant change to how the organisation views its role in managing noise complaints can mean significant change for the way many staff approach their day-to-day work, and therefore requires substantial cultural change. The ANO office will work to support this change by assisting in training, providing presentations and working with key managers.
- 1.16 At times it can be difficult to pursue aircraft noise issues with Airservices when the prime role of the agency is, and must always remain, safety. It is critical that Airservices should not lose sight of this overriding priority. At the same time this priority should not overwhelm other issues. Once safety has been addressed, Airservices must also address other key issues. The agency has a strong record in working with the aviation industry to deliver improved efficiency through best practice air traffic management. Efficiency improvements have resulted in reduced delays as a result of sound traffic management, and have also resulted in significant improvement in fuel economy and emission reductions.
- 1.17 While these issues are very important and must continue to be priorities, it is worth noting that aircraft noise is likely to be one of the biggest constraints on future growth and development of the aviation sector. This is evident in the current debate about a second Sydney airport, and has also been the subject of commentary in various forums^{4,5}.

⁴ GreenairOnline.com, Despite the focus on reducing carbon emissions, aircraft noise remains the key environmental concern for airports, GreenAir Communications, London, 18 May 2012, viewed 9 August 2012 <<http://www.greenaironline.com/news.php?viewStory=1471>>

⁵ A Gittens, 'An airport perspective on aircraft noise and the role of ANSPs', CANSO Airspace, vol. 17, Quarter 2 2012, pp. 14-15, viewed 8 August 2012 <<http://issuu.com/canso/docs/airspace17>>

1.18 Given the political significance of aircraft noise issues, and the substantial confusion that exists in the community about what is and is not possible in managing aircraft noise, it is vital that Airservices provides leadership on this issue. Airservices should allocate priority to applying its very substantial expertise in air traffic management, and its strong relationships across the aviation industry, to support change that will improve noise outcomes and improve understanding of the problems and constraints.



Ron Brent
Aircraft Noise Ombudsman
9 August 2012

2 About the ANO

In the beginning...

- 2.1 The ANO has been established to conduct independent administrative reviews of Airservices and how it handles aircraft noise-related activities, such as the handling of complaints, community consultation, and the presentation and distribution of aircraft noise information.
- 2.2 The function was proposed in the Australian government's Aviation White Paper *Flight Path to the Future*⁶, released on 16 December 2009.

Who is the ANO team?

- 2.3 Mr Ron Brent was appointed as the first ANO and started on 1 September 2010 for a three year appointment.
- 2.4 He is supported by a small team, comprising two senior advisers, a research officer and an administrative officer. All ANO staff work part-time, and the office is generally staffed during Canberra weekday business hours.

Governance

- 2.5 The ANO is independent of Airservices' executive management structures, reporting directly to its board on aircraft noise management matters.
- 2.6 Following a period of consultation, in April 2012 an amended *ANO Charter*⁷ was published, which incorporated minor amendments to better reflect the on-the-ground operating experience of the ANO. The new charter clarified a range of administrative matters (for example, in the circumstances of a temporary vacancy) and brought the Charter more in line with best practice governance arrangements for Ombudsmen. The Charter guarantees the ongoing independence of the ANO.

What's our approach?

- 2.7 The ANO seeks to fix problems and foster accountability, in the context of the broader question:

"Could a better noise outcome be reasonably and practically pursued?"

We review and pursue issues arising from individual complaints and also conduct systemic issue reviews where the matters reach beyond an individual concern. Three of these reviews have resulted in formal reports including recommendations to the Airservices Board. Other systemic issue reviews informed our responses to a group of complainants affected by the same issue.

⁶ Department of Infrastructure, Transport, Regional Development and Local Government, National Aviation Policy: White Paper: flight path to the future, Canberra, December 2009, viewed 8 August 2012 <<http://www.infrastructure.gov.au/aviation/nap/>>

⁷ Aircraft Noise Ombudsman, Aircraft Noise Ombudsman Charter, Canberra, approved 11 April 2012, viewed 8 August 2012 <http://www.airservicesaustralia.com/wp-content/uploads/ANO_2012-Charter.pdf>

See our *Report on Fingal Head Aircraft Noise – Sept 2011*⁸, or **Case Study 1: Some planes are just noisier than others**, below.

