

# 2017-18 CORPORATE PLAN



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The plan is presented for tabling in both Houses of Parliament of the Commonwealth of Australia.

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## INTRODUCTION

I, Air Chief Marshal Sir Angus Houston AK, AFC (Ret'd), as Chair of Airservices Australia, present the Airservices Australia 2017–18 Corporate Plan, which covers the periods of 2017–18 to 2021–22, as required under section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* and Section 13 of the *Air Services Act 1995*.



## Letter from the Chair

I am delighted to present the Airservices 2017–18 Corporate Plan which builds on the progress made under the previous plan in achieving our vision. It maintains a clear and continued focus on our efforts to be recognised by the Government, industry and the community for safety excellence and the efficient delivery of services.

The transformational change delivered through the Accelerate Program over 2016–17 has reset our business to be more responsive, agile and flexible in delivering value to our customers while maintaining and enhancing our safety performance. We have implemented a new operating model to ensure our people and processes work together to support our core service delivery of safe air traffic management (ATM) and aviation rescue fire fighting (ARFF) services.

The organisation has improved its asset and project management, and is undertaking a technology upgrade to support new business processes through automation and digitisation. We have also laid the groundwork of our future information management capability to enable us to capture opportunities and create further value through information-based services.

The focus over the period covered by this plan is on embedding new ways of working that continue to build on the foundations for Airservices to be recognised as the industry leader in safe and innovative ATM services, and effective and efficient ARFF services.

The step-change in the effectiveness and efficiency of our corporate operations has reduced our cost base, ensuring that our financial performance remains sustainable into the future. More importantly, it has built new capabilities and embedded new ways of working into our culture, enabling us to continually improve in the fulfilment of our statutory functions.


We are funded for our services through charges levied on our customers and capital raised from debt markets. Our position as Australia's air navigation service provider gives us a unique, whole-of-industry perspective and also makes us acutely aware of the financial constraints within which our customers operate.

In 2016 we deferred consideration of a new pricing agreement, and the prices we have in place today are the same as they were in July 2015. Our goal is to continue to deliver real price decreases and improved value to our customers.

In collaboration with the Department of Defence, we continue to deliver the OneSKY Program. This single harmonised ATM system will enable common data sharing, greater airspace flexibility, improved resilience, contingency and business continuity, and common tools to manage air traffic. The establishment of a single flight information region, coupled with new service capability, will enhance overall network operations and translate to service improvements and efficiency gains for our customers.

With growth in capital city airports expected to continue over the next five years and beyond, capacity management of Australia's airspace and aviation infrastructure will become an increasing challenge. We also remain focused on delivering environmentally responsible services that appropriately manage aircraft emissions and noise while maintaining safety and efficiency.

The Board, together with Airservices management and staff, looks forward to delivering on this plan and continuing to create value for our customers in the years ahead.

A handwritten signature in black ink, appearing to read 'Angus Houston', is positioned above the printed name.

Air Chief Marshal Sir Angus Houston AK, AFC (Ret'd)  
**Chair**

# Our purpose

Our purpose is to provide safe, secure, efficient and environmentally responsible air navigation and aviation rescue fire fighting services that are valued by the aviation industry and community on behalf of our owner, the Australian Government.

We operate in accordance with the requirements of the *Air Services Act 1995* (the Act) and the *Public Governance, Performance and Accountability Act 2013* and in response to the Government's Statement of Expectations (Appendix A) issued as a notice of strategic direction to the Board of Airservices Australia under Section 17 of the Act.

A key legislative obligation under the *Air Services Act 1995* is to foster and promote civil aviation. In fulfilling this obligation in an ever changing operating environment, our service delivery must not become an operational or economic impediment to the growth of the aviation industry.

# Plan on a page

## PURPOSE

To provide safe, secure, efficient and environmentally responsible services that are valued by the aviation industry

## VISION

We are valued and recognised as an industry leader in the provision of safe and innovative services

We are a valued provider of effective and efficient aviation rescue fire fighting services

## STRATEGIC ENABLERS

1

OPERATING ENVIRONMENT

2

SERVICE ENHANCEMENTS

3

CAPABILITY

## ENTERPRISE INITIATIVES

1.1 Future Airspace Management

2.1 Customer-centric services

3.1 OneSKY

2.2 Airport Collaborative Decision-Making

3.2 People

2.3 Long Range Air Traffic Flow Management

## PERFORMANCE OUTCOMES



**Safe and secure**

Our most important consideration is always the safety of air navigation



**Valued and accountable**

We deliver services that are valued by our customers and are environmentally responsible



**Efficient and commercial**

We make customer-centric and commercially rigorous decisions and commit to continually improving the way we do business



**Innovative**

We embrace and invest in innovation to build the Airservices of tomorrow

## KEY PERFORMANCE INDICATORS

Significant attributable safety occurrences

Lost time injury frequency rate

Total cost per instrument flight rules (IFR) flight hour

Arrival airborne delay

Industry advocacy

Net Profit after tax

Return on assets

People engagement

Diversity and inclusion index





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EACH OF US  
HAS A STAKE  
IN DELIVERING  
THE BEST  
OUTCOMES FOR  
THE SAFETY  
AND EFFICIENCY  
OF THE ENTIRE  
NETWORK



# Outlook

We support our customers by providing safe and efficient services to over four million aircraft movements that carry more than 152 million passengers annually.

To ensure we continue to deliver these services in a way that continues to create value for our customers while maintaining and enhancing aviation safety, we monitor changes in our operating environment on an ongoing basis to inform our short and long-term planning.

Airservices plays a critical role in safely and efficiently managing the flow of air traffic in the aviation industry, which contributes around \$7 billion annually and employs approximately 58,900 people<sup>1</sup>.



## KEY INDICATORS OF FUTURE DEMAND

Domestic and international economic trends impact the volume of aviation travel and freight. Internationally, the ongoing European debt crisis, Brexit, and persistently low economic growth, along with ongoing economic reform in China, will continue to affect our business outlook. Domestically, there are counterbalancing forces at work. On the one hand, the fall in commodity prices and end of the mining boom have affected Australia's economic conditions with flow on effects to the aviation industry. On the other hand, the fall of the Australian dollar is likely to encourage growth in international visitors and promote greater domestic travel.

Leisure travel is the main driver behind growth in international air transport demand. Tourism Research Australia anticipates inbound markets will increase by 5.3 per cent per year to 2020–21 with Asian markets, led by China, driving growth. It is anticipated that by 2019–20, there will be a net 20.8 million short-term visitors in Australia including international arrivals and resident returns.<sup>2</sup> Capacity will need to grow to meet this increased demand.

Projected population growth will also spur increased demand for air transport services, with Australia's population set to grow from 24.1 million in 2016 to 30.5 million in 2031, an increase of 1.56 per cent a year.<sup>3</sup>

<sup>1</sup> Department of Infrastructure and Regional Development, 2016, *Trends: Transport and Australia's Development to 2040 and beyond*, p.45

<sup>2</sup> Tourism Research Australia, 2016, *State of the Industry 2016*, p.7, 18

<sup>3</sup> Infrastructure Australia, 2015, *Population estimates and projections, Australian infrastructure audit background paper*, p.6



## AIRPORT GROWTH

Long-term growth is expected to continue, with passenger movements across all Australian airports forecast to increase by 3.7 per cent a year to 2030–31. Sydney Airport, Australia's largest airport in terms of passenger and freight movements, is projected to experience passenger movement increases averaging 3.6 per cent a year in the next 20 years to reach 72.0 million in 2030–31.<sup>4</sup>

Western Sydney Airport will be the city's secondary airport and is expected to be operational by 2026. Initially the airport will operate from one runway with approximately five million passengers using it annually, growing to 10 million by the early 2030s.<sup>5</sup> It is anticipated that a second parallel runway will be required by 2050.

