AIRSERVICES AUSTRALIA
ANNUAL REPORT
1998–99

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Airservices Australia's Vision

To be the global leader in the provision of safe, environmentally friendly and efficient air traffic services by:

- keeping safety first

- operating the new Airservices' way

- winning in the market place

- enriching the skills of our people

- focussing on our customers

- earning the respect of our stakeholders.

In achieving our ambitious goals, we recognise the need for honesty, accountability and strong leadership to engender a spirit of unity and trust.

Footnote:

The Vision Statement contained in this report is as amended by the Board of Airservices Australia on 10 September 1999.

Letter of Transmittal

11 October 1999

The Hon John Anderson MP
Deputy Prime Minister
Minister for Transport and Regional Services
Parliament House
CANBERRA ACT 2600
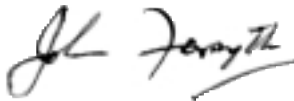
Dear Minister

The Airservices Australia Board of Directors hereby submits to you the *Airservices Australia Annual Report* for the period 1 July 1998 to 30 June 1999.

The Report of Operations and Financial Statements have been prepared in accordance with the *Air Services Act 1995* and the provisions of the *Commonwealth Authorities and Companies Act (CAC) 1997*.

The preparation and content of the Report of Operations has been completed under the responsibilities for Directors in section 9 of the *Commonwealth Authorities and Companies Act (CAC) 1997,* in accordance with Finance Minister's Orders.

Yours sincerely

John PC Forsyth
Chairman

Introduction

Annual reporting requirements

Airservices is required by the *Air Services Act 1995* and section 9 of the *Commonwealth Authorities and Companies Act (CAC) 1997* to provide an annual report for tabling in the Parliament. The *Airservices Australia Annual Report 1998–99* has been prepared in accordance with those requirements and Finance Minister's Orders.

Powers and functions

Airservices was established on 6 July 1995 as a Government Business Enterprise (GBE), under the *Air Services Act 1995*, with reporting and accountability arrangements set out in the *Commonwealth Authorities and Companies Act (CAC) 1997*.

In 1997, Airservices' status was amended to that of a Commercial Authority, which had some minor implications regarding the application of the CAC Act, but minimal impact on Airservices' ownership or governance.

Airservices' specific responsibilities include airspace management, air traffic flow management, air traffic control, traffic and flight information, navigation services, aeronautical information, search and rescue (SAR) alerting, and rescue and firefighting in accordance with the Chicago Convention on International Civil Aviation.

Under the Air Services Act, Airservices performs the following functions:

- Provides facilities to permit safe navigation of aircraft within Australian-administered airspace.

- Promotes and fosters civil aviation in Australia.

- Provides the following services, for the purpose of giving effect to the Chicago Convention or otherwise for purposes relating to the safety, regularity or efficiency of air navigation:
  (i)   air traffic services
  (ii) an aeronautical information service
  (iii) rescue and firefighting services
  (iv) aeronautical radio navigation service
  (v)   an aeronautical telecommunications service.

- Cooperates with the Bureau of Air Safety Investigation (BASI) in relation to the investigation of aircraft accidents and incidents.

- Performs activities to protect the environment from the effects of, and the effects associated with, the operation of Commonwealth jurisdiction aircraft.

- Performs any functions prescribed by the regulations in relation to the effects of, and effects associated with, the operation of Commonwealth jurisdiction aircraft.

- Performs any functions conferred under the *Air Navigation Act 1920*.

- Performs any other functions prescribed by the regulations.

- Provides consultancy and management services relating to any of the above matters.

- May provide its services and facilities both within and outside Australian territory.

Directorship and governance

Airservices Australia is wholly owned by the Australian Government and is governed by a Board of Directors appointed by the Minister for Transport and Regional Services. The Board is

responsible for deciding the objectives, strategies and policies to be followed by Airservices. The Board ensures that Airservices performs its functions in a proper, effective and safe manner and delegates responsibility for the management of the corporation to the Chief Executive Officer who is also a Director.

To increase its effectiveness, the Board has established three committees. Members of each committee are shown in the Directors' meetings table in Appendix 1. Each committee functions in accordance with a charter approved and reviewed annually by the full Board.

The Audit Committee comprises three non-executive directors who normally meet quarterly. The Chairman is an ex-officio member of the committee. Also attending meetings, by invitation, are Airservices' Chief Financial Officer, Chief Internal Auditor and external auditors. The committee advises the Board on all aspects of internal and external audit and the adequacy of compliance, controls and financial reporting.

The Safety and Environment Committee consists of three non-executive directors, plus the Chief Executive Officer and, by invitation, the head of the Commercial Operations Group, the Director of Operations Support Group, and the Director of Safety and Standards. The Chairman is an ex-officio member of the committee. The committee meets monthly, prior to each full Board meeting and reports to the Board on the management of the corporation's safety and environmental responsibilities.

The Remuneration Committee has two non-executive Directors as its members of whom one is the Chairman, and meets at least twice a year. By invitation, the Chief Executive Officer is present for most of the proceedings. The committee

Secretary is the executive with prime responsibility for human resource issues in Airservices. The committee considers independent advice on policies and practices to attract, motivate and retain strong performers. The committee undertakes annual reviews of Executive Director remuneration (including the Chief Executive Officer), provides guidance to the Chief Executive Officer on the remuneration of Executive Committee members, develops recommendations to the Board on Chief Executive Officer succession and monitors the establishment of succession plans for Executive Committee members.

Responsible Minister

Airservices reports to the Minister for Transport and Regional Services. From 1 July 1998 to 20 October 1998 the Minister responsible was The Hon Mark Vaile MP and from 21 October 1998 to 30 June 1999 was The Hon John Anderson MP.

Structure

For the first part of the financial year Airservices' business was structured around two operational areas, Air Traffic Services and Rescue and Fire Fighting Services, and five functional areas, Facilities Management, Planning and Development, Corporate Finance, Projects and Corporate Employee Relations. Other sections were Safety and Environment and Corporate Audit and Quality Assurance which reported directly to the Chief Executive Officer.

On 16 November 1998 Airservices restructured into market oriented business groups, each with distinct business portfolios. The new structure comprised two groups of business centres, Commercial Operations Group and Operations

Support Group, and a small corporate office (see page 4).

At 30 June 1999, the number of employees totalled 3,955 across Australia. Airservices' wide range of expertise and skills include specialists in air traffic control, firefighting, engineering, technical, management and administration.

AIRSERVICES AUSTRALIA

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                            ┌─────────────────────────────────────┐
                            │         Board of Directors          │
                            │  John Forsyth (Chairman), Gail Burke,│
                            │  Ron Entsch, Capt John Faulkner,     │
                            │    Kevin Gale, Bill Pollard          │
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Board of Directors
John Forsyth (Chairman), Gail Burke, Ron Entsch, Capt John Faulkner, Kevin Gale, Bill Pollard

Business Transformation Manager
Graham Beer

Chief Executive Officer
Bill Pollard

Chief Operating Officer (Commercial Operations Group)
Bernie Smith

Head ATC
Adrian Dumsa

TAAATS Implementation
Peter Evans

Commercial Services
Ian Carmody

Brisbane Centre Operations
Tony Allison

Melbourne Centre Operations
Peter Evans

Sydney Operations
Ken McLean

Terminal Operations
Daryl Cathro

Aviation Rescue & Firefighting
Bob Butcher

Aeronautical Data Services
Brian Prendergast

Program Mgr Year 2000
Keith Orkney

Director Operations Support (Operations Support Group)
Ros Dubs

Business Development
Under review

Project Services
Arthur Popple

Strategic Support
Malcolm Ball

Engineering Services
Chris Howell

Installation & Maintenance
Tony Hankins

Telecom Network Services
Bernie Hackett

Information Technology
Bryan Quant

Business Services
Tim Stenhouse

Research, Environment & Training Services
Kim Jones

BUSINESS STRUCTURE

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                    ┌─────────────────────────────┐
                    │         Director            │
────────────────────┤   Safety and Standards      │
             │      │      David Adams            │
             │      └─────────────────────────────┘
             │
             │      — Safety Des Joyce
             │      — Environment Policy (now part of Nat. Operating Stds)
             │      — National Operating Standards Col Kuchel
             │
             │      ┌─────────────────────────────┐
             │      │   Chief Financial Officer   │
             ├──────┤      Andrew Fleming         │
             │      │                             │
             │      └─────────────────────────────┘
             │
             │      — Corporate Accountant John Lai
             │      — Financial Strategy Hisham El-Ansary
             │      — Treasury, Tax and Insurance Gee Chua
             │      — National Property Patrick Ferguson
             │
             │      ┌─────────────────────────────┐
             │      │   Chief Internal Auditor    │
             ├──────┤    Karl Drake-Brockman      │
             │      │                             │
             │      └─────────────────────────────┘
             │
             │      — Audit
             │
             │      ┌─────────────────────────────┐
             │      │         Director            │
             └──────┤    Corporate Strategy       │
                    │        Tom Grant            │
                    └─────────────────────────────┘

                    — Governance, Secretariat and Govt Relations
                    — HR Strategy Tony McDonald
                    — Legal Helen Conway
                    — Strategic Planning Ross Tychsen
                    — Corporate Communications Richard Dudley
                    — Analysis Paul Dawson
                    — Corporate Security
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Chairman's year in review

Last year I was pleased to report that Airservices was increasingly regarded as a world leading air traffic services provider; an organisation that continued to improve its responsiveness to the needs of customers, the owner and other stakeholders.

I am delighted to report that throughout 1998–99 we achieved this in good measure.

In fact our success was recognised by the International Air Transport Association (IATA) which awarded Airservices the prestigious Eagle Award. Internationally, Airservices was judged by IATA to be the world leader in service and value for money to its customers. The award confirmed that Airservices is well on the way to achieving its Vision to be the global leader in the provision of safe, environmentally friendly and efficient air traffic services.

During the year we continued to restructure the business to be more responsive to customers and more transparent in our charging. The organisation achieved major milestones in the implementation of The Australian Advanced Air Traffic System (TAAATS).

Under the Business Transformation Program, we increased our focus on safety and environmental issues, reduced costs, rationalised services, pursued new business opportunities and implemented new technology. Business Transformation underpinned Airservices' strategy of delivering superior customer value through operational excellence and customer focus. In doing so Airservices is progressively changing its culture to a more commercial organisation.

Airservices' upgraded Safety Management System is at the forefront of world's best practice and allowed the organisation to maintain safety as its number one priority in business planning and day to day operations.

Airservices has one of the most advanced and user friendly Environmental Management Systems in Australia. It represents best practice in environmental management and became fully implemented during the year. A comprehensive community consultation program has also been integrated into this system and represents a major national commitment to noise abatement procedures.

With the Asian economies only just starting to recover from the recent economic downturn, 1998–99 provided a challenging and difficult trading environment with aviation activity showing little or no growth.

The Operating Profit before abnormal items and taxation for the year ended 30 June 1999 was $45.6m, up 61 per cent on the previous year after cost reduction initiatives reduced operating expenses by 4 per cent. The Loss after abnormal items and taxation was $123.4m, after providing $200.4m to cover the costs of restructuring Airservices under the Business Transformation program. This will allow Airservices Australia to reap significant financial benefits in future years; provide enhanced returns to Government; and, continued reductions in prices to customers.
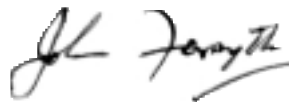
Airservices experienced growing success in building its presence in its selected aviation markets by earning revenue in excess of $19m from other business in 1998–99. This included the provision of air traffic management services; facilities management, engineering and technical consultancies; flight inspection; and, technical, safety and operational training for customers in Australia, New Zealand, Indonesia, Papua New Guinea, Fiji, the Solomon Islands, Mauritius, Nepal and Finland.

The Board, management and staff have worked together with commitment and dedication to achieve the significant milestones reported in the 1998–99 Annual Report.

On behalf of the Board, I extend my appreciation to and thank the staff and management of Airservices for maintaining their professionalism during this period of significant organisational and technological change.

The Directors of Airservices have continued to provide strategic direction and leadership to Airservices. I thank each member for their dedication to the task of positioning Airservices as an efficient, competitive, profitable and sustainable business enterprise.

The Report of Operations in this annual report is based on the key result areas of the Airservices Australia Corporate Plan 1998–2003. I recommend the Airservices Australia Annual Report 1998–99 for a more detailed analysis of our achievements.

JOHN PC FORSYTH
Chairman
30 June 1999

Corporate profile

Airservices provides the services that the aviation industry needs to safely move large numbers of aircraft around Australia's skies.

These services fall mainly into the category of air traffic management. They comprise air traffic control, radar, communications, radio and satellite navigation aids, search and rescue alerting, rescue and firefighting services, and aeronautical information to users of Australia's airspace.

In providing services to approximately 2.9 million chargeable aircraft movements, Airservices maintains a $500 million fixed asset base, including more than 3,300 airways systems infrastructure facilities at various locations around Australia.

It provides an aviation rescue and firefighting capability at Australia's 16 busiest international and domestic Regular Public Transport (RPT) airports and maintains an in-house capability in safety and environmental management.