C Some planes are just noisier than others

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When a number of complaints from Parafield to the ANO specifically mentioned a twin engine aircraft that seemed to be louder than other training aircraft, we looked into the issue holistically. After substantial investigation, including reviewing complaints made to Airservices over several months and discussions with stakeholders, the ANO was able to provide all complainants from Parafield with a better explanation of the noise impacts, and what steps the aircraft operator and the Airport were taking to improve the noise outcome.

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It turned out not to be as simple as 'some planes are just noisier than others'. Several factors contributed to a change in the experience of aircraft noise in the community, particularly from one type of twin-engine aircraft. These were:

- One of the training providers replaced the engines on seven aircraft with noisier engines. This change was considered necessary because the original engines experienced a number of 'uncommanded shutdowns' (meaning that the engines cut out while in flight without warning).
- In 2010 an incident on landing led to a change in arrival procedures that resulted in the aircraft flying with a noisier landing configuration from a point earlier in the circuit. Homes near the end of the circuit are affected by this extra noise. Given the variation in circuit patterns, various areas around the airport are affected by the change in procedures.
- Increasing numbers of students have meant that there is more twin-engine training than before.

The ANO investigated the option of engine silencers, and determined this was not a practical solution. The ANO also engaged with the operators and the airport, who are actively looking for opportunities to improve the noise issues. Improvements being pursued include:

- Amending the Fly Friendly Policy - this is a voluntary code of conduct for the operators. It is designed to reduce the impact of operations on the community. Under the agreement, operators will try to limit their circuit training activities to finish earlier in the evenings when possible (by 10pm on weeknights and by 9pm on weekends) and start later on Sunday mornings by half an hour (i.e. starting after 8.30am). Circuit training would also be restricted on key public holidays, including no circuit training on Christmas Day or New Year's Day, and on Anzac Day circuit training would not start before 9am.
- Working with the Civil Aviation Safety Authority (CASA) to explore whether the circuit arrival procedures could be amended so that the change to the noisier configuration occurs later in the circuit (while still meeting safety requirements). Only preliminary discussions have been held between the operators, CASA and the Airport on this matter as yet but it may lead to a further small improvement.

These are changes at the margins, but every change is a step towards better balancing the impacts on the community with the business demands of the operators.

⁸ Aircraft Noise Ombudsman, Report on Fingal Head Aircraft Noise, Aircraft Noise Ombudsman, Canberra, September 2011 (version 2), viewed 8 August 2012
<http://www.ano.gov.au/reportsstats/reports/aircraft_noise_report_fingal_head_sep2011_v2.pdf>

2.8 Much of the work of the ANO is done by direct discussion with Airservices and other aviation industry organisations. This does lead to the disadvantage that not all of the ANO's achievements and influence are visible to the public. On the other hand, the prospects for finding compromise solutions are much higher when Airservices (and other stakeholders) can focus resources on constructively working towards improving the management of aircraft noise issues. At the end of the day, the ANO measures success by improved outcomes rather than by public recognition of the role.

3 Complaint handling

Review of Complaints Handling

- 3.1 In February 2011, the ANO published its first report following a major review of Airservices' handling of aircraft noise complaints⁹. It contained 18 recommendations, all of which were accepted by the Board of Airservices.
- 3.2 In February 2012, the ANO published an assessment of Airservices' response to the review¹⁰.
- 3.3 Implementation of the recommendations by Airservices has continued throughout 2011-12, with all but one recommendation now actioned. While recommendations have been actioned by Airservices, the ANO considers it appropriate to monitor application of new processes or initiatives to ensure effective implementation. See **Attachment 1** for a full summary of all recommendations and their status at 30 June 2012.