Australia's second largest airport by passenger movements, Melbourne Airport, is expected to increase its passenger movements by 3.9 per cent per year to 60.4 million in 2030–31. The airport is investing in significant infrastructure upgrades. By 2024, parallel runways will be in operation and the airport is expected to be operating at or close to capacity during the peak morning and evening periods.

Brisbane Airport passenger movements are projected to increase by 4.2 per cent every year to 45.1 million in 2030–31. By this time, parallel runways will be operating at Brisbane with the airport expected to be operating at or close to capacity during the peak morning and evening periods. Its neighbour, Gold Coast Airport, is projecting 4.4 per cent annual growth to 13.1 million movements in 2030–31.

In the west, Perth Airport is forecast to handle over 25.7 million passengers a year by 2030–31 with projected annual growth of 4.4 per cent.<sup>6</sup> The airport's third runway is due to be finished within the next decade.



## TECHNOLOGY

Our ongoing business transformation demands continual improvements in our safety, compliance and value, enabled by the latest technological advancements. Major disruptions due to rapid changes in technology have the potential to impact the aviation industry, particularly:

- **The Internet of Things**—The ever increasing pervasiveness of technology into our everyday lives, through the inter-networking of devices, vehicles, and

<sup>4</sup> BITRE, 2012, *Air passenger movements through capital and non-capital city airports to 2030–31*, p.v, 24

<sup>5</sup> Department of Infrastructure and Regional Development, 2016, *An airport for Western Sydney: building Western Sydney's future*

<sup>6</sup> BITRE, 2012, *Air passenger movements through capital and non-capital city airports to 2030–31*, p.4–7

infrastructure, has enabled companies to collect and exchange data, accessible anytime and anywhere, on a scale not previously seen.

- **Big data, machine learning and real-time analytics**—Air traffic management is being transformed by the accelerated progression from directive and instruction-based service provision to collaborative, system-wide information-based services. The increasing ability to analyse large data sources in real-time, coupled with machine learning, is driving new capabilities that have the potential to revolutionise the way we interact with our customers.
- **New business ecosystems**—The combination of emerging technologies and non-traditional providers has created new entrants in the aviation environment, with companies challenging conventional business models. This could extend to remotely piloted aircraft systems (RPAS) as well as other players in the air transportation value chain.
- **Cyber security threats**—A greater reliance on computer systems has resulted in a continuous increase in the frequency and sophistication of cyber attacks, requiring increased vigilance. In operating environments highly reliant on information access and sharing, constant monitoring and rapid response is needed to ensure we maintain integrity and reliability.



## REDUCED EMISSIONS

In 2010 the International Civil Aviation Organization (ICAO) adopted the following goals for aviation:

- A global annual average fuel efficiency improvement of two per cent until 2020, and an aspirational global fuel efficiency improvement rate of two per cent a year from 2021 to 2050
- A collective medium-term global aspirational goal to keep the global net carbon emissions from international aviation at the same level from 2020.

Realising these goals requires a whole-of-industry approach to improve and leverage aircraft technology and aviation infrastructure, as well as to deliver more efficient aircraft operations.

# Strategic enablers and enterprise initiatives

To ensure our organisation is well positioned to continue to foster and promote civil aviation, in 2016–17 we transformed our business through the Accelerate Program, laying the foundations for an organisation that is more responsive and efficient, and in a sustainable way can continue to:

- build an accountable performance culture
- deliver on our promises
- invest in the right people, infrastructure and technology and achieve an appropriate return on these investments.

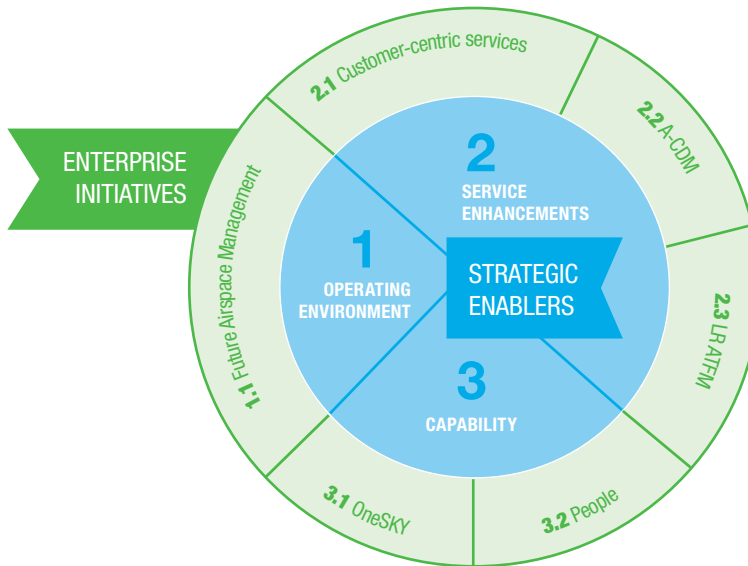
Underpinning the above are our values, which define our behaviours as we work together. In light of the changes to our organisation last year, we are committed to updating our values in 2017–18 to reflect who we are today. We will also continue to improve our performance to deliver value to our customers. To do this, we will focus our efforts on:

- investing in our current and future workforce capability and embedding new ways of working with less bureaucracy and more accountability
- using automation to unlock value in business processes, and enabling differentiating capabilities using information-based services to ensure ongoing relevance to the aviation industry.

This Corporate Plan covers the period 2017–18 to 2021–22. The enterprise initiatives identified in this section are multi-year initiatives with work in the outer years informed and determined by the successful implementation of key deliverables in 2017–18.

To ensure stakeholders have a better understanding and visibility of our performance, this plan focuses on key deliverables under each enterprise initiative over the next 12 months. These enterprise initiatives are reviewed each year as the Plan is updated. They are linked to our performance outcomes, support our purpose and have been categorised into one of three strategic enablers:

- Operating environment
- Service enhancements
- Capability



Building on the foundations from 2016–17, the enterprise initiatives over the period covered by this plan continue to focus on:

- future airspace management
- customer-centric services
- Airport Collaborative Decision-Making (A-CDM)
- Long Range Air Traffic Flow Management (LR ATFM)
- building capability by investing in our people; and
- the OneSKY program.

The underlying theme in delivering these initiatives is cross-industry and cross-agency collaboration. We continue to engage with the Department of Infrastructure and Regional Development, the Civil Aviation Safety Authority (CASA) and the Department of Defence to enhance cooperation and coordination on aviation safety, capacity, efficiency and environmental issues. This coordinated approach informs aviation policy direction, regulatory reform and technology advancements.



# 1

## Operating environment

The Australian aviation industry faces significant demands that present multiple challenges and opportunities to the management of air traffic in the foreseeable future. A carefully considered and well-planned approach is required to provide safe, secure, efficient and environmentally sound services. We must balance the challenges of traffic growth, technological advances, customer expectations, environmental considerations, and global air traffic management (ATM) developments.