To achieve safe, and efficient airspace use, aircraft are separated vertically and horizontally in airspace that is controlled over a substantial part of the earth's surface.

Air Traffic Controllers, located in centres around Australia and in control towers at certain airports, assist the safe passage of aircraft in en route controlled airspace and at the destination or departure airport, by ensuring separation from other traffic.

Airservices designs upper air routes for high altitude flying, the airspace around and between airports, and to ground level where these services are needed by its customers.

En route and airport-located navigation aids assist with pilot navigation. This equipment, often located in remote areas, is installed and maintained by Airservices' technical staff 24 hours a day and to a high standard of accuracy.

A 24-hour pilot briefing service is available for all types of flights, with the latest operational and aerodrome information, a range of weather forecasts and alerts, and a flight notification lodgment service.

Airservices has as its major customers, the airlines. Other customers include the general aviation industry with its sport and recreational flying activities, and the military. All have differing needs in service provision.

To continually achieve a high level of service to its customers, Airservices strives to improve its technology in the development of systems.

As a world leader in the technological development of advanced satellite-based communication, navigation and surveillance systems, Airservices works with a range of partners and customers.

Together with the International Civil Aviation Organisation (ICAO) and its counterparts in the Asia-Pacific region, Airservices strives to ensure the maintenance of appropriate global safety standards and the sharing of information and/or advances in aviation technology.

Airservices works with a range of other Government organisations concerned with aviation safety and regulation in Australia. These are the Department of Transport and Regional Services, the Civil Aviation Safety Authority, and the Bureau of Air Safety Investigation.

Further information about Airservices can be found on its web site at **http://www.airservices.gov.au**

Report from the Chief Executive

Once again, I am in a position to report on Airservices' outstanding achievements.

As I stated in last year's Annual Report, there were to be many challenges ahead of us. I was confident, in that report, that we had the skills, dedication and commitment, to move the change process forward.

In this last financial year, we took those steps.

We changed our organisation's structure to reflect our customers and markets. Now we have in place two business groups, supported by a small corporate office that directly caters for the needs of our customers and other key stakeholders. I am confident that this change will stand Airservices in good stead for the future.

Airservices' future is in the creation of value for our customers, owner and other key stakeholders. Our business transformation program will position Airservices as a profitable and sustainable business enterprise, and put us in a better position to listen and respond to the needs of our stakeholders.

We are able, under the new organisational structure, to provide better services to customers, and increasingly so as we continue to streamline and reform our own organisation. This meant that some staff reductions were made during the year.

Many of the programs of phase two of business transformation are nearing completion. These are: the identification and re-engineering of business processes throughout Airservices, the creation of marketing capabilities, the development of business and leadership skills of senior management and progressive change in the culture of Airservices to a more commercial, customer-focussed organisation.

During the financial year, we reformed our pricing structure for terminal navigation services, changing from network pricing to location specific pricing, giving customers greater choice of service and transparency in pricing. This should allow both the industry and us the opportunity to plan for the true cost of services. Airservices is the first air navigation service provider in the world to have successfully implemented such a comprehensive pricing reform.

There were other beneficial changes, as the Chairman has outlined in his report. We continued the implementation of the new world leading air traffic control system, The Australian Advanced Air Traffic System as reported last year, with a phased introduction down the east coast of Australia. Its success has overridden the minor teething problems inevitable with the development of such a unique, technologically advanced system.

I am pleased to report that the integrity and safety of Australia's air traffic control system was maintained with the continuation of services provided to our customers throughout the transition stages.

My words in last year's report bear emphasising. We are justly proud of this achievement. It confirms Australia's standing as a world leader in safe, efficient and cost competitive air traffic management services.

The achievements I have outlined were also recognised in the wider aviation arena. The International Air Transport Association (IATA) conferred the Eagle Award on Airservices, in acknowledgment of our demonstrated success in key areas. These included meaningful consultation processes, transparency of costs, cost relationships with facilities and services, equitable charging structures, independent economic regulation and productivity improvements.

I have publicly congratulated our employees on this very fine success. It would not have been
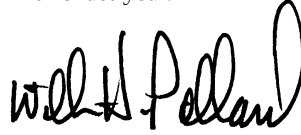
possible to win this award without the dedicated efforts of the Airservices Board, its management and employees.

As the Sydney 2000 Olympic Games draw near, I am confident that Airservices will continue to provide an outstanding air traffic management service to its customers. The expected demands on air traffic at Sydney Airport will be well met.

I would like to acknowledge the professionalism and commitment of all Airservices' employees in our success on key areas of organisational and technological change.

Once again, we are on the brink of further challenges and I am confident that Airservices is in a stronger position to meet these as a result of the reforms already implemented in these past few years.

I thank the Chairman, John Forsyth, and the Board of Directors, for their dedicated work and guidance in this last year.

WILLIAM H POLLARD
Chief Executive

Year's highlights

A new customer-focussed organisation

Airservices continued the process of becoming a competitive market-facing, customer-focussed organisation with the change to a new organisation structure in November 1998. Cost reductions and increased productivity had already been realised by year's end, and further improvements were anticipated.

A new generation for Australia's air traffic management

Australia led the world with the phased commissioning of The Australian Advanced Air Traffic System (TAAATS) in Cairns and Perth, taking the first step in modernising the country's air traffic control system. When fully operational, it will give Australia a fully computerised and integrated, satellite-based system.

International award recognises success

The International Air Transport Association Eagle Award was presented to Airservices in recognition of its world leadership in the provision of air navigation services. It recognised demonstrated success in key areas of meaningful consultation processes, transparency of costs, cost relationships with facilities and services, equitable charging structures, independent economic regulation and productivity improvements.

Increased profitability

Aggressive cost cutting increased Operating Profit before abnormals and taxation by 61 per cent to $45.8m — 7.7 per cent of revenues.

More transparent pricing

Customers were provided with a more transparent pricing regime for the provision of services with the introduction of location-specific pricing. The method of pricing terminal navigation services replaced the network pricing system. Price capping measures at high cost general aviation and regional airports were taken.

Satellite technology aids more Australian airports

The design of Global Positioning System (GPS) non-precision instrument approach procedures continued at a significant pace. By the end of June, 83 GPS approach procedures had been published for 67 airports. It is expected that by the end of the next financial year an additional 50 airports will be served by GPS-based instrument approach procedures. GPS procedures were designed under contract to the Solomon Islands Government for 12 of its airports.

Corporate scorecard

Airservices reviews its performance against strategies and key performance indicators in the corporate plan. The following summaries highlight, in quantitative terms, Airservices' operational and financial achievements within the perspective of previous years.

Operational performance

Significant air traffic incidents per 100,000 aircraft movements

Significant incidents
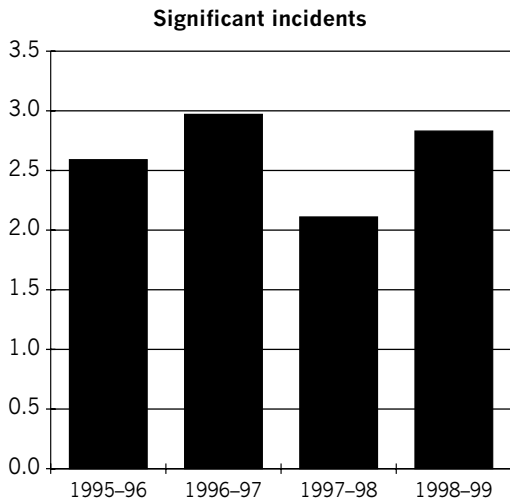
While there is no internationally accepted basis for measuring the safety health of Air Traffic Services systems, an approach often used (including by Airservices) measures incidents per 100,000 aircraft movements. Airservices is reviewing this indicator for its usefulness and exploring other options in co-operation with the Civil Aviation Safety Authority (CASA), the Bureau of Air Safety Investigation (BASI), the Australian Defence Force (ADF) and internationally with the Civil Air Navigation Services Organisation (CANSO).

Pending the identification of improved indicators, Airservices is continuing to use the incidents per 100,000 aircraft movements indicator. Caution should be exercised in interpreting trends, as recorded incidents can increase as a result of improved reporting. This may not necessarily indicate deterioration in safety.

The above statistics are based on the number of air traffic services incidents involving a breakdown of separation standards. These incidents have, in the past, been considered to be the most significant occurrences in Airservices' operations.

In June 1998, Airservices changed the way in which movement statistics were calculated. Therefore, for comparison purposes the 1998–99 figures are merely indicative.

In January 1999, the Directorate of Safety and Standards introduced a more explicit categorisation of occurrences. Incidents are now categorised according to the following:

- whether separation standards were breached
- the organisation or individual deemed responsible for the incident
- whether the safety of the aircraft or the air traffic system was seriously jeopardised.

Incidents falling into the third category are termed "critical". In the future Air Traffic Services safety performance indicators will be based on this data.

Movement of Consumer Price Index (CPI) vs Airservices' weighted average prices — historical and forecast (for Air Traffic Management and ARFF services)
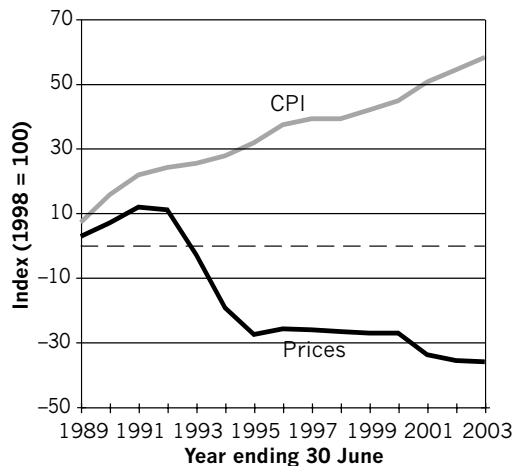
Since 1988, Airservices' price changes have been consistently less than the rate of growth in CPI. In real terms, Airservices saved customers some $370m in the years 1987–88 through to 1998–99. Further savings of $125m for the period 1999–00 to 2002–03 are planned.

Employee revenue — $ Revenue per employee ($ per full time equivalent (FTE))
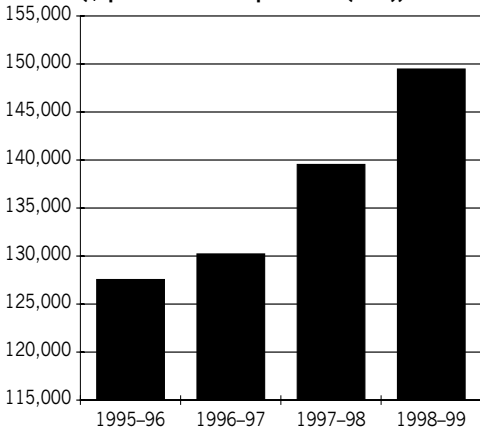

Revenue per employee has historically been relatively constant. However, with business restructuring and the increase in new business revenue, this has progressively increased.

Financial performance

While Operating Revenues fell in the year on flat airways activity and reductions in airways charges, aggressive cost cutting lifted operating profit before abnormals and taxation by 61 per cent on the previous year to $45.8m. A restructuring charge of $200.4m was allocated as an abnormal item contributing to the Loss after abnormals and taxation of $123.4m.

Operating profit before abnormals and tax
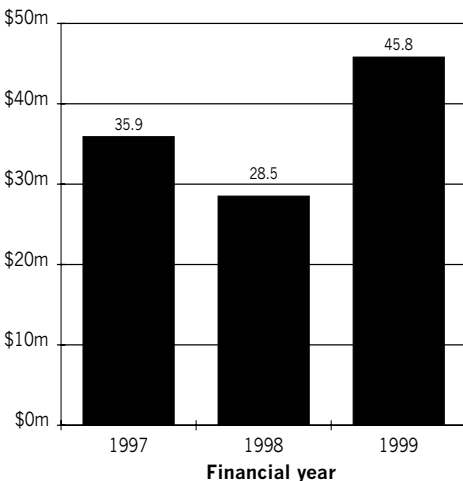
Revenue

Total Revenue earned from the provision of all services was $595.5m, which was 1.2 per cent lower than the previous year. Revenue from the provision of air traffic and rescue and firefighting services contributed $565.5m, or 94.9 per cent of total revenue.

The combined impacts of the Asian financial crisis and yield improvement initiatives by airlines constrained growth in airways activity to less than 1 per cent in the year. Reductions in charges, including the replacement of Avgas excise with location specific charges contributed to a reduction in airways revenue of $14.8m. This shortfall was partially offset by a subsidy from Government of $11m to mitigate the impact of location specific pricing on general aviation customers.