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Review of Complaints Handling: Airservices Australia February 2011

The main themes of this review were for Airservices to:

- Shift emphasis from recording complaints to resolving complaints
- Focus on issues and number of complainants rather than number of contacts
- Formalise procedures, training and systems to support these new ways of operating

There was a total of 18 recommendations made – 17 actioned (with implementation being monitored for 9 of the 17)

It is pleasing that some improvement is being noted by those that make complaints. In May, a complainant wrote to the ANO saying:

"I also wish to express my thanks to you and ASA [Airservices] for the respectful and thorough way you handled [the] complaint... I will continue to encourage people to report their noise concerns because there is an [improved] complaints process and if they are dissatisfied then they can seek redress through the Ombudsman's office. It's a good message to be able to give so thank you to you and your team."

⁹ Aircraft Noise Ombudsman, Review of Complaint Handling – Airservices Australia, Aircraft Noise Ombudsman, February 2011, viewed 8 August 2012

<http://www.ano.gov.au/reportsstats/reports/ANO_Review_of_Complaint_Handling.pdf>

¹⁰ Aircraft Noise Ombudsman, ANO assessment of Airservices Australia's response to the Review of Complaints Handling, Aircraft Noise Ombudsman, Canberra, February 2012, viewed 8 August 2012

<http://www.ano.gov.au/reportsstats/reports/ANO_Annual_Review_Report_feb2012.pdf>

3.4 The ANO is continuing to monitor the quality of responses provided by Airservices, and where appropriate provides feedback. It is important that the ANO ensures the recommendations are implemented effectively. It is evident that this is also important to Airservices. With this in mind, two of the new positions created in Airservices' Noise Complaints and Information Service team have quality management as a key function of their role.

What happens to ANO complaints?

3.5 When a complaint is received by the ANO it is reviewed in light of the core functions under the charter:

- Was the complaint handled well?
- Was appropriate and well presented information made available to the complainant?
- Was consultation adequate?

The context of all these considerations is whether or not a better noise outcome might be reasonably and practically pursued. See **Attachment 2** for a summary of the ANO complaint statistics.

3.6 Airservices and the aviation industry as a whole have been managing aircraft noise issues for a long time. As a result, many of the obvious improvements that can be made to reduce aircraft noise have been made. The continuing rapid growth of the industry further limits the scope for significantly improving aircraft noise outcomes. Consequently, opportunities for change are generally at the margins, tweaking the balance between the competing expectations of communities around airports and a growing, competitive aviation industry.

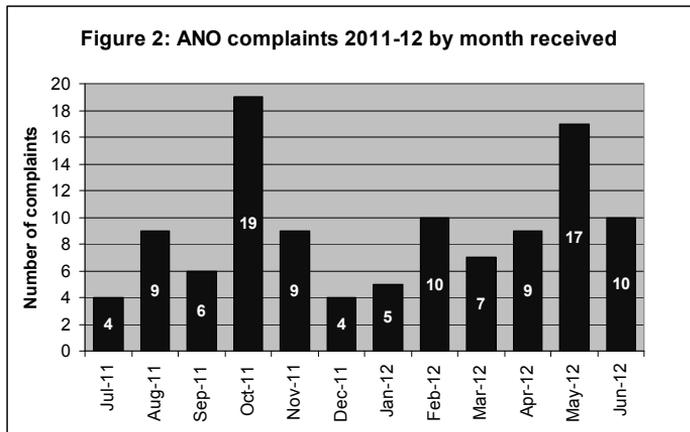
3.7 The result has been that most ANO complaints have been resolved through the provision of a detailed explanation of the issues and clarification of why there is no prospect of a change in the short term. In 2011-12, from a total of 66 complaints reviewed and closed by the ANO, 58 were resolved through explanation only with no change possible. Of these, however, 30 contained issues that were the subject of systemic issue reviews (Sydney, Perth, Fingal Head and Parafield).

Complaints reviewed and closed:	66
No change possible - explanation provided	58
Change adopted by Airservices Australia	2
Change adopted by Airport operator	5
Change adopted by Operator	1

3.8 A further 12 complaints were reviewed in the period, but are not included in the above statistics as the cases were not closed as at 30 June 2012. This is because after reviewing a case and sending a final response to the complainant, the ANO office keeps the case open for three weeks to allow for any clarification sought by the complainant.