In preparing for the marked air traffic growth over the next decade, a substantial number of major infrastructure projects have commenced at airports in the Australian operating environment. While considerable capacity enhancements will be delivered through infrastructure development, capacity alone will not achieve the required outcomes to support our regional growth profile. “Doing more” must be complemented by “doing differently” to ensure successful growth profile management.

The enterprise initiative of Future Airspace Management will provide the framework for an enhanced ATM operating environment and ensure that the needs of airports, airlines, the community and the environment are balanced to meet the challenges of growth in aviation. This initiative will provide value to our customers by helping to address the growing need for Australia to embark on a redesign of the manner in which aircraft arrive and depart in terminal airspace and the way they interconnect between busy city pairs as well as other regional and remote locations.

# 1.1 Future Airspace Management

## Enterprise Initiative

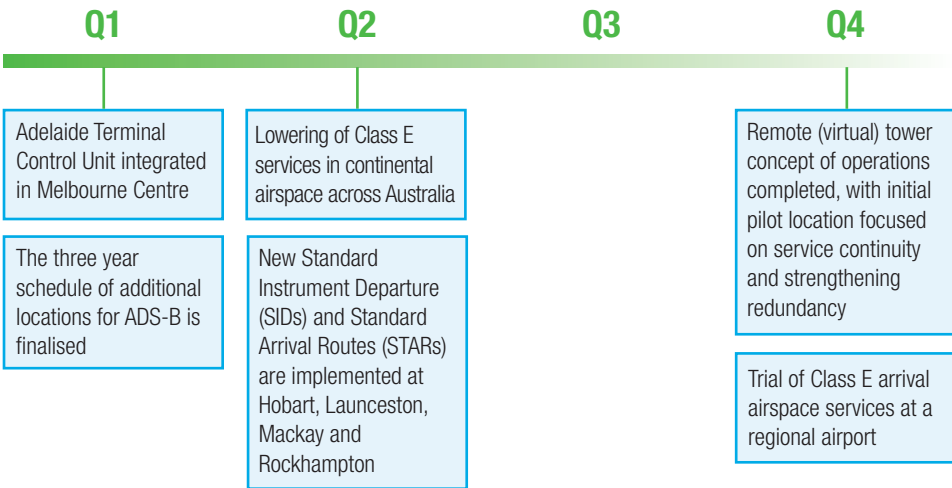
Future Airspace Management premised upon future airspace system concepts will safely and efficiently accommodate forecast traffic growth.

Over the next several years, a number of significant airport development projects will be undertaken, including the proposed implementation of parallel runways at Brisbane (2020), Melbourne (by 2022) and Perth (forecast mid 2020s) and a second airport in the Sydney basin (2026). Construction for the new parallel runway has commenced at Brisbane Airport. These projects will change how air traffic will be managed in Australia. In addition, we will also identify and introduce further safety enhancements that leverage the recent Automatic Dependent Surveillance-Broadcast (ADS-B) mandate.

The initial suite of airspace management concept documents is complete and the focus now is the development of targeted plans for specific operating environments which create value for our customers.

As per the Statement of Expectations, Airservices will work with the Department of Infrastructure and Regional Development, the Civil Aviation Safety Authority (CASA) and the Department of Defence in developing options for enhancing the level of safety and efficiency of controlled airspace, including at major regional airports.

## Deliverables 2017–18



## Performance measurement and assessment

This initiative contributes to the performance outcomes of 'safe and secure' and 'valued and accountable' by implementing enhancements to the way we manage air traffic.

The success of this initiative will be measured on the completion of the above deliverables in accordance with established budget and schedule milestones and on their contribution to achieving our key performance indicators.



# 2

## Service enhancements

The shift to a continually evolving data environment, surrounded by a high-tech global economy, has changed the value proposition that air navigation service providers must deliver to meet the primary obligation of ensuring safe and efficient air traffic management. Against a backdrop of continued growth in air travel and unprecedented investment in aviation infrastructure, we must enhance the services we deliver by harnessing data and information in a way that creates value for our customers.

We recognise that for our customers, value lies in the power of easily accessible real-time information. Exchanging information in real time and collaborating with all key stakeholders across the value chain is critical to balancing air traffic demand and capacity and delivering more fuel-efficient services to airspace users. This strategic enabler leverages data through System Wide Information Management (SWIM) to improve efficiency for our customers by improving the predictability of events from gate-to-gate, thus reducing delays, enhancing fuel savings and improving predictability across the entire network, while optimising resources and infrastructure.

Through Airport Collaborative Decision-Making (A-CDM) we are integrating ground-based elements into the overall network management process. Our major customers experience A-CDM through operations in other markets and have identified this capability as a top priority to optimise ground operations during peak periods. Complementing our work on A-CDM, Long Range Air Traffic Flow Management (LR ATFM) enables us to balance air traffic demand and capacity and will assist us in delivering new, more fuel-efficient services to airspace users.

We will also work to provide safe and efficient ARFFS at capital city and major regional locations.

A composite image featuring an air traffic control tower in the foreground and an airplane on a runway in the background. The text is overlaid on a white rectangular area in the upper right.

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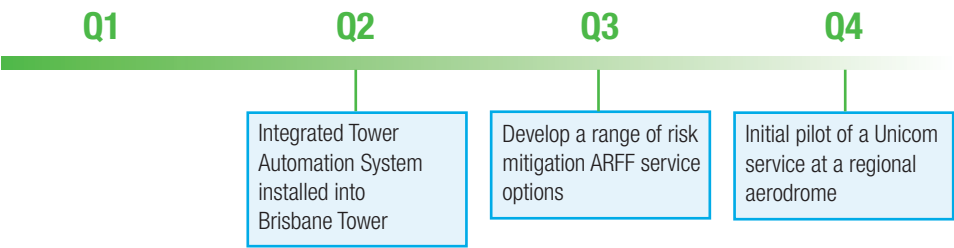
WE HAVE  
ESTABLISHED  
THE CRITICAL  
FOUNDATIONS  
TO ENABLE  
SUCCESSFUL  
LONG-TERM  
TRANSFORMATION

## 2.1 Customer-centric services

### Enterprise Initiative

This initiative provides for an ‘integrated services model’ between air traffic management (ATM) and aviation rescue fire fighting (ARFF) services which aims to foster civil aviation growth and support local economies through the continuous improvement of regional services. The initial step is to develop risk mitigation service options which will inform next steps post 2017–18.

### Deliverables 2017–18



### Performance measurement and assessment

This initiative contributes to the performance outcomes of ‘efficient and commercial’ and ‘innovative’.

The success of this initiative will be measured on the completion of the above deliverables in a timely manner and its contribution to the outlined performance outcomes and against the relevant Airservices key performance indicator.





## 2.2 Airport collaborative decision-making (A-CDM)

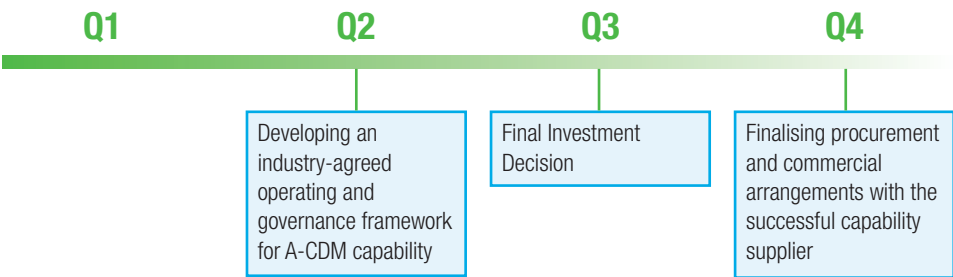
### Enterprise Initiative

A-CDM is a cross-industry initiative that requires active participation from airports, airlines and Airservices. We will work with the cross-industry A-CDM group to implement an operating and governance framework that will outline how A-CDM will be governed and managed by the various industry participants.