Revenue — three year summary
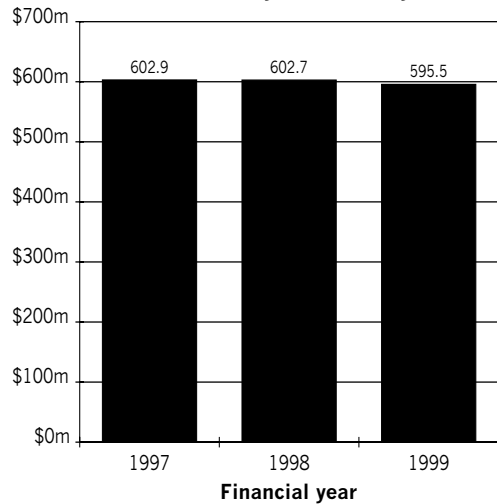
Operating expenses

Total operating expenses before abnormal items were $549.7m, some 4.2 per cent below the previous year. Early productivity gains from Business Transformation were captured during the year which resulted in a net reduction of 395 staff and a $23.2m saving in staffing costs. Further cost reductions were realised in travel and occupancy

costs resulting in a $5.5m saving in Other Support Costs, while the continued transition to TAAATS boosted Project Expenditure by $2.7m over the previous year and Depreciation by $3.9m. A number of non-commercial activities costing a total of $4.6m (1997–98: $6.2m) are included in operating expenses and were necessary to meet the specific requirements of the Federal Government.

Operating expenses — three year summary

Financial year
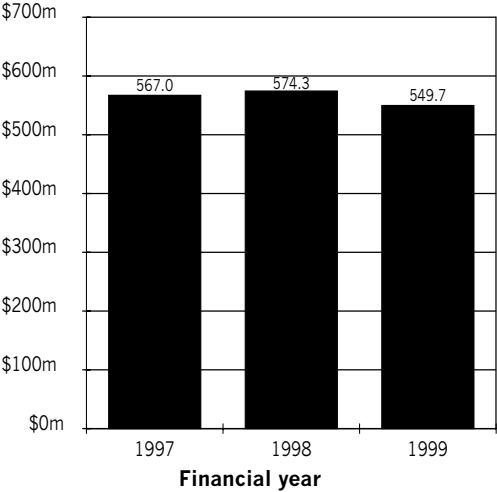
Abnormals

The reorganisation costs of the Business Transformation Program were charged against profits in the current year.

These costs totalling $200.4m cover the direct costs of Business Transformation re-engineering projects, as well as a $96.4m provision for redundancies associated with staff reductions in the current and following two years. In addition, reviews of the asset base have led to a significant rationalisation of assets required for future operations resulting in a $93.1m reduction in asset values.

Direct costs of the Year 2000 compliance program were $1.8m, while a further $2.6m was expended on software and other compliance tasks. Other net provisions totalling $25.9m contributed to total abnormal costs of $218.9m.

Capital

The 1998–99 project expenditure program totalled $84.9m, which was $26.6m below the previous year's program. Expenditure on the TAAATS project of $52.1m accounted for 61 per cent of the total program. Other significant project outlays during the year included the Asset Management and Maintenance System ($2.1m) and acquisition of new fire vehicles ($5.0m).

Airservices' Vision and corporate objectives

Airservices Australia's Vision

To be the global leader in the provision of safe, environmentally friendly and efficient air traffic services by:

• keeping safety first

• operating the new Airservices' way

• winning in the market place

• enriching the skills of our people

• focussing on our customers

• earning the respect of our stakeholders.

In achieving its ambitious goals, Airservices recognises the need for honesty, accountability and strong leadership to engender a spirit of unity and trust.

To realise its new Vision, Airservices has positioned itself to be ready for potential competition and as an aggressive competitor in delivering air traffic management services, aviation rescue and firefighting services and related management, technology and information services. As a Government-owned Authority all business is pursued within the Government endorsed risk/return profile and scope of operations. Airservices is establishing strategic alliances with key customers and business partners, improving current and developing new business while ensuring internal cost structures were aligned to our markets. In building its business in a competitive environment, Airservices has begun to exploit its world-leading knowledge and capabilities in the planning and implementation of advanced Communications, Navigation, Surveillance/Air Traffic Management (CNS/ATM) systems.

Corporate objectives

From its new Vision, Airservices developed a new set of key result areas and corporate objectives (see table below). The Report of Operations (page 15) in this annual report is structured against the achievements of the corporate objectives and the key business strategies that were pursued during 1998–99.

KEY RESULT AREA	CORPORATE OBJECTIVE
Safety	To keep safety first in the efficient delivery of all our services by understanding and managing our risks.
Environment	To achieve environmental management standards which are recognised as best practice in the global aviation industry.
Operational Efficiency	To achieve sustainable competitive advantage through customer focussed and efficient processes, systems and technology.
Markets and Customers	To maximise our market share in air traffic, facilities and related services by delivering superior customer value.
Employees	To achieve a competent, motivated, flexible and customer focussed workforce committed to continuous improvement in our business.
Owner	To meet the Government's requirements for financial returns, increasing value in the business and maintaining positive relationships with key industry, regulatory and community groups.

Report of Operations

Key result area: 'SAFETY'

To keep safety first in the efficient delivery of all our services by understanding and managing our risks.

BUSINESS STRATEGIES

- Maintain currency and effectively utilise Airservices' Safety Management System as part of standard business practice.
- Establish and maintain corporate operational standards, policy and a management framework which ensure overall safety, integrity and interoperability of Airservices' Communications, Navigation, Surveillance/Air Traffic Management services and systems.

The safe provision of air traffic services is the most important function of Airservices. To achieve this, a formal Safety Management System modelled on an approach used by other major international Air Traffic Service (ATS) providers, was developed and promulgated within the organisation in January 1998. During the year Airservices continued to improve, upgrade and enhance the application of the Safety Management System and processes within the organisation.

Safety performance

Throughout 1998–99, safety continued to be promoted as the number one priority in business planning and day-to-day operations. The focus on safety and on understanding the risks within the organisation was enhanced by the creation of a corporate safety umbrella group in the Directorate of Safety and Standards.

This umbrella group comprised of:

- Safety Branch with a charter to conduct ongoing surveillance of the organisation and to further develop the Safety Management System.

- Standards Branch with the charter to develop and maintain corporate operating policy and standards.

To ensure that Airservices' Safety Management System is at the forefront of world's best practice in this field, the organisation conducted an extensive review of the system. Airservices has been an active participant with air traffic services providers from the international aviation community in developing safety management processes. Further development is being undertaken in a co-operative arrangement under the auspices of the Civil Air Navigation Services Organisation (CANSO).

Airservices reviewed and re-constructed its occurrence reporting system, adding a structured analysis and review capability. The system is more 'user friendly', and thus encourages the collection of data with minimal disruption to operational performance. The formal incident reporting system has been supported by the introduction of a confidential reporting system, designed to capture staff concerns relating to safety, and by the introduction of formal hazard identification processes and a hazard logging system.

These measures enhance Airservices' ability to identify and respond to hazards and situations that could have a detrimental effect on the safety performance of the organisation.

Airservices concentrated a great deal of activity towards ensuring compliance with its regulatory obligations, and in clearing any reported non-compliance. Airservices' personnel are working closely with CASA in developing the proposed legislative arrangements for the regulation of air traffic services providers in the future.

Contingency plans have been developed for a wide range of foreseeable situations, particularly Y2K disruptions with Airservices personnel taking a lead role in the Asia-Pacific region on Y2K

planning. Airservices has developed and successfully tested its Crisis Management Centre and associated procedures.

Airservices Safety Management System

The Directorate of Safety and Standards provided support to the Operations Support Group (OSG) and Commercial Operations Group (COG) in implementing the Safety Management System, as an integral part of day-to-day business. The use of safety cases for the introduction and management of change, particularly associated with the introduction of TAAATS has ensured the ongoing identification and management of risks in accordance with CASA's requirements.

Ninety-nine per cent of reported faults were rectified by OSG within the agreed restoration/response time. OSG's personnel is working towards the introduction of a systemic analysis capability to complement their maintenance procedures, thus enabling them to identify root causes of failures in the system.

COG's reporting of air safety occurrences was enhanced with the introduction of the enhanced Electronically Submitted Incident Report (ESIR) system. The system supports initial reporting of air safety occurrences, internally and externally to CASA and BASI, and tracks them through investigation and resolution of identified system failures. Airservices can only investigate those incidents resulting from a failure of its own systems, personnel or procedures. Incidents falling into these categories were investigated, and recommendations made and acted upon to prevent recurrence.

Airservices adopted a revised, more streamlined and commercially oriented organisation structure in November 1998, which subsequently highlighted a number of surplus staff. Safety cases were developed to confirm that such a re-structure

could take place without impacting adversely on the safety and integrity of the airways system.

Rescue and firefighting safety assurance at major airports

In the event of a major disaster at any of the ARFF locations, a master disaster recovery plan was developed to provide infrastructure and support to the affected location.

The ARFF adopted the Environmental Management System and continued to ensure that its operations comply with regulatory requirements. Consistent with regulatory compliance, the upgrade of ARFF fire training grounds continued and is on schedule.

The level of service for the highly specialised HAZMAT (Hazardous Material) response services provided by the ARFF at strategic locations was under review during the year.

The ARFF established an Audit Verification System to assist fire station managers in the conduct of self audits as a means of monitoring compliance. Each fire station has a trained auditor to assist the fire station manager to comply with the standards and procedures. The ARFF review process for audits is aligned to International Standards Organisation (ISO) 9002 Quality Systems.

Operation 'Skyring'

Sydney was the focus of an exercise to test the response of Commonwealth and State organisations that would be involved in an act of terrorism in Australia. The exercise code named 'Skyring', gave Airservices and its staff the opportunity to test their response to an act of unlawful interference to a passenger aircraft and associated threats to some of Airservices own facilities. Other organisations involved in the exercise included the Sydney Airports Corporation, Qantas Airways, New South Wales and Federal Police, the Department of Transport and Regional

Services and other government security and intelligence agencies.

Operation 'Skyring' was also useful in formalising Airservices' security plan for the Sydney Year 2000 Olympic Games.

Key result area: 'ENVIRONMENT'

To achieve environmental management standards which are recognised as best practice in the global aviation industry.

BUSINESS STRATEGIES
• Maintain currency and effectively utilise Airservices' Environmental Management System as part of normal business practice.

Environmental management system

Implementation of Airservices' Environment Management System (EMS) for on-ground operations was achieved during the year. The system, which is aligned to International Standard ISO 14000, is managed through Airservices' computer network and utilises software developed in-house. It provides staff with day-to-day access to environmental information, risk assessment and reporting.

Access to the system for information, risk assessment and reporting is readily available to staff in the field. The system readily generates consolidated reports for senior management on significant environmental impacts and on environmental incidents.

Airservices' EMS is one of the most advanced and user friendly systems in Australia and represents best-practice in environmental management.

Environment services

A contract was signed to upgrade the software and computer hardware of Airservices' Noise and Flight Path Monitoring System (NFPMS) at the seven major airports. The upgraded system is designed to accept radar and flight plan data in the new TAAATS format with a computer system which is Year 2000 compliant. There are also plans to replace the near-obsolete field-based noise monitoring terminals with better quality Australian made Year 2000 compliant equipment.

Airservices increased its capabilities in noise modelling by upgrading to the latest version of the US Integrated Noise Model Software. Terrain features are now a standard part of modelling the noise impacts on communities. The latest statistical and cadastral data in digital form has also been incorporated to provide comprehensive graphics and map information.

Airservices continued to develop processes for achieving better interaction with the community on environmental aviation matters. During the year its customer relations units at major airports handled over 48,000 inquiries and complaints. The largest unit is at Sydney which handled nearly 40,000 enquiries. Most complaints concerned aircraft.

Airservices' involvement with community consultative committees at all major airports also represented a major national commitment. Airservices acted as a technical adviser in discussions between the community and industry on ways of improving noise abatement procedures. Where operational changes were considered, Airservices provided environmental assessments of the likely impacts. Reports on noise data from field measurements were also distributed to the community through these committees.

Airservices examined and approved 10 Australian Noise Exposure Forecasts (ANEFs) during 1998–99. Airport owners operating airports leased from the Commonwealth are obliged to prepare long-term

master plans and environmental strategies which must include ANEFs. Airservices is responsible for endorsing ANEFs for technical accuracy in accordance with Australian Standard AS 2021.

Fifty-nine proposals were assessed for environment significance under the *Environment Protection (Impact of Proposals) Act 1974* and for compliance with the requirements of the *Air Services Act 1995*. Of these, 41 related to proposals for GPS approaches to airports. In addition, there were numerous reports of investigations prepared for airport community consultative committees for their consideration of alternative operating arrangements.

Sydney Long Term Operating Plan (LTOP)

The implementation of LTOP for Sydney Airport is a high priority for Airservices, the Minister, the Government and the Sydney community. Sydney Operations continues to move towards full implementation of LTOP. Improved performance against LTOP targets are highlighted in the table below.

Percentage of total aircraft movements

	Target	June 98	May 99	June 99
North	17	29.9	19.4	24.50
South	55	51.6	53.4	51.73
East	13	9.4	11.5	10.95
West	15	8.7	15.7	12.83

Highlights for the past year included the appointment of a stakeholder relations manager to manage client, community and Government relations and public affairs. This manager is also responsible for the Client and Community Relations Unit which maintains a dedicated noise enquiry service. Sydney Operations also appointed new traffic manager positions. As part of their operational management role in the Terminal Control Unit and Tower, Traffic Managers have specific responsibilities to achieve Government LTOP targets.