How many complaints have there been?

- 3.9 In the 2011-12 financial year, the ANO received 109 new complaints. The variation in the number of complaints received per month is between four and nineteen, with the average around nine (see Figure 2). These are small numbers which means that, for some, thorough investigations can be undertaken and systemic issues arising are pursued.



Why is it taking so long?

- 3.10 The average time from lodgement to closure for complaints closed by the ANO in 2011-12 is 58 days. Allowing for weekends, public holidays and the three week 'opportunity for clarification' period for the complaints that were reviewed, this translates to approximately 28 working days.
- 3.11 This figure reflects the complexity of many of the cases that come to the ANO. At the same time it also reflects the need to obtain information from Airservices and in some cases from operators, airports, and other agencies.
- 3.12 It is worth noting that averages do not always paint a clear picture. In this case the average time for closure is increased as a result of a few very long standing complaints such as that in **Case Study 2: Why can't the planes fly over there?**, below.

C Why can't the planes fly over there?

A One complaint that was lodged with the ANO in November 2010 remains open. This case, while not yet resolved, has been a catalyst for some significant procedural reform in Airservices and was a case study in the [Perth review](#) (pg 26-7 "Move Flight Path off Roleystone").

S The complainant asked why the aircraft flying over her home could not fly over the less populated land to the east. Originally Airservices assumed that this could not happen because of the complexity of the airspace around Perth. A more critical review showed that it might be possible after all.

E While this progress has been positive, the ANO keeps the case open pending Airservices providing an acceptable response to the original issue of concern – to be able to provide this requires a comprehensive investigation by Airservices of a proposal to relocate a flight path into Perth.

S It is likely to be many more months before resolution is achieved – whether that is through implementation of a change or provision of a clear evidence-based explanation for why changes cannot be pursued.

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- 3.13 Technological advances over time have contributed to better noise outcomes. In a highly technical industry that has a long term strategic planning horizon, there is a temptation to wait for long term technological solutions to meet the noise related challenges. However, the ANO has been encouraging Airservices, and its partners in the aviation industry to look for small opportunities and improvements that they can make in the short to medium term. In particular, by drawing on the feedback received through complaints and community consultation processes, relatively small changes can be identified that will make a difference, even if sometimes quite marginal. See for example **Case Study 1: Some planes are just noisier than others** (p7) and **Case Study 3: Midnight takeoffs lower and louder**, below.

C **Midnight take-offs lower and louder**

A A resident of Dalkeith, WA, complained that she had made numerous complaints to Airservices about aircraft noise at anti social hours disturbing her family. One particular flight at around midnight often seemed particularly low and intrusive. Airservices had advised her that they only had bad news as the flights would continue and there is nothing they can do but log her complaints.

S The ANO investigated the complaint and noted one regular flight was significantly lower than other departures, and this was especially intrusive because of the noise-sensitivity of its departure time at around midnight. The ANO asked Airservices to undertake a review to see if there was a viable option to improve the noise outcome, for example by using a steeper climb gradient? After some delay, Airservices did contact the airline involved, which responded positively, agreeing to coordinate a trial flight using greater thrust in takeoff to reach a higher altitude sooner.

T Early analysis suggests that at 20 kilometres from the airport, the aircraft was approximately 1,000 feet higher than its usual height for this flight. However, further analysis is required to determine if this represents an overall improvement considering factors such as the increase in fuel burn and associated carbon emissions, the noise impact for those residents closer to the airport, and whether the change in noise further out was a significant improvement.

D While the outcome of these investigations is yet to be determined, the positive response by the airline highlights the value in Airservices ensuring complaints are passed on to stakeholders and that they are given the chance to respond.

4 Information Provision

Perth and Sydney Reviews

- 4.1 The ANO released two reviews focussed on information provision, prompted by issues raised in complaints. The focus of the reviews was on the two locations that together represent over 40% of complaints to the ANO (that is, Perth and Sydney). Despite this focus, most of the recommendations have national application. Airservices accepted all recommendations: seven from the Perth review and nine from the Sydney Review.