A cost benefit analysis conducted by Deloitte in 2015 indicated that A-CDM would provide savings to airlines alone in net present value terms of \$76 million over a ten year period due to reduced operating costs.

While these benefits will only be realised once the capability has been fully implemented, financial year 2017–18 will see significant progress toward the introduction of this capability.

### Deliverables 2017–18



### Performance measurement and assessment

This initiative aims to contribute to the performance outcomes of ‘efficient and commercial’ and ‘safe and secure’ by resulting in improved operational efficiency at airports by reducing delay, improving the predictability of events during the progress of a flight, and optimising the utilisation of resources and infrastructure.

The success of this initiative will be measured on the successful implementation of a A-CDM operating and governance framework and a contract being in place with the successful capability supplier.

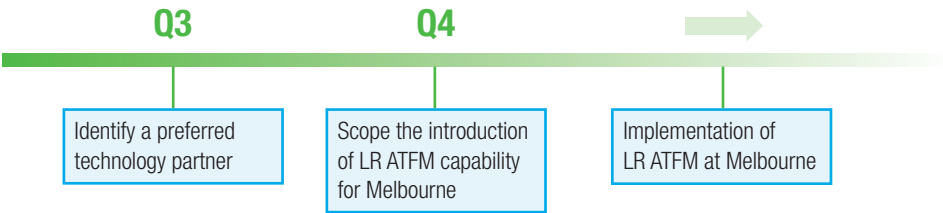


## 2.3 Long range air traffic flow management (LR ATFM)

### Enterprise Initiative

We have developed a concept of operations and a test platform to simulate the LR ATFM process. The implementation of the concept is planned for Melbourne as the launch airport with a target implementation of 2018–19. LR ATFM shifts some or all of the required airborne delay for long range flights from the arrival phase of flight to the enroute phase, resulting in less fuel burn and improved predictability of arrival flows into our major airports.

### Deliverables 2017–18



### Performance measurement and assessment

This initiative will contribute to the performance outcomes of 'valued and accountable' and 'efficient and commercial' with significant savings in fuel burn and emissions and contribution to the relevant key performance indicator.

The success of this initiative will be measured on the completion of the above deliverables in a timely manner and its contribution to the outlined performance outcomes.





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TO ENSURE  
SUCCESS,  
WE FOCUS  
ON AGILE,  
EFFICIENT AND  
SUSTAINABLE  
WAYS OF  
WORKING

# 3

## Capability

Our delivery of safe, secure, efficient and environmentally responsible services to the aviation industry is dependent on our key capabilities. To ensure we are able to deliver our services now and into the future, we will continue to focus on agile, efficient and sustainable ways of working which enable investment and successful delivery of new and improved capabilities.

Our challenge over the next 20 years and beyond will be addressing the network-wide increase in demand for information-based air navigation services. In addition, the OneSKY Program (OneSKY) is expected to deliver a generational step-change in Australian air navigation capability, requiring a holistic transformation of our organisation, people, systems, processes and services.

The purpose of this strategic enabler is to ensure we meet these challenges head-on and create an agile and sustainable organisation over the long term. Through the *Airservices Workforce Strategy 2015–2035* we will continue to ensure that we have the people capability to deliver on our primary role and create value for our customers. The strategy articulates the required attributes and characteristics of our future workforce and allows us to plan purposefully for the future.

The enterprise initiative of OneSKY is a critical enabler for the transformation of national ATM and we are working with Defence to deliver a harmonised civil and military air traffic management system (CMATS). The progression of OneSKY and its key dependent projects will remain a focal point for 2017–18 and beyond.

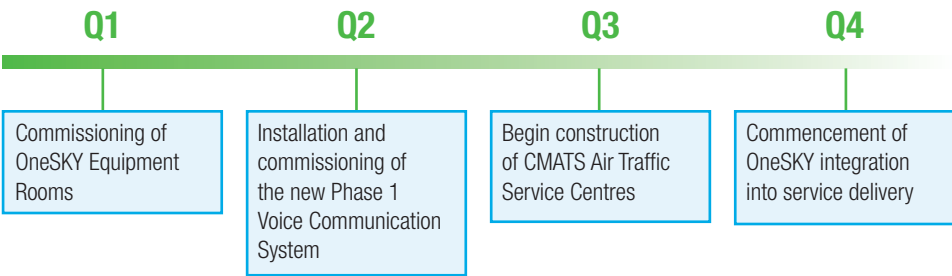
### 3.1 OneSKY

#### Enterprise Initiative

The delivery of OneSKY remains a critical priority, as it underpins our future harmonised Australian air traffic management services and systems. Delivering the new CMATS and supporting capability, in 2017–18 the OneSKY Program will focus on detailed planning for the new system and ensuring business readiness for its implementation.

This year will see the delivery of the first benefits, with the introduction of the new Voice Communication System, and commencement of major infrastructure works ahead of the implementation of CMATS at our major air traffic centres. Additionally, and importantly, the plan for the installation of CMATS in the Sydney basin will be finalised.

#### Deliverables 2017–18



#### Performance measurement and assessment

This initiative will contribute to the performance outcomes of 'safe and secure' and 'efficient and commercial' and measured against the relevant Airservices key performance indicators to ensure business readiness for the delivery of a harmonised CMATS.

The success of this initiative will be measured on the completion of the above deliverables against agreed schedule and budget milestones.



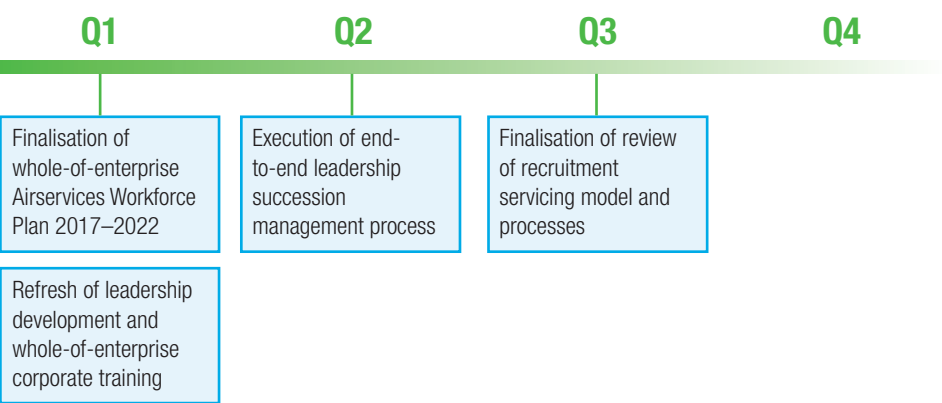


### 3.2 People

#### Enterprise Initiative

Our people play a pivotal role in our drive for safety, value, efficiency and innovation. Over 2016–17 we successfully transitioned to a new, simpler operating model based on customer needs, with less bureaucracy and more accountability. Our focus is now on sustaining and improving our organisational performance. Our strategic workforce planning process will provide a mechanism for continually evaluating the alignment of our operating model with business strategy, and identifying and mitigating any future state capability gaps. Our Enterprise Workforce Plan will ensure that we invest in our current and future workforce capability to ensure we have the right people with the right skills to deliver on our service objectives. We will source our talent through efficient processes that are aligned to business outcomes. We will also continue to embed a leadership culture where we are held to account for delivering on our objectives and optimising employee performance.