Airservices chaired the Sydney Long Term Operating Plan (LTOP) Implementation and Monitoring Committee. Airservices has also taken up community initiated requests and improved performance of the noise enquiry facility with customer focussed training.

At Sydney, the usage of crossing runway modes was increased and all the procedural work for the introduction of a new mode of operation — mode 8 was completed in consultation with the community.

Key result area: 'OPERATIONAL EFFICIENCY'

To achieve sustainable competitive advantage through customer focussed and efficient processes, systems and technology.

BUSINESS STRATEGIES

- Implement TAAATS and related enabling projects.
- Institute measures to ensure that no Y2K issue will adversely affect Airservices' operations at the transition to the Year 2000.
- Reduce costs and rationalise services and facilities to achieve acceptable financial and economic returns consistent with customer demands for competitive services/prices.
- Introduce new work practices and re-engineer business processes to improve organisational efficiency, flexibility and responsiveness to customer needs.

During 1998–99 Airservices made considerable progress towards increasing operational efficiency.

Some of the achievements included the Business Transformation initiative, which produced considerable improvements in operational efficiency, the progressive implementation of TAAATS and related enabling projects, the identification and management of Year 2000 issues and the implementation of one of the most advanced environmental management systems in Australia.

Reducing operating costs

As a result of the Business Transformation initiative, Airservices restructured its organisation in November 1998 and has since reduced its full time equivalent staff from 4,350 in 1997–98 to 3,955 in 1998–99. Airservices embarked on a cost reduction program aimed at reducing costs by 20 per cent.

Implementation of TAAATS

The implementation of TAAATS will be a significant step forward in air traffic management. It will provide Australia with an integrated, software-driven system, which is capable of maximising the use of satellite-based navigation and ground-based navigation systems. It places Australia at the forefront of air traffic management development, and is a major strategic advantage for Airservices in the provision of services to the Asia-Pacific region.

During the year the process of consolidating all en route air traffic control to the two centres in Melbourne and Brisbane continued. Terminal area control units were refurbished and modernised in Cairns, Sydney, Adelaide and Perth.

All sites were accepted from the manufacturer in 1997–98, and throughout 1998–99 a phased program of transition to operational service has been progressively implemented, starting with the Cairns Terminal Control Unit and the en route airspace surrounding Cairns in June 1998.

By August 1999 it is expected that the area controlled from the Brisbane TAAATS Centre will cover the whole of the east coast from north of Cairns to Coffs Harbour. The Melbourne TAAATS centre will control the airspace over Tasmania, Victoria and southern New South Wales and all radar control towers will incorporate TAAATS. Transition to TAAATS in Perth had commenced by the end of the financial year.

A follow-on project to provide controllers with automated assistance in the improvement of the flow and sequencing of arrival traffic for Sydney commenced during the year. It is expected that the Tactical Flow Management System will enter operational service early in 2000.

Airservices undertook the development of the new Central Traffic Management System, which is designed to reduce delays to aircraft in flight. Airservices will be able to optimise the utilisation of both airspace and runway resources by converting some airborne holding into ground holding.

Communications, Navigation, Surveillance/Air Traffic Management (CNS/ATM) implementation

Dynamic Airborne Route Planning procedures were implemented across the Pacific Ocean in April as part of the overall CNS/ATM implementation package. The changes involved Brisbane, Auckland, Nadi, Tahiti and Oakland Air Traffic Service units.

In December, the provision of Controller-Pilot Data Link Communications (CPDLC) services commenced to FANS1 (Future Air Navigation System) equipped aircraft operating in the Honiara Flight Information Region (FIR) as part of the expansion of CNS/ATM systems from the Brisbane Centre.

Implementing the global navigation satellite system

Design of the Global Positioning System (GPS) non-precision instrument approach procedures continued at a significant pace. As at the end of June 1999, 83 GPS approach procedures had been published for 67 airports. It is expected that by the end of the next financial year an additional 50 airports will be served by GPS-based instrument approach procedures. GPS procedures were designed under contract to the Solomon Islands Government for 12 of its airports.

Reducing costs

Airservices conducted reviews on under-performing assets during the year and identified a number of assets for disposal, for example, Essendon hangars, old Tamworth control tower, and Alice Springs briefing office.

Airservices consolidated its spare parts inventory into one warehouse and considerably reduced its stock holding. In addition, many other assets were removed and surplus items were disposed of. In reducing its assets, Airservices reduced maintenance costs and depreciation expenses, and increased the return on investment.

Airservices has progressively reviewed information technology service delivery processes and sourcing, in order to improve effectiveness and reliability, and reduce the costs of information management services. The costs of several services were reduced, some by as much as 25 per cent. This work is continuing.

Rationalising and improving services

Visual Navigation Charts (VNC) for Sydney/Canberra, Brisbane, Newcastle/Dubbo and Perth were produced for pilots. The Adelaide VNC was completed in June with coverage for Darwin/Tindal due in July 1999. The first round of the series will be completed when coverage is extended along the eastern seaboard north of Cairns by December 1999.

Significant cost saving was made by producing the updates to Visual Terminal Charts (VTCs) in-house. Previously a contractor carried out VTC updates.

Navigation aids were reviewed with 20 identified for potential decommissioning or sale to airport owners or other interested parties.

Operational excellence in rescue and firefighting services

The ARFF continued to improve efficiencies throughout the year and expanded its operational capabilities by purchasing new equipment and facilities. New equipment, such as fire drills, air powered rescue tools and up-graded water rescue boats introduced into the ARFF will also improve operational efficiency. At major ARFF locations Laerdal Heartstart 911 automated external defibrillators have been introduced.

There has been a significant increase in emergencies attended by the ARFF over the last three years (see table below). During 1998–99 emergencies attended totalled 3,971.

Emergencies the ARFF attended over five years

1994–95	1995–96	1996–97	1997–98	1998–99
2,633	2,405	2,879	3,660	3,971

The ARFF vehicle replacement project is on schedule with seven new state-of-the-art MK 7 Ultra Large Fire Vehicles now in place. A further four MK 7s are yet to be delivered. The introduction of the new vehicles at strategic locations has released other Ultra Large Fire Vehicles at those locations to replace and retire ageing vehicles at other ARFF sites.

The introduction of a National Vehicle Fleet Management System saved $1m in the first year of operation.

Managing Year 2000 (Y2K) compliance

Airservices has managed a Y2K project since mid-1996 to address potential problems in the date roll over to 1 January 2000. Internal systems, including all information technology (IT) and non-IT systems affecting Airservices' customers and business partners, supply chain issues, and communications and utility issues were assessed.

By the end of 1998, the majority of Airservices' internal systems had Y2K issues addressed with the business risks assessed and responded to at a cost exceeding $5m. In some cases, the upgraded or replacement systems were placed into production during 1999. This work is substantially complete. Airservices is confident that it will continue to provide a high level of service to the aviation industry before, during and after the Year 2000.

Existing contingency plans were being reviewed in response to realistic Y2K scenarios and appropriate transition arrangements were being planned to ensure a focus on safety of flight is maintained.

Key result area: 'CUSTOMERS AND MARKETS'

To maximise our market share in air traffic, facilities and related services by delivering superior customer value.

BUSINESS STRATEGIES

- Build effective relationships with key customer groups, through formal strategic alliances and communication and issue resolution mechanisms.

- Establish an Airservices' internal and external Communications, Navigation, Surveillance/Air Traffic Management (CNS/ATM) planning and implementation framework involving industry, CASA and the Department of Defence which shapes and optimises Airservices' future services.

- Pursue external opportunities in national and selected international markets that exploit Airservices' core capabilities within the corporate risk/return profile.

In the year 1998–99 Airservices continued to improve relationships with its major customers, established an internal Communications, Navigation, Surveillance/Air Traffic Management (CNS/ATM) planning framework, further developed its services and pursued new business opportunities within the corporate risk/return profile.

Customer relations

Airservices appointed account managers for its major customers, Qantas and Ansett. Airservices provided its customers with a briefing on the key features of the financial plan, including activity forecasts, expenditure and revenue projections, capital expenditure plans and proposed prices for 1999–2000. Financial and pricing information was published on the website.

As part of Airservices' drive to improved understanding of its customer needs, the annual combined customer consultation meeting was replaced with a series of consultative meetings held nationwide. Participants at these meetings included Airservices customers, relevant industry associations, airport owners and other stakeholders.

Following an extensive period of consultation, general aviation customers were given a substantial price concession for training operations in January of this year and, where no general aviation alternative was available, charges were capped for all operations.

Significant support was given to the Royal Australian Air Force in its Australian Defence Air Traffic System project, which is the military equivalent of TAAATS. Support was also provided on a commercial basis on safety cases, traffic management planning and airspace management changes.

Airservices worked closely with the military in the planning and coordination of major defence exercises, including Pitch Black. Air Traffic Controllers from Brisbane Centre were deployed on Defence ships to ensure effective airspace coordination.

Airservices developed the Flight Calculator, a unique tool that will enable pilots and organisations alike to easily determine what services they will be charged for by Airservices' AvCharges centre for individual flights. The tool known as the Flight Calculator is an easy-to-use web page on Airservices' Internet site and calculates the charges made by Airservices for flight services it provides within Australian airspace.

Secure external network connections were established for major and regional airlines to enable slot- and flow-management of air traffic through the Central Traffic Management System (CTMS).

Airservices organised a National Flight Safety Forum in 1999 for pilots to raise awareness of safety issues, which was attended in large numbers by pilots in Perth, Sydney and Melbourne.

Pilot education programs about TAAATS were held around the country and a pilot education video produced.

More than a dozen countries sent representatives for briefings on TAAATS and conducted tours of Airservices' TAAATS sites. These include the USA, China, Japan, Russia, Ukraine, Fiji, Samoa, Indonesia and New Zealand.

Airservices' Aviation Information Centre continued to provide high quality cost effective library and information services. The collection grew by more than 2,500 items during the year, with a continued strong emphasis on safety, aviation technical reports, standards and regulatory publications. The centre provided more than 30,000 loans, answered over 5,600 research inquiries and undertook more than 12,800 database searches for customers and has 3,045 registered borrowers. The centre provided services to a number of external agencies such as CASA, other corporations, and individuals.

Rescue and firefighting services build relationships with customers

During the year the ARFF held meetings with representatives from Qantas, Ansett and subsidiary airlines to identify their needs. The ARFF also involved these customers in the development of ARFF business planning.

Service questionnaires were developed and implemented to identify customer expectations and needs. Memorandums of Understanding

(MOU) with other fire agencies for the purposes of mutual aid support were put in place. By year's end, more productive customer relationships had been established and continue to strengthen.

Cabin safety workshops were conducted for staff from airlines in cabin safety and emergency procedures. By the end of 1998–99 the ARFF had trained more than 11,400 people, and the service was extended to other airlines operating in the Asia-Pacific region.

During the year the ARFF continued to tender for the provision of fire and rescue services.

Location specific pricing

During the year, Airservices successfully introduced location specific pricing for its terminal navigation services, complementing earlier reforms in aviation rescue and firefighting service pricing.

The new arrangements included transitionary price capping measures at high cost general aviation and regional airports, to ameliorate the impact on those most severely affected. This price capping was funded from a combination of sources, including an $11m subsidy from the Government and a $9m contribution from the industry through temporary surcharges at a number of the lower priced airports.

The new pricing arrangements were put into effect through the use of standard commercial pricing contracts for the first time, marking a departure from the previous statutory price determination mechanism.

While the new arrangements attracted criticism from a number of general aviation operators, Airservices continued to work with these operators and their industry representatives to improve the services provided, the costs of these services and the supporting administrative processes.

Communications, Navigation, Surveillance/Air Traffic Management (CNS/ATM) planning

In March 1999, Airservices endorsed a proposed CNS/ATM planning and implementation framework and gave priority to the development of an Australian Air Traffic Management (ATM) Strategic Plan that defines air traffic management direction.

A functional internal CNS/ATM planning framework, that coordinates trans-business centre air traffic management strategic planning, was established earlier this year.

Airservices' major customers support this initiative and are working with Airservices to complete the first draft of the Australian ATM Strategic Plan by the end of September 1999.

Business development

Airservices continued to build a presence in its target markets and enjoyed growing success in a commercially competitive environment.

Airservices earned revenue in excess of $19m from other business in 1998–99. This included the provision of air traffic management services, facilities management, engineering and technical consultancy, flight inspection, safety, technical and rescue and firefighting training services to customers in Australia, New Zealand, Indonesia, Papua New Guinea, Fiji, the Solomon Islands, Mauritius, Nepal and Finland.

Other bids and expressions of interest were submitted to potential customers in Canada, China, Taiwan, Greece, Mongolia, the Maldives, Tonga, Nepal, Dubai, Afghanistan, and Kazakhstan. Some of these have already been successful and others are being actively pursued.

Airservices provided services under contract to the Government of Solomon Islands for management

of upper level airspace. Work continued in concert with COG to compete for valuable and strategic business in the Asia-Pacific region.