S **Review of Aircraft Noise Presentation and Complaint Resolution: Perth**
N **November 2011**

The main themes of this review were for Airservices to:

- Improve public understanding about aircraft noise by improving presentation of information
- Take accountability for decisions (including decisions not to make change) that affect the noise situation and communicate these
- Engage in a coordinated industry approach to developing and presenting information

Total of 7 recommendations made – 4 actioned (implementation being monitored for 3 of the 4)

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2 **Assessment of Aircraft Noise Information: Sydney March 2012**

The main themes of this review were for Airservices to:

- Provide more textual and qualitative assessments of aircraft noise in reports
- Improve the clarity and timeliness of information provided, including linking to applicable sources of information
- Provide fact sheets and reports about key issues

Total of 9 recommendations made – 3 actioned

- 4.2 Airservices has been responsive to these reviews and has enhanced the material available on its website and in printed materials provided at community consultation meetings. There is work underway on improving the routine reports and there are further opportunities for Airservices to enhance its presentation of information about initiatives to improve noise outcomes.

Improving ANO information

- 4.3 In 2011-12, the ANO made small improvements to the information provided on its website. The useful links page was expanded and additional sources of information were identified. Through 2012-13, more detailed reference material will be made available.

5 Consultation

- 5.1 The ANO or a representative has attended a number of the Airport Community Aviation Consultation Group (or equivalent) meetings across the 2011-12 year. We have also met with various aviation stakeholders, including airport management, aircraft operators, industry bodies, and community representative groups.
- 5.2 Face-to-face meetings with aircraft noise stakeholders are important for the ANO team to better understand the industry and community perspectives. They have also provided an opportunity for the ANO to raise awareness of its role, approach and the value of complaints.
- 5.3 Attendance at such meetings has also enabled the ANO to monitor Airservices' community engagement and consultation in action, in line with our charter accountabilities. The ANO has provided feedback to Airservices staff involved in these meetings, although no formal recommendations have been made on consultation issues specifically. Feedback has included the following:
 - The manner in which information is presented
 - The opportunity that consultation meetings present for active distribution of fact sheets and other materials
 - The need for clarity when presenting complex air traffic management matters to the public in terms that they can understand
 - The need to be proactive in taking on feedback from and presenting information to these forums.
- 5.4 In response to feedback from the community and input from the ANO, Airservices released an update to its *Communication and Consultation Protocol*¹¹ in August 2011. This document provides a framework for improved community engagement on Airservices' activities, including earlier and better consultation on changes that have the potential to affect communities. In the coming financial year, the ANO will review Airservices' application of its commitments in this protocol in relation to aircraft noise management.

¹¹ Airservices Australia, Communication and consultation protocol, Airservices Australia, Canberra, 2011, viewed 9 August 2012 <http://www.airservicesaustralia.com/wp-content/uploads/Communication-and-Consultation-Protocol_WEB.pdf>

6 Financial Results

- 6.1 The ANO operates autonomously in managing its financial accountabilities. In line with the ANO Charter, although funding is provided by Airservices, the ANO independently determines how funds and resources are allocated.
- 6.2 In 2011-12, the total costs of the office were \$550,800 which includes all staff salaries and entitlements, travel, and administrative overhead costs.