#### Deliverables 2017–18



#### Performance measurement and assessment

This initiative will contribute to the performance outcomes of being ‘innovative’ and ‘valued and accountable’ supporting our leaders with fit-for-purpose and transparent people systems and processes that drive accountability and will also assist in the identification and development of leadership talent.

The success of this initiative will be measured on the completion of the above deliverables in a timely manner and its contribution to the outlined performance outcomes and against the relevant Aircservices key performance indicators.



# Performance

Our strategic performance outcomes support, inform and drive our decision-making. This will ensure we continue to work towards being recognised as an industry leader and a valued service provider.

Through the decisions we make, we ensure we are:

- **safe and secure**—our most important consideration is always the safety of air navigation
- **valued and accountable**—we deliver services that are valued by our customers and are environmentally responsible
- **efficient and commercial**—we make customer-centric and commercially rigorous decisions and commit to continually improving the way we do business
- **innovative**—we embrace and invest in innovation to build the Airservices of tomorrow.

We have worked with our customers to refine the way we measure performance and to ensure a clear customer-centric focus on what represents value.

Our overall organisational performance is monitored and managed through our corporate plan key performance indicators (KPIs) as outlined in Table 1.

At the highest level our performance is focused on nine enterprise-wide KPIs. These measures are cascaded through the organisation to focus us and our resources on our purpose and vision.

The performance level of our service delivery is also agreed with, and reported to, our customers through the Airservices Services Charter which is available on our website [www.airservicesaustralia.com](http://www.airservicesaustralia.com).

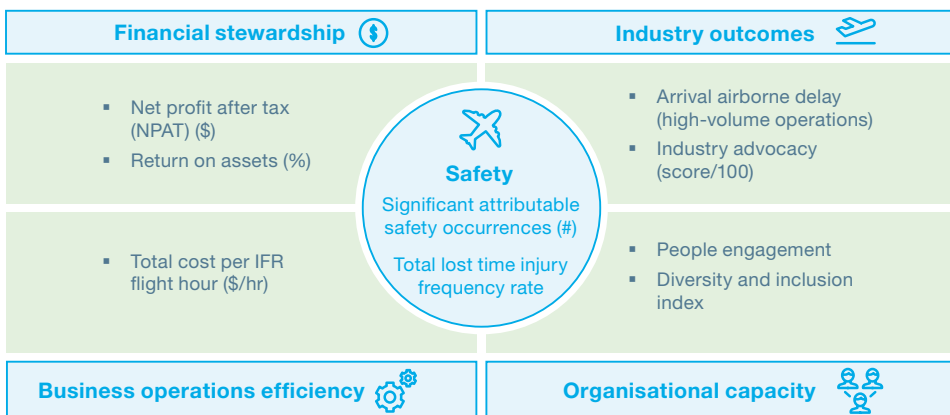


Table 1: Corporate Plan 2017-18 KPIs

Safety KPIs	Target/ trend 2017-18	Target/ trend 2018-19	Target/ trend 2019-20	Target/ trend 2020-21	Target/ trend 2021-22
<b>Significant Attributable Safety Occurrences</b>					
Air Navigation Services: A significant ANS attributable safety occurrence is any loss of separation (LoS) or runway incursion occurrence where the Risk Assessment Tool score is Category A.	0	0	0	0	0
Aviation Rescue Fire Fighting Services: Any occurrence in which the response to an aircraft incident to the end of each runway did not meet the regulated response time directive of three minutes.	0	0	0	0	0
<b>Lost time injury frequency rate (LTIFR) <sup>7</sup></b>					
Lost time injury is defined as an occurrence that resulted in time lost from work of one day/shift or more, permanent disability or fatality.	3.5	2.5	1.5	<1	<1
Financial stewardship KPIs	Target/ trend 2017-18	Target/ trend 2018-19	Target/ trend 2019-20	Target/ trend 2020-21	Target/ trend 2021-22
<b>NPAT <sup>8</sup></b>					
Net Profit After Tax (\$ million).	59.2	66.6	64.0	64.3	65.5
<b>Return on assets (RoA)</b>					
Airservices annual earnings as a percentage of Airservices assets.	6.5%	6.5%	6.0%	5.9%	5.9%

<sup>7</sup> LTIFR is the number of lost time injuries within a given accounting period to per million hours worked in the same accounting period.

<sup>8</sup> As outlined in the Five-year corporate financial plan.

Business operations/ efficiency KPIs	Target/ trend 2017–18	Target/ trend 2018–19	Target/ trend 2019–20	Target/ trend 2020–21	Target/ trend 2021–22
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### Productivity

Total operating cost per instrument flight rules (IFR) flight hour (\$/hour).

Downward trend in real terms

Industry outcomes KPIs	Target/ trend 2017–18	Target/ trend 2018–19	Target/ trend 2019–20	Target/ trend 2020–21	Target/ trend 2021–22
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### Arrival airborne delay (high-volume operations)

The median (and 75th percentile) excess time incurred during the arrival airborne phase of flight in reference to the estimated time of arrival for high-volume operations.

Median 0.6 0.6 0.6 0.6 0.6

(High-volume operating environments defined as Brisbane, Melbourne, Perth and Sydney).

75th Percentile 3.5 3.4 3.3 3.2 3.1

### Industry advocacy score

Measures our customer advocacy as determined by the net promoter score.

-39 -20 -20 -20 -20

Organisational capacity KPIs	Target/ trend 2017–18	Target/ trend 2018–19	Target/ trend 2019–20	Target/ trend 2020–21	Target/ trend 2021–22
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### People engagement survey—values focused

Engagement score expressed as a percentage of satisfaction and specific values-related results.

75th percentile 75th percentile 75th percentile 75th percentile 75th percentile

### Diversity and inclusion index

Index expressed as a percentage of the extent to which employees feel that the work environment is inclusive of all employees and supportive of diversity in the workplace.

35th percentile 40th percentile 45th percentile 50th percentile 55th percentile



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OUR NEW  
OPERATING  
MODEL ENSURES  
OUR PEOPLE  
AND PROCESSES  
SUPPORT  
CUSTOMER-  
CENTRIC SERVICE  
DELIVERY



## Mapping key performance indicators to our performance outcomes

	Performance outcomes			
	Safe and Secure	Valued and Accountable	Efficient and Commercial	Innovative
<b>KPIs</b>	Our most important consideration is always the safety of service delivery	We deliver services that are valued by our customers and are environmentally responsible	We make customer-centric and commercially rigorous decisions and commit to continually improving the way we do business	We embrace and invest in innovation to build the Airservices of tomorrow
Significant attributable safety occurrences	✓			
Lost Time Injury Frequency Rate	✓			
Net Profit after tax		✓	✓	
Return on assets		✓	✓	
Total cost per IFR flight hour		✓	✓	
Arrival airborne delay		✓		✓
People engagement				✓
Diversity and inclusion index				✓
Industry Advocacy	✓	✓	✓	✓

# Five-year corporate financial plan

This five-year financial plan builds on the financial outcomes established through our transformation during 2016–17 and supports the delivery of our enterprise initiatives.