Aggressive market penetration within the Asia-Pacific region and locally within the Department of Defence resulted in flight inspection contracts awarded to Airservices.

External contracts and works were undertaken in the following areas:

• Installation of Ultra High Frequency (UHF) communication equipment for the RAAF.

• Installation of remote monitoring station for the Japanese Civil Aviation Bureau.

• Installation of satellite communication dishes for a communications carrier.

• ARFF vehicle management contract from Wellington International Airport.

• Finalisation of an AusAid-sponsored charting assistance program to Papua New Guinea.

• Contracts established for the production of specialist charting products with major airlines and the military.

• Consolidated contracts for provision of upper airspace control and management services for Solomon Islands from control positions in the Brisbane TAAATS centre.

Key result area: 'EMPLOYEES'

To achieve a competent, motivated, flexible and customer focussed workforce committed to continuous improvement in our business.

BUSINESS STRATEGIES

• Develop critical employee competencies and resources.

• Introduce commercial work practices and conditions.

• Establish an effective internal communication process with employees.

Developing competencies and skills

A *Supervisor's Program*, a series of residential programs run by Chisholm TAFE in Victoria, was offered to staff who were new to supervisory positions, staff requiring development of supervisory skills to attain promotion or advancement, and staff who hold supervisory positions and require development and skills. The success of the program was indicated by the increase in participant skill level and the positive feedback received from participants.

Development programs to familiarise staff with the new Airservices' vision, customer relations and the understanding of commercial business imperatives were under way by year's end.

The ARFF continued to develop the Australian Fire Competencies (AFC) curriculum, learning packages and assessment tools, which have been accepted by all national fire agencies. The ARFF has become a co-provider of this training in partnership with the Open Learning Institute (OLI) TAFE of Queensland.

Operational firefighters and others wanting to pursue a career in the ARFF, have access to, and are encouraged, to participate in personal

development and/or ARFF selection through the AFC curriculum. The curriculum embraces five levels commencing with Certificate 2, progressing to an Advanced Diploma in Fire Fighting Management.

Developing commercial work practices and conditions

Award simplification

Airservices commenced its award simplification process in March 1998. The purpose is to reduce the award to the conditions of service that are covered by the 20 allowable matters in the *Workplace Relations Act 1996*. The Australian Industrial Relations Commission was reviewing the Airservices award by year's end.

Productivity improvements through enterprise agreements

The *Airservices Australia Enterprise Agreement 1998–2001* continued its remuneration program for linking pay increases to productivity improvements. The program, which commenced in 1996, included fixed salary increases for the delivery of improvements that achieve maintenance of the average-weighted price to the aviation industry in nominal terms. Where there are reductions of the average price paid below the nominal level (actual dollar level), additional productivity payments would be available for sharing equitably between the three stakeholders including the Government, Airservices and its employees. The first payment to be made under this productivity measurement framework was made on 1 July 1998 and arose from the period of operation for the 1996–1998 Air Traffic Services and Corporate Enterprise Agreements.

Business Transformation initiatives

Airservices staff participated in Business Transformation projects as members of project teams, focus groups or survey groups. More than 200 staff participated in focus groups on

influencing Airservices' culture, and 300 staff contributed to the project as survey respondents.

Staff involved in this project identified significant issues which will have a positive impact on Airservices. These included improved communication strategies, an enhanced performance management system and the development of a better understanding of both the needs of customers and the market in which Airservices operates. These issues were being addressed by year end.

Salary packaging

Airservices' program of salary packaging was well received by staff and more than 1,100 staff took the opportunity to enter into novated vehicle leases.

Staff services

A counselling service was made available to staff with the aim of contributing to staff well-being and the maintenance of safe working conditions.

Airservices made available a Health and Fitness Program to all staff with the aim of contributing to their well being, which would contribute to productivity improvements and the maintenance of safe working conditions.

Employee communications

To coincide with the introduction of the new corporate structure, the Airservices Intranet and AvNet was further expanded on 16 November 1998. AvNet is a corporate information facility managed by the Aviation Information Centre in partnership with business centres and is available to all staff.

The Intranet brought a number of existing electronic services together and provided links to a range of new services including:

- Business Centres

- Corporate information

- documents and policies

- IT Information

- AltaVista search engine

- training

- news summaries

- staff newsletters

- The Aviation Information Centre.

Staff communication improved with the introduction of internal newsletters, other information bulletins and enhanced use of the Intranet. Increased face-to-face communications from managers was well received by staff.

Key result area: 'OWNER'

To meet the Government's requirements for financial returns, increasing value in the business and maintaining positive relationships with key industry, regulatory and community groups.

BUSINESS STRATEGIES

- Improve financial and economic returns.
- Implement Airservices' Business Transformation initiative.
- Achieve Government support for expanding Airservices' scope of business operations.
- Facilitate corporatisation of Airservices.
- Promote a corporate image with the aviation industry and the public consistent with Airservices' ambition to become a global leader in the provision of safe and efficient Air Traffic Management and ARFF services.

Improving long term profitability

The Operating Profit before abnormal items and taxation for the year ended 30 June 1999 was $45.6m, up 61 per cent on the previous year after cost reduction initiatives reduced operating expenses by 4 per cent.

The loss after abnormal items and taxation was $123.4m, after providing $200.4m to cover the costs of restructuring Airservices under the Business Transformation program. This will allow Airservices to reap significant financial benefits in the future and provide enhanced returns to the Government and continued reductions to prices for customers.

Airservices was successful in securing new business and developing other sources of revenue. These achievements were highlighted in this report under the key result area 'Customers and Markets'.

Business Transformation

A two-phase Business Transformation initiative began in June 1997. This initiative was designed to develop a new vision for Airservices and to plan and implement the changes required to ensure that the future organisation is a sustainable, market-focussed business enterprise delivering high customer and shareholder value.

Phase one of the program was completed in January 1998 and resulted in Airservices adopting a new corporate Vision and a change agenda.

Phase two of the program comprises the work needed to complete the change agenda. The projects are summarised below.

Project 1. Business Identification: This project identified 153 products and services provided to customers, both internally and externally; broadly assessed the future business potential in current and related markets in terms of shareholder value added and risk; and identified alternative business portfolio options. The outcomes of this project

were used as reference material for Business Transformation Project 2 (Business Restructure).

Project 2. Business Restructure: This project was initiated to consider alternative organisation structures that would help transform Airservices into a competitive organisation focussed on its customers. Airservices' new organisation structure was implemented on 16 November 1998. The new structure is based on the products and services it delivers and the markets it services. The structure has made Airservices more commercially focussed, with the organisation being split into business centres, responsible for their bottom line profit.

Project 3. Business Process Identification: This project identified processes which, if re-engineered, will deliver significant productivity gains and cost reductions necessary to fulfil Airservices' vision of becoming a cost competitive, efficient and effective air traffic service provider. It is also the enabler for Project 10, Business Process Re-engineering. Project 10 has eight re-engineering projects, of duration up to twelve months, most of which are under way.

Project 4. Create Marketing Capability: This project is focussed on marketing within the Operations Support Group (OSG). A report recommending the strategy for OSG to market its services both internally and externally was delivered in June 1999. The marketing requirements of the Commercial Operations Group (COG) are being defined and implemented by Group Management.

Project 5. Working Conditions for the 21st Century: This project aims to define practices and conditions of employment for Airservices that enable flexible employment and deployment of staff. The project will include a fundamental review of how jobs are classified and structured.

Project 6. Business/Management/Leadership Skills: A leadership development program has been designed to provide Airservices' senior management with the leadership and business management skills needed to successfully transform Airservices. A pilot program designed for all staff, addressing the skills required to implement a strong customer focus, leadership and culture change throughout Airservices will be trialed during the third quarter of 1999 and will be delivered to all staff.

Project 7. Customer Expectations and Satisfaction: The project is undertaking initial internal and external customer surveys to assess satisfaction with the products and services we deliver. The project will recommend methodologies for managing and tracking customer relationships in the future and will provide feedback to business centre managers, staff, and customers.

Project 8. Influencing our Culture: The project team defined the desirable values and behavioural norms that will support achievement of Airservices' vision. New methods were devised to measure and monitor Airservices' culture and identify actions to be taken to build cultural change that will enhance the overall performance of Airservices and the satisfaction of its employees.

Project CI3. Performance Management: This project is a cultural intervention program recommended by the Project 8 team and aims to develop a model that will align performance measures to strategic objectives, develop meaningful and relevant financial and non-financial performance measures, and form part of a hierarchy of performance enhancements.

Project 9. Information Management Strategy: This project is assessing information management needs, in the context of Airservices' Vision,

business structure and objectives. It is developing an information management vision, strategy and an implementation plan. The project will enable Airservices to assess and develop a business case for renewed investment in information management platforms and systems to support the cost-efficient delivery of services to its customers.

Project 10. Business Process Re-Engineering: This project consists of the eight BPR projects identified in Project 3. These include:

- develop an asset management strategy

- create an integrated capital investment and delivery process

- redesign airways infrastructure maintenance and support processes

- streamline Human Resources (HR) processes

- redesign introduction and ongoing training of Air Traffic Controllers

- make technical training needs driven and market competitive

- develop and implement full value procurement

- transform aeronautical/aviation information provision.

Project 11. Measuring Airservices' Performance: This project will develop key measures for tracking the performance of Airservices and of its constituent business groups and business centres. The project will enhance measurement and reporting of operational and business performance.

Strategic management

During 1998–99, Airservices introduced a strategic management framework suitable for an enterprise consisting of semi-autonomous businesses established as a result of the Business Transformation Program.

The main principles underpinning the framework are:

- corporate direction setting with business centre input

- devolution of responsibility for business planning to business centres within an overall corporate framework

- participative business planning which helps communicate the marketplace to the workplace

- market and customer oriented business plans, in which market opportunities and gaps in meeting customer needs and expectations are clearly understood and addressed

- negotiation between client and supplier business centres in agreeing service levels and transfer prices

- corporate review of business plans for alignment with corporate direction and target corporate outcomes

- periodic review of performance against the Corporate Plan and business centre business plans.

The strategic management framework consists of an organisation-wide strategic planning and performance review process and a set of strategic plans at corporate and business centre levels. The framework focuses on both the annual planning cycle as well as the implementation cycle. It contains the minimum number of plans for effective management of Airservices as a multi-business enterprise.

By year's end a number of functional strategy plans were under development. These are concerned with the technology and information platforms shared by business centres and require a multi-business centre perspective. The development of an air traffic management strategy

has begun using an industry-wide joint strategic planning process involving all key customers and stakeholders. Development of an asset management strategy and an information management strategy were in progress as part of the Business Transformation program.

Maintaining links with the aviation industry

Following the Government's structural review of Airservices, the role of chairperson for the interdepartmental working groups on towers and human resources strategy was taken, and members of the other working groups were nominated. This involved the facilitation of extensive deliberations involving CASA, Department of Finance, the Office of Asset Sales and IT Outsourcing, Department of Workplace Relations and the Department of Transport and Regional Services on a number of issues, including corporatisation, flowing from the proposed introduction of competition to this aspect of Airservices' business.

Airservices continued its representation on ICAO working groups and panels. Airservices hosted an ICAO Obstacle Clearance Panel (OCP) Working Group Meeting during November 1998. The Australian member to the OCP also participated at a number of other OCP Working Group meetings during this period.

Airservices continued to take an active role in the management of Regional Air Space Users Advisory Committee (RAPAC) and Regional Air Coordinating Committee (RACS) forums, to understand customers' needs and to brief them on Airservices' business initiatives.

The close working relationship with CASA and BASI was maintained. In supporting Federal Government initiatives to privatise airports, Airservices established close working relationships with the new owners and provided engineering and technical advice.

Involvement with community groups

Airservices' staff was involved in the provision of Air Traffic Control services at the following special events during the year:

- Sensational Adelaide 500

- Melbourne Grand Prix

- Melbourne Spring Racing Carnival

- Avalon Air Show

- AFL Grand Final

- Gold Coast Indy 500.

Ministerial Directions

On 3 May 1999, the Minister issued a Direction, updating a previous Direction under Section 16 of the *Air Services Act 1995* concerning the responsibilities of Airservices in respect of the environmental effects of aircraft. The Direction contained a new requirement, that Airservices would provide advice, information, guidance and assistance on environmental issues arising at locations outside controlled airspace. It is anticipated that the development of closer working relationships with the Department of Transport and Regional Services and the CASA on such matters will achieve more satisfactory outcomes for the community in these areas. (See Appendix 4 for Ministerial Directions.)

Financial Statements

For the year ended 30 June 1999

Independent Audit Report

To the Minister for Transport and Regional Services

Scope

I have audited the financial statements of Airservices Australia for the financial year ended 30 June 1999. The financial report comprises:

- Statement by Directors
- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies
- Notes to and forming part of the Financial Statements.