Attachment 1 ANO assessment of action on Review Recommendations

Complaints Handling Review	
Recommendation	ANO assessment of Airservices' response
<p>Complaints Handling Recommendation 1:</p> <p>Airservices should amend its systems and procedures to support the NEU seeking a suitable remedy for those complaints where it may be possible to improve the noise outcome, and ensure follow-up on such opportunities. It is acknowledged that an improved noise outcome may only be feasible for a small minority of the total noise complaints received.</p>	<p>Actioned by Airservices</p> <p>The ANO will monitor the application of the new processes.</p>
<p>Complaints Handling Recommendation 2:</p> <p>Airservices should amend the objectives of the NEU, as stated in the NEU procedures, to include 'complaint resolution through the provision of more targeted information'. In addition, Airservices should develop and implement systems and tools to assist with this new objective.</p>	<p>Actioned by Airservices</p>
<p>Complaints Handling Recommendation 3:</p> <p>Airservices should make a senior manager accountable for capturing, recording and tracking through to implementation, noise improvement opportunities arising from complaints.</p>	<p>Actioned by Airservices</p> <p>The ANO will monitor the application of the new processes.</p>
<p>Complaints Handling Recommendation 4:</p> <p>Airservices should review the resource requirement for the NEU when implementing the changes recommended in this review.</p>	<p>Actioned by Airservices</p>
<p>Complaints Handling Recommendation 5:</p> <p>Airservices, in adopting the other recommendations included within this review, should amend the name of the NEU to Noise Complaints Unit (NCU) or similar to reflect the unit's role in resolving complaints.</p>	<p>Actioned by Airservices</p>
<p>Complaints Handling Recommendation 6:</p> <p>Airservices should review and expand their written procedures and protocols for responding to unreasonable complainant behaviours.</p>	<p>Actioned by Airservices</p>
<p>Complaints Handling Recommendation 7:</p> <p>Airservices should update and enhance their suite of fact sheets to cover all major airports in Australia and the key aircraft noise issues of interest to the general public. Airservices should publish these on their website, as well as disseminate them to specific complainants as appropriate. In addition, the remainder of the Airservices noise information website should be reviewed and updated where appropriate.</p>	<p>Actioned by Airservices</p> <p>The ANO will monitor and support the development of fact sheets for major airports and will provide input to improve the content of fact sheets that have already been published.</p>
<p>Complaints Handling Recommendation 8:</p> <p>Airservices should amend NEU procedures and other relevant instructions to ensure that ownership of all noise complaints remains with the NEU (or those responsible for the NEU). Where complainants are put in direct contact with ATCs, the ATCs should be advised of the requirement for all communication to be reported to and managed by the NEU. Where complaints are handled by higher levels of management or other parts of Airservices (such as the Government and International Relations branch for approaches via the Minister's Office or the Department of Infrastructure and Transport) the feedback loop must be closed so that the NEU can ensure consistency in their responses to complainants.</p>	<p>Actioned by Airservices</p>

Complaints Handling Review	
Recommendation	ANO assessment of Airservices' response
<p>Complaints Handling Recommendation 9: Airservices should amend NEU procedures, and other relevant organisational instructions, to:</p> <p>a) have all complaints logged and managed by the NEU, even where the NEU judges that the matter can best be handled by direct dealings between the complainant and staff from another part of Airservices, and</p> <p>b) allow the NEU to instigate an investigation of any complaint or consider systemic issues arising from any complaint, where this is appropriate.</p>	<p>Actioned by Airservices</p>
<p>Complaints Handling Recommendation 10: Airservices should engage actively with other agencies with cross-over accountabilities in aircraft noise issues, and also with airports and aircraft operators as required, to ensure an improved and integrated response is provided to complainants.</p>	<p>Actioned by Airservices</p>
<p>Complaints Handling Recommendation 11: Airservices should establish a training package, and relevant supporting material, to assist managers and key decision makers in recognising the value of complaints and the manner in which they can contribute to system and service improvements.</p>	<p>Actioned by Airservices The ANO will monitor the roll out of training.</p>
<p>Complaints Handling Recommendation 12: Airservices should implement processes for the NEU that ensure investigations are conducted whenever there is a possibility of individual, systemic or emerging issues being identified that could feed into improved aircraft noise management.</p>	<p>Actioned by Airservices</p>
<p>Complaints Handling Recommendation 13: Airservices should place greater focus on identifying, recording and reporting issues in addition to reporting the numbers of complaints and complainants. The key indicators that should inform an understanding of complaints should be the issues raised, and the number of persons who have complained about those issues, rather than the number of times individuals have contacted the NEU about a particular issue.</p>	<p>Actioned by Airservices The ANO will monitor the new initiatives as they are rolled out across all public reports.</p>
<p>Complaints Handling Recommendation 14: Airservices should develop clear messages on key issues that provide a realistic picture of what is, and what is not, likely to be achievable. Matters of government policy should be cleared in advance with the Minister.</p>	<p>Actioned by Airservices The ANO will monitor the continued development of fact sheets and clarity of information provided to the public.</p>
<p>Complaints Handling Recommendation 15: Airservices should implement processes to ensure that issues identified through complaints are followed up, through the process of consideration, decision and where appropriate, implementation.</p>	<p>Actioned by Airservices The ANO will monitor the application of the new processes.</p>
<p>Complaints Handling Recommendation 16: Airservices should give priority to the replacement of the NEU complaints database with a system capable of providing more sophisticated analysis of complaint data.</p>	<p>The ANO notes that action is underway.</p>
<p>Complaints Handling Recommendation 17: Airservices should develop a formal, written and published instruction on recording relevant statistical details about issues, complaints, complainants and contacts.</p>	<p>Actioned by Airservices The ANO will now monitor the application of the new processes.</p>
<p>Complaints Handling Recommendation 18: Airservices should develop a standard clause relating to the minimisation of noise, for inclusion in operational Letters of Agreement with aircraft operators, where appropriate.</p>	<p>Actioned by Airservices The ANO will now monitor the application of the new processes.</p>