The plan embeds the cost savings delivered through our new operating model, enables real price reductions of around 10 per cent to be delivered to industry over the next five years, and funds key investment programs to deliver important safety and service improvements.

Updates to the plan have been incorporated to reflect the latest economic outlook and airways traffic projections. Our forward capital investment program, which remains focused on key safety and service improvements such as the delivery of the OneSKY Program, has been updated in accordance with the current investment delivery schedules.

## PRICING

We set our prices with our customers for core airways services under Long Term Pricing Agreements (LTPA).

Under the provisions of the Competition and Consumer Act 2010 any increase in prices must be notified to the Australian Competition and Consumer Commission (ACCC) for its review.

We established the current LTPA in October 2011. It allowed us to recover all reasonably incurred costs (including a return on capital employed) relating to the delivery of our services and it has provided price certainty for our customers over the last five years.

Today our prices are the same as they were in July 2015. Reflecting the delivery of a more efficient operating cost base through our new operating model, this plan maintains weighted average prices at existing rates, delivering our customers real price decreases and improved service value through to 2021–22.

## OPERATING PERFORMANCE

The five-year operating and performance projections are provided in Table 2. These financial outcomes are driven by the improvements that have been achieved in our underlying cost base through the implementation of more efficient business structures, asset management and project delivery practices, and business support processes.

Return on assets (RoA) and net profit after tax (NPAT) are forecast at an average of six per cent and \$64 million per year respectively. These returns are in line with price regulatory benchmark rates.

As a result of strong international services, 2016–17 provided an uplift in aviation revenues. Over the same period the performance of the domestic sector remained static, particularly across regional services.

In the near term these domestic market trends are projected to persist. Whilst international services will continue to grow on the back of the ongoing expansion of the Asian market, this is expected to slow and return to normal levels over the period of the plan. On this basis traffic is projected to grow at an average of two per cent per annum over the next five years. With no planned increases in weighted average prices, revenues are planned to grow at the same rate.

Expenditure projections reflect the improvements that have been achieved over the last 18 months in our underlying cost base. In the middle planning years some expenditure growth is planned for transition and capability readiness activities, and overlapping support for old and new systems which is required as part of the implementation of the new ATM system. Forecast depreciation cost increases reflect growth in capital expenditure, primarily driven by OneSKY investment.

Table 2: Five-year operating and performance projections

Description	2016-17 Forecast (\$ million)	2017-18 Plan (\$ million)	2018-19 Plan (\$ million)	2019-20 Plan (\$ million)	2020-21 Plan (\$ million)	2021-22 Plan (\$ million)
Airways revenue	1043.2	1064.1	1085.4	1107.1	1129.2	1151.8
Other revenue	28.4	28.6	28.8	29.0	29.3	29.5
Total revenue	1071.6	1092.7	1114.2	1136.1	1158.5	1181.3
Staff costs	678.8	640.8	650.1	662.6	673.7	686.9
Supplier costs	181.7	198.1	200.7	210.1	218.3	223.4
Depreciation	146.2	147.4	149.2	150.3	150.8	152.0
Total expenses before interest and tax	1006.7	986.3	1000.0	1023.0	1042.8	1062.3
<b>Performance</b>						
Earnings Before Interest & Tax (EBIT)	59.8	103.4	111.1	110.2	112.6	116.0
EBIT/revenue	5.6%	9.5%	10.0%	9.7%	9.7%	9.8%
Return on assets	4.0%	6.5%	6.5%	6.0%	5.9%	5.9%
Net profit after tax	24.5	59.2	66.6	64.0	64.3	65.5
Return on equity after tax	4.6%	10.3%	10.7%	9.6%	9.0%	8.6%
Gearing*	52.8%	50.2%	50.7%	50.8%	49.8%	47.4%
<b>Returns</b>						
Dividends**	-	8.9	18.9	19.6	19.2	19.5

\* Gearing = (net debt + non trading liabilities) / (net debt + non trading liabilities + shareholders' equity)

\*\* Dividends are shown as a cash flow in the financial year they are paid, with an interim dividend paid during the financial year and the final dividend paid in the following financial year

## CAPITAL EXPENDITURE

The five-year capital investment projections are provided in Table 3. This investment profile incorporates some re-phasing of expenditure across the planning years with total investment levels estimated at just over \$1.1 billion over the next five years.

Capital expenditure continues to be driven by OneSKY activities and associated enabling projects, as well as key service improvement projects agreed with customers to deliver tangible benefits. Over the five-year planning period, OneSKY and its enabling projects account for \$652 million, or 61 per cent, of the total spend.

The remainder comprises \$421 million of investment to improve services and sustain current infrastructure as well as to support new runway operations at Brisbane, Melbourne, and Perth.

**Table 3: Five-year capital investment projections**

Description	2017–18 Plan (\$ million)	2018–19 Plan (\$ million)	2019–20 Plan (\$ million)	2020–21 Plan (\$ million)	2021–22 Plan (\$ million)	TOTAL 5 Years (\$ million)
ANS investment	165.6	241.2	201.4	179.9	148.4	936.7
ARFFS investment	15.8	13.7	22.7	17.7	13.6	83.4
IMT and corporate investment	13.6	13.6	11.5	9.0	4.7	52.4
Total Programme	195.0	268.6	235.6	206.6	166.8	1072.5

## RETURNS, DIVIDENDS AND GEARING

The five-year returns, dividends and gearing projections are provided in Table 2. Over the term of the plan:

- earnings before interest and tax will average \$111 million a year
- returns over revenue are forecast at an average annual rate of ten per cent.

With capital expenditure funding requirements remaining high, this plan maintains current dividend payout ratios at 30 per cent of net profit after tax. This is projected to return an average of \$17 million in dividends each year.

Through sustained levels of profitability, dividend planning and management of capital expenditure funding, gearing is projected to remain within target levels and average 50 per cent per annum over the term of the plan.

# Risk oversight and management

## CREATING A POSITIVE RISK CULTURE

We are committed to developing and promoting a culture of active risk management supported by transparent and robust governance oversight. The Board's risk appetite statement supports effective risk management, decision-making processes and anticipation of risk. This assists us to meet our obligations under section 16 of the *Public Governance, Performance and Accountability Act 2013* and the Commonwealth Risk Management Policy.

## OUR RISK ENVIRONMENT

We perform an integral role in the Australian aviation industry and operate in an inherently complex environment. Our external risk considerations include our regulatory environment, technological advancements, changes to the domestic and international economic environment, and our role in the broader commercial aviation industry.

While risk management does not prevent adverse events from occurring, it assists us in proactively identifying and treating risk across our business and operating environment. This helps to minimise vulnerabilities and allows us to pursue new opportunities in a safe manner.

Risks identified in the 2017–18 enterprise risk management plan cover:

- strategic risks, such as customer value, geopolitical uncertainties, technological disruption, safety and security;
- transitional risks, including delivery of the Civil-Military Air Traffic System (CMATS) and Airservices Investment Program, and on-going management of Per and Poly Alkyl substances contamination; and
- business risks, including ANS and ARFFS service delivery, as well as compliance with Work Health and Safety (WHS), environment and financial obligations.