The members of the Board are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view of the entity which is consistent with my understanding of its financial position and the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

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

Audit Opinion

In my opinion,

(i)   the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders; and

(ii)   the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of Airservices Australia as at 30 June 1999 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office

David C. McKean
Executive Director

Delegate of the Auditor-General

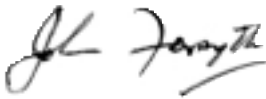Canberra
26 August 1999

For the year ended 30 June 1999

STATEMENT BY DIRECTORS FOR THE YEAR ENDED 30 JUNE 1999

In accordance with a resolution of the Board of Airservices Australia, we state:

In the opinion of the Directors:

(a) the financial statements of Airservices Australia are drawn up to show fairly the entity's operating result for the year ended 30 June 1999, the financial position as at 30 June 1999, the cash flows for the year ended 30 June 1999, the commitments as at 30 June 1999 and the contingencies as at 30 June 1999.

(b) at the date of this statement there are reasonable grounds to believe that Airservices Australia will be able to pay its debts as and when they fall due.

On behalf of the Board

Chairman

Director

Dated at Perth this 20th day of August 1999

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 1999

	NOTES	1999 $'000	1998 $'000
OPERATING REVENUES			
Airways revenues		**565,386**	563,459
Avgas excise		**–**	16,678
Subsidy		**11,000**	–
Other revenue		**19,076**	22,606
Total operating revenues		**595,462**	602,743
OPERATING EXPENSES			
Staff costs		**320,115**	343,297
Community service activities	2(b)	**4,636**	6,212
Indirect operational costs		**64,434**	62,843
Other support costs		**33,900**	39,377
Project operating expenditure		**48,930**	46,181
Depreciation		**68,528**	64,736
Interest		**9,167**	11,608
Total operating expenses		**549,710**	574,254
PROFIT FROM OPERATIONS		**45,752**	28,489
Abnormal items before tax	2(c)	**(218,930)**	(76,501)
OPERATING LOSS BEFORE INCOME TAX		**(173,178)**	(48,012)
Income tax attributable to operating loss	4	**(49,815)**	(15,025)
OPERATING LOSS AFTER INCOME TAX		**(123,363)**	(32,987)
Accumulated losses at the beginning of the financial year		**(30,293)**	8,644
TOTAL AVAILABLE FOR APPROPRIATION		**(153,656)**	(24,343)
Dividends provided for or paid	5	**–**	5,950
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	3	**(153,656)**	(30,293)

The Profit and Loss Statement is to be read in conjunction with the notes to and forming part of the financial statements.

BALANCE SHEET AS AT 30 JUNE 1999

	NOTES	1999 $'000	1998 $'000
CURRENT ASSETS			
Cash		**23,689**	23,330
Receivables	6	**56,485**	54,341
Other	7	**17,810**	11,664
Total current assets		**97,984**	89,335
NON-CURRENT ASSETS			
Land & buildings	8	**110,040**	152,622
Infrastructure, plant & equipment	8	**363,933**	457,702
Other	7	**99,163**	47,306
Total non-current assets		**573,136**	657,630
Total assets		**671,120**	746,965
CURRENT LIABILITIES			
Borrowings	9	**3,249**	68,066
Provisions and payables	10	**206,188**	159,522
Total current liabilities		**209,437**	227,588
NON-CURRENT LIABILITIES			
Borrowings	9	**99,829**	99,756
Provisions	10	**148,320**	82,724
Total non-current liabilities		**248,149**	182,480
Total liabilities		**457,586**	410,068
Net assets		**213,534**	336,897
SHAREHOLDERS' EQUITY			
Capital	11	**367,190**	367,190
Accumulated losses	11	**(153,656)**	(30,293)
TOTAL SHAREHOLDERS' EQUITY		**213,534**	336,897

The Balance Sheet is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1999

	NOTES	1999 $'000	1998 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**574,221**	603,424
Receipts from government		**11,000**	–
Interest received		**414**	618
Income tax refunded		**5,245**	–
Payments to suppliers/employees		**(492,207)**	(512,021)
Interest and other financing costs paid		**(9,157)**	(11,568)
Income tax paid		**(280)**	(11,494)
Net cash provided by operating activities	20	**89,236**	68,959
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		**18,313**	6,340
Payment for property, plant & equipment		**(42,373)**	(57,764)
Net cash used in investing activities		**(24,060)**	(51,424)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings — government		**–**	(10,000)
Proceeds from borrowings — non government		**–**	24,725
Repayments of borrowings — non government		**(64,874)**	–
Dividends paid		**–**	(5,950)
Net cash (used in)/provided by financing activities		**(64,874)**	8,775
Net increase in cash held		**302**	26,310
Cash at the beginning of the financial year		**20,138**	(6,172)
CASH AT THE END OF THE FINANCIAL YEAR	20	**20,440**	20,138

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

SCHEDULE OF COMMITMENTS AS AT 30 JUNE 1999

	NOTES	1999 $'000	1998 $'000
CAPITAL COMMITMENTS			
Land and buildings		**22**	723
Infrastructure, plant and equipment		**15,692**	27,504
Investments		**–**	2
Other capital commitments		**713**	306
Total capital commitments		**16,427**	28,535
OTHER COMMITMENTS			
Operating leases		**57,785**	52,814
Project commitments		**40**	–
Research and development		**20**	–
Other commitments		**11,272**	18,220
Total other commitments		**69,117**	71,034
COMMITMENTS RECEIVABLE		**(13,906)**	(25,916)
NET COMMITMENTS		**71,638**	73,653
MATURITY			
Not later than one year		**27,875**	40,832
Later than one year but not later than two years		**13,334**	30,351
Later than two years but not later than five years		**5,392**	3,673
Later than five years		**25,037**	(1,203)
NET COMMITMENTS		**71,638**	73,653

The Schedule of Commitments is to be read in conjunction with the notes to and forming part of the financial statements.

SCHEDULE OF CONTINGENCIES AS AT 30 JUNE 1999

UNQUANTIFIABLE CONTINGENCIES

The Royal Queensland Aero Club on 10 June 1999 brought a claim for relief from unpaid charges for facilities and services provided by Airservices Australia. There has been no hearing date set for this matter.

The Schedule of Contingencies is to be read in conjunction with the notes to and forming part of the financial statements.

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

1   STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a.   Basis of Accounting

The financial statements have been prepared in compliance with the guidelines for Financial Statements of Commonwealth Authorities issued by the Minister for Finance for reporting periods ending on and after 30 June 1999. The financial statements comprise a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The financial statements have been prepared on the basis of historical costs except for certain non-current assets which are at valuation as described in note 8.

All amounts are shown in thousands of dollars unless otherwise stated, and are expressed in Australian currency.

b.   Property, Plant and Equipment

Cost and Valuation
Property, plant and equipment are brought to account at cost or at independent valuation, less, where applicable, accumulated depreciation or amortisation.

Assets purchased by Airservices are initially valued at cost. Labour and direct overheads incurred in installation are capitalised and added to the cost. Assets constructed by Airservices are initially recognised at cost of materials, labour and direct overheads.

All property, plant and equipment was independently valued during the year (except those items held at cost). Revaluation increments and decrements are accounted for separately for each class of assets in accordance with AAS10, "Accounting for the Revaluation of Non-Current Assets."

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.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to Airservices, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Depreciation
Property, plant and equipment, excluding freehold land, are depreciated or amortised at rates based upon their expected useful lives using the straight line method. The expected useful lives are as follows:

Buildings (including fittings)	10–40 years
Infrastructure, plant and equipment	3–20 years

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

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

1 Statement of significant accounting policies coninitued

c.   Inventories

Inventories consist of retail and publication material for sale to the aviation industry. Inventories are valued at the lower of cost or net realisable value, using the weighted average unit cost method.

d.   Receivables

All trade debtors are recognised at the amounts receivable from the date of the invoice for services provided. The terms of all invoices are 28 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event where the debt is more than 90 days overdue for commercial entities or 150 days for Government entities.

e.   Trade and Other Creditors

These amounts represent liabilities for goods and services provided to Airservices prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

f.   Comparative Figures

Comparative figures in the Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, Schedule of Commitments, Schedule of Contingencies and the notes to and forming part of the financial statements relate to the prior year's financial statements.

g.   Defined Benefit Superannuation Schemes

Contributions to defined benefit superannuation schemes maintained by Airservices are expensed in the year they are paid or become payable. No amount is recognised in the accounts in respect of the net surplus or deficit in each scheme.

h.   Cash

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

i.   Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the Profit and Loss Statement is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

1 Statement of significant accounting policies conitinued

j. Recoverable Amount of Non-Current Assets

The carrying amounts of non-current assets have been reviewed by directors to determine whether they exceed their recoverable amounts. The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. To the extent that a revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the Profit and Loss Statement. The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate.

k. Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

l. Year 2000 Software Modification Costs

Costs relating to the modification of computer software for year 2000 compatibility are charged as expenses as incurred.

m. Employee Entitlements

Wages and Salaries, Annual Leave and Sick Leave
Liabilities for wages and salaries, annual leave and sick leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect to employees' services up to that date.

Long Service Leave
A liability for long service leave is recognised, and is measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date when an employee reaches 5 years of service. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Superannuation
The amount charged to the profit and loss statement in respect of superannuation represents the contributions made to the superannuation fund. Superannuation contributions are made in the period that they fall due.

Early Retirement Benefit
Early Retirement Benefit (ERB) is payable to certain Flight Service and Air Traffic Control employees who have attained the age of 50 years and whose relevant period of service exceeds ten years. A provision for ERB is established when the employee becomes eligible for ERB.

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

	NOTES	1999 $'000	1998 $'000
2 OPERATING LOSS			
a. Operating loss before income tax is arrived at after:			
Revenue			
Interest received or due and receivable			
— Loans		**327**	178
— Deposits		**39**	41
— Bills receivable		**–**	8
— Other		**48**	396
Total Interest received or due and receivable		**414**	623
Gains from sale of non-current assets			
— Land and buildings		**1,379**	826
— Infrastructure, plant and equipment		**1,667**	3,463
Total gain from sale of non-current assets		**3,046**	4,289
Expenditure			
Staff costs			
— Staff remuneration		**315,789**	335,044
— Early retirement benefits		**4,326**	8,253
Total staff costs		**320,115**	343,297
Operating lease charges		**27,862**	23,249
Interest paid/payable			
— Loans		**8,775**	11,024
— Overdrafts		**22**	19
— Guarantees		**–**	96
— Other borrowing costs		**370**	469
Total interest paid/payable		**9,167**	11,608
Depreciation of property, plant and equipment		**68,814**	64,736
Less depreciation associated with community service activities	2(b)	**(286)**	–
	8(a)	**68,528**	64,736
Movement in doubtful debts provision		**1,237**	(700)
Bad debts written off		**230**	1,866
Total doubtful debt expenses		**1,467**	1,166
Loss on sale of non-current assets			
— Land & buildings		**22**	375
— Infrastructure, plant and equipment		**1,502**	1,909
Total loss on sale of non-current assets		**1,524**	2,284

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

2 Operating loss conitinued

	1999 $'000	1998 $'000
b. The community service activities funded by Airservices and charged to operations during the year to meet the specific requirements of the Government were:		
Provision for environmental information (reports, statistics and maps) by:		
— Environmental Services and Corporate Communications Branches	**1,588**	1,251
— Noise and Flight Path Monitoring System	**1,118**	1,131
Noise inquiry lines	**1,484**	1,898
Development of long term operating plan for Sydney Airport	**263**	1,091
Sydney Olympics	**183**	110
Transfer of SAR function to the Australian Maritime Safety Authority (AMSA) administration cost	**–**	706
Inflight Emergency Response	**–**	25
Total community service activities	**4,636**	6,212

The community service costs disclosed above are the direct costs incurred by Airservices for these activities. These costs do not include any attributable overhead or profit margin, which if applied, would result in a fully allocated cost of $6.048m (1998 $9.064m). Included in the community service costs above is depreciation to the total of $0.286m.

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

2 Operating loss conitinued

	NOTES	1999 $'000	1998 $'000
C. Abnormal Items			
Items associated with Airservices' Business Transformation organisational restructuring program			
Separation and redundancy payments		**(96,447)**	(30,569)
Devaluation of property, plant and equipment	8	**(93,119)**	(6,580)
Business Transformation program costs		**(8,180)**	(679)
Other Business Transformation costs		**(2,676)**	–
		(200,422)	(37,828)
Income tax effect		**72,985**	13,618
Total restructuring costs		**(127,437)**	(24,210)
Other Abnormal Items			
Year 2000 direct project costs[1]		**(1,862)**	–
Avgas Refund		**(800)**	–
Provisions for Legal Costs & Litigation		**(25,140)**	(29,007)
Provision for Early Retirement Benefits		**–**	(13,852)
Lease defeasance gains		**9,294**	4,186
		(18,508)	(38,673)
Income tax effect		**1,263**	13,922
Total other costs		**(17,245)**	(24,751)
Total abnormal items before income tax		**(218,930)**	(76,501)
Total income tax effect		**74,248**	27,540
Total abnormal items after income tax		**(144,682)**	(48,961)

(1) A further $2.576m has been expended on software modification
and compliance projects incorporated into other projects
directly related with the Year 2000 issue.