Perth Review	
Recommendation	ANO assessment of Airservices' response
<p>Perth Review Recommendation 1:</p> <p>In its ongoing development of public reports on aircraft noise, Airservices should review the reports with the aim of making the reports as easy as possible to understand. This should include using 'plain English' in place of technical terminology, considering the usefulness of averages in cases of a wide spread of data, incorporating some analysis of the data, and establishing a simple system for obtaining public feedback on reports.</p>	<p>The ANO notes that action is underway.</p>
<p>Perth Review Recommendation 2:</p> <p>Airservices, in addition to implementing the recommendations from the ANO's Complaint Handling Review, should continue to improve information provided to the public and industry, through an increased focus on complaint issues and identifying opportunities for possible improvements in noise outcomes. Public and industry reporting on complaints should provide analysis in addition to the data.</p>	<p>The ANO notes that action is underway.</p>
<p>Perth Review Recommendation 3:</p> <p>Airservices should undertake regular reviews of the information provided on its website and in printed material to ensure that the material is current, relevant to the audience, and responds to feedback from stakeholders.</p>	<p>Actioned by Airservices</p> <p>The ANO will now monitor the application of the new processes.</p>
<p>Perth Review Recommendation 4:</p> <p>Airservices should further develop its capacity to provide comprehensive information on all aspects of aircraft noise through NCIS as well as via fact sheets, and its website. This could include such matters as explaining flight paths and why planes fly where they do, explaining changes in air traffic over time (even where there has been no specific action to bring about that change), and explaining the processes for determining the location of aircraft noise monitors and the role of those monitors. It should also include a process for reporting publicly on initiatives to improve noise outcomes, including cases where those initiatives result in a conclusion that improvements cannot be achieved.</p>	<p>Actioned by Airservices</p> <p>The ANO will now monitor the application of the new processes.</p>
<p>Perth Review Recommendation 5:</p> <p>Where complaints/enquiries relate to matters for Government, Airservices should advise complainants of this and, where possible, refer to available material which presents the Government's position. Where complainants wish to pursue their complaints with the Department, Airservices should assist in transferring the complainant directly to the Department.</p>	<p>Actioned by Airservices</p> <p>The ANO will now monitor the application of the new processes.</p>
<p>Perth Review Recommendation 6:</p> <p>Airservices should develop an information package that presents an accurate aircraft noise information picture for Perth, and make this available on its website and in other formats as appropriate.</p>	<p>Actioned by Airservices</p>
<p>Perth Review Recommendation 7:</p> <p>Airservices should ensure that it has a clearly defined assessment process for considering possible changes to improve noise outcomes, which should include appropriate public reporting. Such reporting could encompass the WARRP Post Implementation Review.</p>	<p>The ANO notes that action is underway.</p>