## OUR APPROACH TO MANAGING RISK

In order to provide safe, secure, efficient and environmentally responsible services, our staff may, at times, have to make difficult decisions. We expect our staff to proactively manage risk and support them in making informed, evidence-based decisions that adhere to policy and operational guidelines.

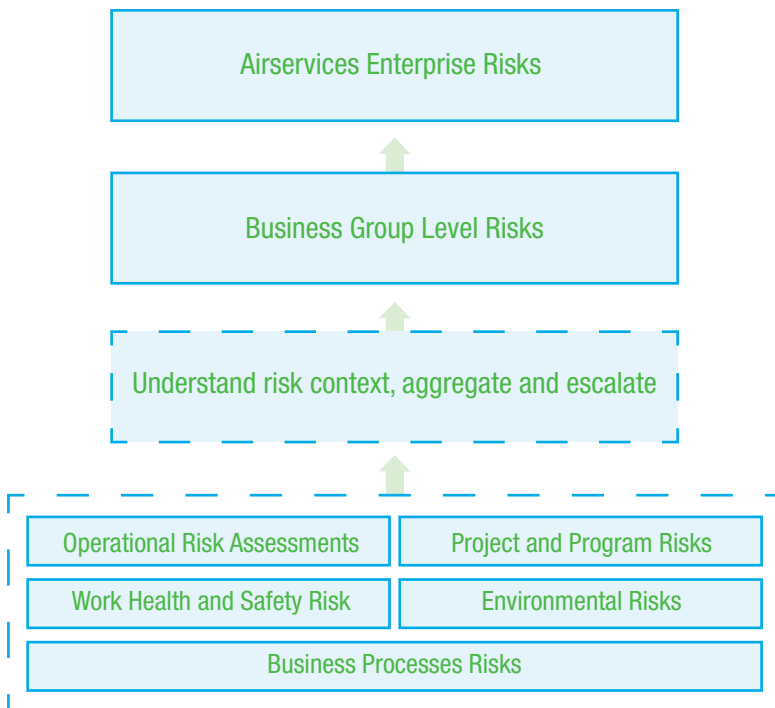


A key aspect of our risk management framework is to identify and effectively manage our enterprise risks and key controls. Airservices Enterprise Risk Management framework comprises three layers of risk management activities:

1. Enterprise level—risks which may impact Airservices achieving its objectives
2. Group level—risks which may impact business groups achieving their objectives
3. Organisational processes—application of risk assessment and management techniques in organisational systems and processes

Each enterprise risk is assigned to an Executive General Manager for management. Broader oversight across these risks is undertaken by the Chief Executive Officer (CEO), Executive, Board Audit and Risk Committee and the Board. Managing these risks effectively assists our senior leaders in making strategic decisions on major threats and opportunities in an open and transparent way.

#### Airservices Enterprise Risk Management Framework



# Appendix A: The Board's Statement of Intent

## Statement of Expectations

## Statement of Intent

### Overview

This instrument is known as the Statement of Expectations for the Board of Airservices Australia for the Period 22 May 2017 to 30 June 2019.

This instrument commences on 22 May 2017 and expires at the end of 30 June 2019 as if it had been repealed by another instrument. This instrument repeals the previous *Statement of Expectations for the Board of Airservices Australia for the period 1 July 2013 to 30 June 2015* and the *Statement of Expectations for the Board of Airservices Australia for the period 1 July 2015 to 30 June 2017*.

This instrument puts in place a new Statement of Expectations (SOE) which serves as a notice to the Board of Airservices Australia (Airservices) under section 17 of the *Air Services Act 1995* (the Act).

The new SOE outlines in a formal and public way, the Government's expectations concerning the operations and performance of Airservices.

The Airservices Board's Statement of Intent as outlined in this section responds to each element of the Statement of Expectations\* (22 May 2017 to 30 June 2019) and states our formal commitment to meeting our Minister's expectations.

In addition, this Corporate Plan supports our Statement of Intent in response to the Statement of Expectations.

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\* <https://www.legislation.gov.au/Details/F2017L00526>

Statement of Expectations	Statement of Intent
<h3>Governance</h3> <p>Airservices should perform its functions in accordance with the Act, which requires that Airservices must regard the safety of air navigation as the most important consideration.</p> <p>Airservices shall also perform its functions in accordance with the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) as well as other relevant legislation.</p> <p>Airservices should maintain high standards of professionalism, service, probity, reporting, accountability and transparency, consistent with the provisions of the PGPA Act and have a code of conduct and values consistent with excellence in the public sector.</p> <p>I expect that the Board and the Chief Executive Officer will work together to enable Airservices to operate as a world leading Air Traffic Control and Aviation Rescue and Fire Fighting Service (ARFFS) provider, backed by the requisite facilities and skilled workforce.</p> <p>I also expect the Board to ensure Airservices has the necessary resources and capabilities in place to effectively assist in the delivery of the key aviation initiatives outlined below.</p>	<p>Airservices will continue to perform its functions of providing safe, secure, efficient and environmentally responsible services that are valued by the aviation industry on behalf of our owner, the Australian Government. In performing these functions, we will continue to adhere to our values and code of conduct, which assist us to maintain high standards of professionalism, customer service, probity, reporting, accountability and transparency.</p> <p>The Board will make decisions consistent with its responsibilities under the <i>Air Services Act 1995</i> relating to the objectives, strategies and policies to be followed by Airservices, ensuring that we perform our functions in a proper, efficient and effective manner. The Board will continue to work closely with the Chief Executive Officer to ensure that Airservices has the resources and capabilities needed to deliver world class aviation services to its customers and the community. Our 2015–2035 Workforce Strategy will ensure that we continue to invest in our workforce capability to provide an appropriately skilled workforce to deliver on our service objectives.</p>

## Statement of Expectations

## Statement of Intent

## Key Aviation Initiatives

I expect Airservices, in conducting its service provision and related roles, to:

- a. complete the safe and effective implementation of its recent organisational change program, known as the Accelerate Program (noting the Program is scheduled for completion on 30 June 2017) and undertake a post implementation review of the Program by 30 December 2017;

Airservices will complete of the Accelerate Program by 30 June 2017. A post implementation review will be completed by 30 December 2017.

- b. progress implementation of a new national air traffic system under the OneSKY project including Government endorsed harmonisation initiatives with the Department of Defence (Defence);

A harmonised civil military air traffic management system, delivered via the OneSKY Program, remains a critical priority for Airservices and we will continue to work closely with the Department of Defence.

- c. cooperate fully with the Civil Aviation Safety Authority (CASA) in their safety regulatory oversight of the OneSKY project;

Airservices will continue to work very closely with CASA in relation to its role as safety regulator for civil air operations in Australia, including on key initiatives such as the OneSKY Program. We will do this by proactively engaging CASA through well-established mechanisms and sharing information in an open and transparent manner.

- d. work with the Department of Infrastructure and Regional Development (Department), CASA and Defence in providing advice on options for enhancing the level of safety and efficiency of Australian controlled airspace including at major regional airports;

As part of Airservices ongoing focus to improve the provision of safe and innovative services for industry, we will actively focus on identifying and supporting opportunities to enhance the level of safety and efficiency of controlled airspace in Australia, engaging with industry and working collaboratively with Government agencies through the Aviation Policy Group and other forums. We will take advantage of new technologies such as ADS-B and identify opportunities to increase the use of Class E airspace in Australia.