3 ANALYSIS OF ACCUMULATED LOSSES

Accumulated Operating profits before abnormal items		**159,152**	113,400
Abnormal Items			
Devaluations of Property, Plant & Equipment		**(127,567)**	(34,448)
Separation and Redundancy payments		**(155,715)**	(59,268)
Other		**(38,212)**	(8,848)
Tax (Expense)/Credit		**30,786**	(19,029)
Dividends provided for or paid		**(22,100)**	(22,100)
Total Accumulated Losses		**(153,656)**	(30,293)

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

	1999 $'000	1998 $'000

4 INCOME TAX BENEFIT

a. The prima facie tax on operating loss is reconciled to the income tax provided in the accounts as follows:

	1999 $'000	1998 $'000
Operating loss before income tax	**(173,178)**	(48,012)
Prima facie income tax benefit at 36%	**(62,344)**	(17,284)
Tax effect of permanent and other differences:		
— Non-deductible depreciation expense and asset disposals[1]	**4,586**	6,593
— Non-deductible asset revaluation decrement	**(833)**	–
— Provision for Taxation Laws Amendment Act (No. 2)[2]	**3,274**	–
— Development allowances	**–**	(3,465)
— Non-assessable asset revaluation increments	**–**	(1,971)
— Other non-deductible expenditure	**6,137**	583
— Research and development tax incentive	**(126)**	(173)
Under/(Over) provision for income tax in prior years	**(509)**	692
Total Income Tax Benefit	**(49,815)**	(15,025)

b. The income tax benefit comprises amounts set aside as
Provision for income tax attributable to current year

	1999 $'000	1998 $'000
— Income tax on operating loss	(4,259)	380
Provision for Taxation Laws Amendment Act (No. 2)[2]	3,274	–
Provision for income tax attributable to future years		
— Provision for deferred income tax	(21,162)	(971)
— Future income tax benefit arising from timing differences	(27,159)	(15,126)
— Under/(Over) provision for tax in prior year	(509)	692
	(49,815)	(15,025)

(1) This permanent component arises from previous years revaluations of fixed assets. As at 30 June 1994 the corporate value of fixed assets included a revaluation increment of $128m. This figure represents future years corporate book depreciation which will never be deductible for tax purposes. The proportion of corporate depreciation arising from the revaluation increment taken up as a permanent adjustment to operating profit/(loss) in determining income tax expense was $12.739m (1998 $18.313m).

(2) During 1998–99 Taxation Laws Amendment Act (No. 2) was passed which significantly reduces the original tax depreciation asset base for entities which were previously owned by the Commonwealth Government. The total tax liability impact on Airservices is estimated at $4.156m of which $3.274m relates to 1998–99 and prior years.

5 DIVIDENDS

The Board will be recommending to the Minister for Transport and Regional Services that no dividend be provided in respect of the current financial year (1998 $5.950m).

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

	1999 $'000	1998 $'000
6 RECEIVABLES		
Current		
Trade debtors	52,136	49,384
Less: provision for doubtful debts	(2,698)	(1,461)
	49,438	47,923
Sundry Debtors	6,607	5,117
Accrued Revenue and interest	440	1,301
Total Current Receivables	56,485	54,341
Aged analysis of trade debtors		
Current	46,127	45,816
Not later than 30 days	3,616	2,410
Later than 30 days but not later than 60 days	852	441
Later than 60 days[1]	1,541	717
	52,136	49,384

(1) The increase in receivables over 60 days overdue is directly related to the General Aviation sector of the industry.

	1999 $'000	1998 $'000
7 OTHER ASSETS		
Current		
Prepayments	15,638	8,969
At cost		
Consumable spares	1,868	2,473
Inventories	304	222
Total Current Other Assets	17,810	11,664
Non-Current		
Future Income Tax Benefits		
— attributable to timing differences	94,434	46,411
— attributable to tax losses carried forward	4,259	–
	98,693	46,411
At Cost		
Consumable spares	1,650	3,104
Less provision for obsolescence	(1,180)	(2,209)
	470	895
Total Non-Current Other Assets	99,163	47,306

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

8   PROPERTY, PLANT AND EQUIPMENT

a.   Aggregate Property, Plant and Equipment

Item	Land $'000	Buildings $'000	Total land and buildings $'000	Infrastructure plant and equipment $'000	Total $'000
Gross value — 1 July 1998	**22,954**	**129,824**	**152,778**	**467,911**	**620,689**
Additions	–	5,707	5,707	36,890	42,597
Revaluations	(2,187)	(32,745)	(34,932)	(120,541)	(155,473)
Disposals	(6,475)	(6,758)	(13,233)	(6,300)	(19,533)
Gross value — 30 June 1999	**14,292**	**96,028**	**110,320**	**377,960**	**488,280**
Accumulated depreciation — 1 July 1998	**–**	**(156)**	**(156)**	**(10,209)**	**(10,365)**
Depreciation charge	–	(8,321)	(8,321)	(60,493)	(68,814)
Revaluations	–	8,071	8,071	54,283	62,354
Disposals	–	126	126	2,392	2,518
Accumulated depreciation — 30 June 1999	**–**	**(280)**	**(280)**	**(14,027)**	**(14,307)**
Net book value — 30 June 1999	**14,292**	**95,748**	**110,040**	**363,933**	**473,973**

b.   Assets held at valuation

Item	Land $'000	Buildings $'000	Total land and buildings $'000	Infrastructure plant and equipment $'000	Total $'000
As at 30 June 1999					
Gross value	14,292	90,247	104,539	283,210	387,749
Accumulated depreciation	–	–	–	–	–
Net book value	14,292	90,247	104,539	283,210	387,749
As at 30 June 1998					
Gross value	22,954	121,775	144,729	291,377	436,106
Accumulated depreciation	–	–	–	–	–
Net book value	22,954	121,775	144,729	291,377	436,106

c.   Independent Valuation

Property has been independently revalued during the year as part of a three year program and the results of the revaluation were brought to account at 30 June 1999. All revaluations, other than the Alan Woods Building, 25 Constitution Avenue, Canberra, were carried out by A St Leon, AVLE (VAL & Econ), AICMV of Edward Rushton Australia Pty. Limited, Sydney, NSW. The revaluation of Alan Woods Building, was carried out by Mr. Neal J. Smith AVLE (VAL) of Herron Todd White Valuers Pty. Limited, Sydney, NSW.

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

	1999 $'000	1998 $'000
9 BORROWINGS		
Current		
Unsecured loans		
— Bank overdraft	**3,249**	3,192
— Promissory notes	**–**	64,874
Total Current Borrowings	**3,249**	68,066
Non-Current		
Unsecured loans		
— Bank loans	**99,829**	99,756
Total Non-Current Borrowings	**99,829**	99,756
Maturity Schedule		
Total amount of loans payable within:		
— Not later than 1 year	**3,249**	68,066
— Later than 1 year but not later than 2 years	**–**	–
— Later than 2 years but not later than 5 years	**99,829**	99,756
— Later than 5 years	**–**	–
Total Borrowings	**103,078**	167,822

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

	1999 $'000	1998 $'000
10 PROVISIONS AND PAYABLES		
Current Payables		
Suppliers		
— Trade creditors	**7,813**	7,988
— Operating lease rentals	**679**	212
Employees		
— Salaries & wages	**8,535**	8,763
— Superannuation	**1,181**	588
— Other	**144**	–
Other accrued expenses		
— Interest payable	**4,612**	4,602
— Revenue received in advance	**1,963**	2,441
— Other	**21,890**	18,631
Total Current Payables	**46,817**	43,225
Current Provisions		
Employee Entitlements		
— Long service leave	**8,361**	17,876
— Annual recreation leave	**24,117**	41,252
— Workers compensation[1]	**500**	579
— Separations and redundancies	**74,402**	27,102
Taxation	**3,274**	–
Litigation and legal costs	**48,717**	29,488
Total Current Provisions	**159,371**	116,297
Total Current Provisions and Payables	**206,188**	159,522
Non-Current Provisions		
Employee Entitlements		
— Long service leave	**79,223**	66,684
— Annual Recreation leave	**17,627**	–
— Separations and redundancies	**47,831**	12,190
— Workers compensation[1]	**3,639**	3,850
Total Non-Current Provisions	**148,320**	82,724

(1) The provision represents Airservices self insured liability for workers compensation, in respect of the years up to 1 July 1989 when Comcare took over this insurance.

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

11 EQUITY

Item	Capital $'000	Accumulated losses $'000	Asset revaluation reserve $'000	Total equity $'000
Balance — 1 July 1998	367,190	(30,293)	–	336,897
Operating loss after tax	–	(123,363)	–	(123,363)
Dividends	–	–	–	–
Balance — 30 June 1999	367,190	(153,656)	–	213,534

12 SEGMENT REPORTING

Airservices operates solely in the Aviation Industry and predominantly in Australia.

	1999 $'000	1998 $'000
13 STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES		
Bank Overdraft	**5,000**	5,000
Total Credit Facilities	**5,000**	5,000
Amount Utilised	**(3,249)**	(3,192)
Unused Credit Facility	**1,751**	1,808
Loan facilities		
— Promissory note	**300,000**	300,000
— Eurobond	**100,000**	100,000
— Standby	**50,000**	50,000
Total loan facilities	**450,000**	450,000
Amount Utilised	**(99,829)**	(164,631)
Unused loan facility	**350,171**	285,369

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

14 SUPERANNUATION COMMITMENTS

Airservices makes contributions to AvSuper (sponsored by Airservices) and Commonwealth Superannuation Administration (ComSuper) which administers the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) funds. Contributions to these defined benefit schemes are expensed in the year they are paid or become payable.

Airservices rates of contribution for CSS and PSS members are determined by ComSuper. Total contributions made by Airservices for CSS and PSS members to ComSuper during the period were $16.119m and $0.108m respectively. AvSuper provides the normal range of employer sponsored benefits i.e. retirements, resignation, retrenchment, death and disablement. AvSuper is operated as a defined benefit scheme with benefits based on years of fund membership and final average salary. Flexible employee contribution rates range from 0%–10%.

The last actuarial assessment of AvSuper as at 1 July 1998 was presented by Sedgwick Noble Lowndes on 11 November 1998. Information relating to AvSuper based on the latest actuarial assessment and the financial report of AvSuper for year ended 30 June 1998 is set out below:

	$'000
Present value of employees' accrued benefits	414,679
Net market value of assets held by AvSuper to meet future benefit payments	455,676
Surplus	40,997
Vested benefits	410,684
Employer contributions to AvSuper	39,293

AvSuper is scheduled to have its next full actuarial review on or before 1 July 2001. At balance date, the assets of the Fund were considered sufficient to satisfy all benefits payable to meet the ongoing liabilities of the fund including the voluntary or compulsory termination of employment of each employee covered by the Fund.

	1999 $	1998 $
15 REMUNERATION OF AUDITORS		
Audit services for Airservices are provided by the Australian National Audit Office		
Auditing Services	**150,000**	132,000
Other Services	**–**	–
	150,000	132,000

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

	1999	1998
	$	$

16 REMUNERATION OF DIRECTORS

Amounts received, or due and receivable, by Directors **167,862** 194,573

The number of Directors whose remuneration falls within the specified bands are as follows:

$		$	1999 Number	1998 Number
0	–	9,999	**–**	1
10,000	–	19,999	**–**	1
20,000	–	29,999	**2**	2
30,000	–	39,999	**2**	1
40,000	–	49,999	**1**	2

17 REMUNERATION OF EXECUTIVES

Executive managers are those who are concerned with, or take part in, the management of Airservices. Remuneration received by the Executive managers whose remuneration was at least $100,000, totalled $1,272,026 (1997–98 $1,502,680). Excluded from this are amounts relating to performance pay which for the group of officers amounted in total to $150,430 (1997–98 $175,839).

The number of Executive managers whose remuneration falls within the specified bands is as follows:

$		$	1999 Number	1998 Number
170,000	–	179,999	**–**	2
180,000	–	189,999	**–**	1
200,000	–	209,999	**–**	2
220,000	–	229,999	**2**	1
230,000	–	239,999	**1**	–
240,000	–	249,999	**1**	–
320,000	–	329,999	**–**	1
340,000	–	349,999	**1**	–

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

18   RELATED PARTY TRANSACTIONS

Directors
The names of persons who were Directors of Airservices Australia during the financial year are as follows:

Chairman	John P C Forsyth
Deputy Chairman	Captain John Faulkner
Chief Executive Officer	William H Pollard
Non-Executive Directors	Kevin Gale
	Gail Burke
	Ronald Entsch (appointed 1 July 1998)

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

Director-related entities
Certain director-related entities have transactions with Airservices that occur within normal customer or supplier relationships on terms and conditions no more favourable than those with which it is reasonable to expect Airservices 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 quantified below where the transactions are considered likely to be of interest to users of these financial statements:

— Aviation services were provided to Airwing Services Pty. Ltd., a company of which Mr J P C Forsyth is a director.