Sydney Review	
Recommendation	ANO assessment of Airservices' response
<p>Sydney Issues Recommendation 1: Airservices should develop a consolidated list of information sources, including the purpose and/or objective of each document, as well as a brief summary of content.</p>	Actioned by Airservices
<p>Sydney Issues Recommendation 2: Airservices should improve the clarity of maps produced in reports used to convey aircraft noise information.</p>	The ANO notes that action is underway.
<p>Sydney Issues Recommendation 3: Airservices should provide more textual and qualitative assessment of aircraft noise in reporting.</p>	The ANO notes that action is underway.
<p>Sydney Issues Recommendation 4: Airservices should provide more information, clearly presented, on daily or seasonal variations, where significant.</p>	The ANO notes that action is underway.
<p>Sydney Issues Recommendation 5: Airservices should provide at least one Sydney specific fact sheet explaining Airservices' roles in noise sharing, LTOP, runway selections and noise respite and when appropriate, refer enquirers to other existing noise information sources.</p>	The ANO notes that action is underway.
<p>Sydney Issues Recommendation 6: Airservices should produce a short report on LTOP performance, and the efforts currently being made to ensure the best possible noise sharing results are delivered.</p>	The ANO notes that action is underway.
<p>Sydney Issues Recommendation 7: Airservices should explore the provision of a more timely (as well as historical) method for complainants to understand why a particular Runway Mode was in use, or why a preferred Runway Mode (noise sharing) was not able to be used at that time.</p>	The ANO notes that action is underway.
<p>Sydney Issues Recommendation 8: Airservices should provide links to applicable sources of information on sound insulation for homes, especially information addressing cost effective means of reducing the intrusion of aircraft noise.</p>	Actioned by Airservices
<p>Sydney Issues Recommendation 9: Airservices should publish a link directing complainants to the Departmental website containing reports on curfew dispensations.</p>	Actioned by Airservices

Attachment 2 ANO Complaint Statistics

The following summarises the ANO complaint statistics for 2011-12.

Complaints carried forward from 2010-11	11
Complaints received 2011-12	109
Total complaints 2011-12	120

Complaints closed during 2011-12	88
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<u>Closed complaints - reviewed</u>	
No change possible - explanation provided	58
Change adopted by Airservices Australia	2
Change adopted by Airport operator	5
Change adopted by operator	1
Total complaints reviewed	66

Note an additional 12 complaints were reviewed in 2011-12 but not yet closed (due to three week 'opportunity for clarification' period)

<u>Closed complaints - not reviewed</u>	
Referred to Airservices to respond directly	10
Complainant did not provide further information	5
Outside Charter scope	7
Total Complaints not reviewed	22

Complaints carried forward to 2012-13	32
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Glossary

AC-MAC	Australian Civil–Military Air Traffic Management Committee
ACE	Airport Capacity Enhancement
ADS-B	Automatic Dependent Surveillance—Broadcast
AIP	Aeronautical Information Publication
ANSPs	Air Navigation Service Providers
ARFF	Aviation Rescue and Fire Fighting
ASIC	Aviation Security Identification Card
ASPIRE	Asia and South Pacific Initiative
ATS	Air Traffic Service
ATSB	Australian Transport Safety Bureau
CACG	Community Aviation Consultation Group
CALD	people from culturally and diverse backgrounds
CANSO	Civil Air Navigational Services Organisation
CASA	Civil Aviation Safety Authority
CDM	Collaborative Decision Making
CSS	Commonwealth Superannuation Scheme
ERSA	En Route Supplement Australia
GAAP	General Aviation Aerodrome Procedures
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
INSPIRE	Ocean Strategy Partnership Initiative to Reduce Emissions
ITSAP	Indonesia Transport Safety Assistance Package
NHSC	National Health and Safety Committee
NOTAM	Notices to airman
OHS	Occupational health and safety
PRM	Precision Runway Monitor
RNP	Required Navigation Performance
RSE	registrable Superannuation Entity
STAR	Standard Arrival Routes
VHF	very high frequency
WHS	Work health and safety

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