- e. work with the Department and CASA in the implementation of the agreed recommendations arising out of the ARFFS regulatory policy review;

Airservices supports proposed changes for the provision of ARFFS that shifts the current prescriptive regulatory framework to a more risk- and outcomes-based approach. Airservices is actively supporting the Department as it progresses this work and will continue to do so, so that it can harness the service delivery and efficiency benefits that the reforms will enable.

- f. work with the Department and CASA in modernising airspace protection policy;

Airservices will continue to contribute to and support initiatives that reduce risk to aircraft operations. We will work cooperatively with the Department, CASA, other Government agencies and industry to consider and implement proposals contained in the Department's *Airspace Protection Paper* which seeks to modernise airspace protection regulation and identify non-regulatory measures to enhance the safety of aircraft operations.

Statement of Expectations	Statement of Intent
g. assist in implementing the Government's environmental initiatives including:	
<ul style="list-style-type: none"> <li>– supporting the ongoing role of the independent Aircraft Noise Ombudsman (ANO) and implementation of agreed recommendations made by the ANO;</li> </ul>	<p>We will continue to support the role of the ANO by:</p> <ul style="list-style-type: none"> <li>▪ maintaining an independent ANO office</li> <li>▪ engaging regularly with the ANO and staff</li> <li>▪ implementing agreed recommendations made by the ANO</li> <li>▪ effectively managing noise complaints through the Noise Complaints Information Service (NCIS).</li> </ul>
<ul style="list-style-type: none"> <li>– appropriate resourcing of the Noise Complaints and Information Service to continue to improve the flow and quality of information to noise affected communities;</li> </ul>	<p>The NCIS provides valuable information services to the community and the ANO. We will continue to appropriately resource the NCIS to ensure that it provides this service to a high standard.</p>
<ul style="list-style-type: none"> <li>– the ongoing commitment to the Sydney Airport Long Term Operating Plan as required by Legislative Instrument F2009BOO158;</li> </ul>	<p>Airservices is committed to the 1997 Ministerial Direction relating to the Sydney Long Term Operating Plan to the maximum extent practicable to ensure the safe and efficient operation of Sydney Airport.</p>
<ul style="list-style-type: none"> <li>– working with the Department and industry on issues related to environmental contamination, including per- and poly-fluoroalkyl substances (PFAS), where it is a result of Airservices operations;</li> </ul>	<p>Airservices will continue to implement our national PFAS management program, including site investigations, in response to Airservices and other organisations' historical use of aviation fire fighting foams containing these chemicals. Airservices will also continue to work closely with Government agencies in developing a whole-of-government approach to managing PFAS.</p>
<ul style="list-style-type: none"> <li>– providing and reporting against an annual environment work program which outlines Airservices ongoing and new initiatives in managing, monitoring and alleviating, where safe and practicable, environmental effects of aircraft operations;</li> </ul>	<p>Airservices will continue to produce and report against an annual environmental work plan which outlines initiatives to manage and monitor the environmental effects of aircraft operations.</p>
<ul style="list-style-type: none"> <li>– continue the wider use of space based navigation approaches such as Required Navigation Performance, as appropriate, at Australian airports following consultation with other Government agencies, community and industry stakeholders; and</li> </ul>	<p>Airservices will continue to focus on delivering new and improved air traffic services, including performance-based navigation, to improve capacity and efficiency while also improving environmental outcomes.</p>
h. continue to support the Government's safety and capability building initiatives in the Asia-Pacific region and the Memorandum of Understanding, regarding the management of Australia's International Civil Aviation Organization responsibilities.	<p>Airservices will continue to support the Australian Government's safety initiatives in the Asia-Pacific region to improve safety outcomes, primarily through working with air navigation service providers in Indonesia and Papua New Guinea to build their capability to manage greater air traffic. This includes progressing sustainable programmes that deliver safe, harmonised and integrated outcomes that are aligned with their neighbouring states, including Australia.</p> <p>Airservices works closely with the Department and CASA to ensure that we are executing Australia's International Civil Aviation Organization (ICAO) responsibilities.</p>

## Statement of Expectations

## Statement of Intent

## Stakeholder Engagement

I expect that in performing its functions Airservices will:

- a. undertake effective and ongoing engagement with the community, industry and Government on the development and implementation of significant changes by Airservices to air traffic and ARFFS;
- b. 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;
- c. 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 Airports Safeguarding Advisory Group;
- d. keep the Secretary of the Department and me fully informed of Airservices' actions in relation to the requirements stated in this SOE, and promptly advise about any events or issues that may impact on the operations of Airservices, including the provision of timely quarterly reports of progress against the Corporate Plan and advice on the Accelerate Program and the OneSKY project; and
- e. work closely with the Department, including the Western Sydney Unit, and other Government agencies, including the Australian Transport Safety Bureau, CASA and Defence to deliver integrated and comprehensive safety advice to the Government, the aviation industry and the community.

Acknowledging that our most important consideration is always the safety of air navigation, Airservices will continue to effectively consult with the community, industry and the Government throughout the development and implementation of any significant changes to our service provision.

Airservices will continue to provide information, assistance or advice to other Government agencies, including in the performance of their regulatory and policy functions.

Airservices is committed to ongoing participation in the National Aviation Safeguarding Advisory Group to support a national land use planning framework that improves:

- community amenity by minimising aircraft noise-sensitive developments near airports
- safety outcomes by ensuring aviation safety requirements are recognised in land use planning decisions.

Airservices will also continue to engage and consult with concerned community groups through airport-led planning coordination and consultation forums and Airservices technical noise working groups.

The Airservices Board and the Chief Executive Officer will continue to keep the Department and the Minister fully informed in relation to these expectations through regular reporting, including quarterly reports of progress against the Corporate Plan.

Airservices will continue to support other Government agencies in the performance of their regulatory and policy functions through the provision of timely information, assistance or advice.





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OUR WORKFORCE  
PLANNING  
ENSURES THE  
RIGHT PEOPLE  
WITH THE  
RIGHT SKILLS  
TO DELIVER ON  
OUR SERVICE  
OBJECTIVES

# Appendix B: Ministerial Directions

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.

# List of acronyms

Acronym	Definition
ACCC	Australian Competition and Consumer Commission
A-CDM	Airport Collaborative Decision-Making
ADS-B	Automatic Dependent Surveillance-Broadcast
ANO	Aircraft Noise Ombudsman
ANS	Air navigation services
ANSP	Air navigation service provider
ARFF	Aviation rescue fire fighting
ARFFS	Aviation rescue fire fighting services
ATM	Air traffic management
ATSB	Air Transport Safety Bureau
CASA	Civil Aviation Safety Authority
CMATS	Civil military air traffic management system
ICAO	International Civil Aviation Organization
IFR	Instrument flight rules
IMT	Information Management and Technology
KPIs	Key performance indicators
LoS	Loss of separation
LR ATFM	Long range air traffic flow management
LTIFR	Lost time injury frequency rate
LTPA	Long-term Pricing Agreement
NCIS	Noise Complaints Information Service
NPAT	Net profit after tax
OneSKY	OneSKY Program
RoA	Return on assets
RPAS	Remotely piloted aircraft systems
RPK	Revenue passenger kilometres
SID	Standard Instrument Departure
STAR	Standard Instrument Arrival
SWIM	System Wide Information Management