— Publication amendment services were provided to Eurocopter International Pacific Ltd, a company of which Mr J P C Forsyth is a director.

— Employer superannuation contributions were made to AvSuper, a superannuation fund, of which Mr Ronald Entsch was appointed by the Airservices Board as a director of the trustee company, AvSuper Pty Ltd.

Notes to and forming part of the financial statements

19 FINANCIAL INSTRUMENTS

Financial Instruments

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

Interest Rate Risk Exposures

The following table summarises the interest rate risk exposures of Airservices, together with effective interest rates at balance date.

1999

	Notes	Average interest rate	Floating Interest rate $'000	Fixed interest maturing in:			Non-interest bearing $'000	Total $'000
				1 year or less $'000	1 to 5 years $'000	More than 5 years $'000		
Financial assets								
Cash and deposits		4.700%	23,400	–	–	–	289	23,689
Receivables	6	–	–	–	–	–	56,485	56,485
Total			23,400	–	–	–	56,774	80,174
Financial liabilities								
Bank overdraft	9	7.450%	3,249	–	–	–	–	3,249
Trade and other creditors	10	–	–	–	–	–	46,817	46,817
Promissory notes	9	–	–	–	–	–	–	–
Bank loans — bonds	9	7.375%	–	–	99,829	–	–	99,829
Total			3,249	–	99,829	–	46,817	149,895
Net Financial Assets			20,151	–	(99,829)	–	9,957	(69,721)

1998

	Notes	Average interest rate	Floating Interest rate $'000	Fixed interest maturing in:			Non-interest bearing $'000	Total $'000
				1 year or less $'000	1 to 5 years $'000	More than 5 years $'000		
Financial assets								
Cash and deposits		4.950%	22,600	–	–	–	730	23,330
Receivables	6	–	–	–	–	–	54,341	54,341
Total			22,600	–	–	–	55,071	77,671
Financial liabilities								
Bank overdraft	9	7.950%	3,192	–	–	–	–	3,192
Trade and other creditors	10	–	–	–	–	–	43,225	43,225
Promissory notes	9	5.600%	64,874	–	–	–	–	64,874
Bank loans — bonds	9	7.375%	–	–	99,756	–	–	99,756
Total			68,066	–	99,756	–	43,225	211,047
Net Financial Assets			(45,466)	–	(99,756)	–	11,846	(133,376)

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

19 Financial instruments continued

	NOTES	1999 $'000	1998 $'000
Reconciliation of Net Financial Assets to Net Assets			
Net financial assets as above		**(69,721)**	(133,376)
Other current assets	7	**17,810**	11,664
Non-current assets	7,8	**573,136**	657,630
Current provisions	10	**(159,371)**	(116,297)
Non-Current provisions	10	**(148,320)**	(82,724)
Net assets as per balance sheet		**213,534**	336,897

Off-balance Sheet Liabilities

Airservices executes novation agreements with employees who wish to salary sacrifice a motor vehicle as part of their salary package. The employee agrees to have the costs borne by Airservices as a result of the novation agreement deducted from their remuneration package. At balance date the amount outstanding under the above arrangement was $14.941m.

Foreign Exchange Risk Exposure

Airservices' exposure to foreign currency exchange rate risk arises primarily from committed transactions relating to capital expenditure program undertakings up to 12 months ahead. At balance date, the details of outstanding contracts are (Australian dollar equivalents):

Buy US Dollars	Sell Australian Dollars		Average Exchange Rate	
	1999 $'000	1998 $'000	1999 $US/$1	1998 $US/$1
Maturity				
3 months or less	**1,517**	3,123	**0.6590**	0.6138

Credit Risk Exposures

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 enters into financial derivative contracts with counterparties with Standard & Poor's rating of at least AA — and accordingly have minimal credit risk.

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

19 Financial instruments continued

Net Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated net fair values of financial assets and financial liabilities (including derivatives) held at balance date are given below. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or a liability settled in a current transaction between willing parties after allowing for transaction costs.

	1999		1998	
	Carrying amount $'000	Net fair value $'000	Carrying amount $'000	Net fair value $'000
Financial assets				
Forward exchange contracts	**1,517**	**1,515**	298	660
Other Assets	**80,174**	**80,174**	77,671	77,671
	81,691	**81,689**	77,969	78,331
Financial liabilities				
Short term debt	**3,249**	**3,249**	64,874	65,000
Long term debt	**99,829**	**104,950**	99,756	104,950
Other liabilities	**46,817**	**46,817**	46,417	46,417
	149,895	**155,016**	211,047	216,367

The following methods and assumptions were used to estimate the net fair value of each class of financial instrument.

Short and long term debt

The net fair value of short and long term debt is determined by reference to current market rates.

Foreign exchange contracts

The net fair value of forward foreign exchange contracts is determined by reference to current forward rates for contracts with similar maturity.

Notes to and forming part of the financial statements
FOR THE YEAR ENDED 30 JUNE 1999

	1999 $'000	1998 $'000
20 NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows, is reconciled to the related items in the balance sheet as follows:		
Bank overdraft	**(3,249)**	(3,192)
Cash, advances and cash on call	**23,689**	23,330
Total Cash	**20,440**	20,138
Reconciliation of operating loss after income tax to net cash provided by operating activities		
Operating loss after income tax	**(123,363)**	(32,987)
Adjustments for non-cash income and expense items		
Depreciation	**68,814**	64,736
Net profit on sale of property, plant and equipment	**(1,522)**	(2,005)
Revaluation of property, plant and equipment	**93,119**	6,580
Amortisation of discount on bonds	**73**	63
Changes in assets and liabilities		
Increase/(decrease) in employee entitlements	**86,676**	25,213
Increase/(decrease) in doubtful debts	**1,237**	(1,166)
Increase/(decrease) in legal provisions	**19,229**	27,989
Increase/(decrease) in income tax payable	**3,274**	(13,700)
(Increase)/decrease in accounts receivable	**(3,381)**	(2,312)
Increase/(decrease) in interest payable	**10**	–
(Increase)/decrease in inventories and spares	**948**	1,322
(Increase)/decrease in prepayments and other assets	**(6,669)**	11,143
(Increase)/decrease in future income tax benefit	**(52,282)**	(12,819)
Increase/(decrease) in creditors	**3,073**	(3,098)
Net cash provided by operating activities	**89,236**	68,959

21   MONIES HELD IN TRUST

Airservices has been contracted by the Solomon Islands Civil Aviation Authority to provide airspace management and accounts receivable services. The contract requires Airservices to retain cash received and to remit funds at a later date, to the Solomon Islands on the instruction of the contract manager. At statement date, the money held in trust totalled $0.365m.

Appendices

Appendix 1 — Airservices Australia Board

Members

Board members for 1998–99 were:
John Forsyth (Chairman)
Captain John Faulkner (Deputy Chairman)
Kevin Gale
Gail Burke
Ronald Entsch
William H Pollard

All members served throughout the financial year.

Meetings

The Board met 11 times during the year, at the venues shown below:

24 July 1998	Canberra
21 August 1998	Cairns
25 September 1998	Sydney
23 October 1998	Canberra
20 November 1998	Canberra
22 January 1999	Melbourne
18 February 1999	Melbourne
19 March 1999	Canberra
30 April 1999	Darwin
21 May 1999	Sydney
18 June 1999	Canberra

Committees

The committees assisting the Board were:

Safety & Environment Committee

Members: Captain John Faulkner (Chairman), Kevin Gale, Ron Entsch, John Forsyth (ex-officio member), Bill Pollard (ex-officio member).

The Safety & Environment Committee met 11 times during the year.

Audit Committee

Members: Ron Entsch, (Chairman), Gail Burke, John Forsyth (ex-officio member).

The Audit Committee met four times during the year.

Remuneration Committee

Members: John Forsyth (Chairman), Ron Entsch, Bill Pollard (ex-officio member).

The Remuneration Committee met twice during the year.

Directors' meetings

Name	Airservices Board		Audit Committee		Safety & Environment		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
John Forsyth	11	11	(ex-officio)		(ex-officio)		2	2
John Faulkner	11	10	N/A		11	9	N/A	
Ron Entsch	11	11	4	4	11	11	2	2
Kevin Gale	11	11	N/A		11	11	N/A	
Gail Burke	11	10	4	4	N/A		N/A	
Bill Pollard	11	10	(ex-officio)		(ex-officio)		(ex-officio)	

Appendix 2 — Board biographies

John PC Forsyth

Chairman

John Forsyth, is Chairman of the Dymocks Group of companies with interests in book retailing, franchising, property investments and farming. Mr Forsyth is Chairman of Coolgardie Gold NL, a West Australian-based exploration company with gold interests in WA and base metal interests in Queensland. Mr Forsyth is also Chairman of Eurocopter International Pacific which is the Australasian arm of Eurocopter (a joint venture between Aerospatiale and Daimler-Benz Aeronautik Germany) which is the world's largest manufacturer of civil and military helicopters. Mr Forsyth has held a Private Pilot Licence (Helicopter) since 1991.

Captain John Faulkner

Deputy Chairman

Captain John Faulkner retired as Manager Flight Safety and Deputy Head of Safety at Qantas Airways in 1994. A graduate of the Royal Naval College, Dartmouth, England, Captain Faulkner served on aircraft carriers as a fighter pilot. He joined Qantas in 1967 and has flown the Boeing 707, 747 and 767. Captain Faulkner has his own aviation safety consultancy, is President of the Royal Aeronautical Society (Australian Division) and is an adjunct Associate Professor at the University of New South Wales Department of Aviation.

Kevin Onslow Gale

Kevin Gale has more than 40 years' experience in the general aviation industry as a pilot and instructor, and in Air Traffic Control. Mr Gale is the holder of a Commercial Pilot Licence and an Air Traffic Control Licence. He has endorsements on most general aviation aircraft, and has more than 5,500 hours flying time. In Air Traffic Control, Mr Gale's extensive experience has included operating and check controller management and Senior Supervisor Air Traffic Control, NSW Region. He has played leading roles in the conception, development and introduction of: Pilot Awareness and Safety Seminars, Simultaneous Runway Operations in Australia, Slot Flow Control at Sydney Airport, helicopter lanes throughout the Sydney metropolitan area, and the restructuring of Pacific Ocean and Tasman Sea air routes. Mr Gale has also been closely involved with major projects such as Airspace Management and Air Traffic Services, the Review of Air Traffic Control Towers and Airspace 2000.

Gail Burke

Gail Burke heads Macquarie Bank's Information Services Division with responsibility for the Bank's investment in IT assets and for the overall architecture of IT systems within the Bank. She is also an Executive Director of the Bank and its Operations Review and IT Committees. Ms Burke was formerly a member of the Finance Minister's IT&T Policy Advisory Committee. Ms Burke has a strong business background, particularly in the area of Information Technology. She formerly worked for Datec Pty Ltd, Adelaide Group Data and Sun Alliance Insurance.

Ronald Hugh Entsch

Ron Entsch has had a distinguished career in aviation, including 37 years' experience with a number of airlines. At Air Queensland he rose to be Group General Manager and was General Manager, Operations at East West Airlines in Sydney. At Ansett Australia Mr Entsch held senior positions including State Manager, Queensland,

and finally General Manager, Operations at Melbourne Head Office. He was responsible for day-to-day running of the airline. His professional qualifications include a Masters of Business Administration and he has extensive experience in industry affairs, including a term as Queensland Chairman and National Councillor of the Chartered Institute of Transport. He is currently Adjunct Professor of Aviation Management at Griffith University.

William H Pollard

Bill Pollard was appointed Chief Executive Officer of Airservices Australia on 6 November 1995. His appointment followed a 29-year career with the US Federal Aviation Administration, a career which saw him rise to the position of Associate Administrator, Air Traffic, with responsibility for a $US2b budget and 26,000 employees providing air traffic control services. On his retirement from the FAA in May 1994, Mr Pollard was appointed Vice President, Resource Management and Product Assurance, with NYMA Incorporated, a major US consultancy firm dealing with aviation interests, in Greenbelt, Maryland. He is the holder of a US Private Pilot Licence and has a Bachelor of Arts degree in Public Administration.

Appendix 3 — 1998–99 Project summaries

This appendix provides a brief description of the purpose and composition of each of the major projects in Airservices' Project Expenditure Program, highlighting the outcomes and achievements of the 1998–99 financial year. Major projects are those which have a budget in excess of $1 million or which are of significant operational or strategic importance.

Continuing and completed projects

These projects had already commenced before the 1998–99 year and continued (at least) into that year.

The Australian Advanced Air Traffic System (TAAATS)

Approved budget: $282.114m*   Estimated completion: completion of initial contract December 1997
                                                     completion of transition to operational service
                                                     January 2000

The Australian Advanced Air Traffic System replaces and modernises Airservices Australia's entire air traffic control system. All en route air traffic control is being consolidated to two new centres in Melbourne and Brisbane, and terminal area control units are being refurbished and modernised in Cairns, Sydney, Adelaide and Perth.

All sites were accepted from the manufacturer in 1997–98, and throughout 1998–99 a phased program of transition to operational service has been progressively implemented, starting with the Cairns Terminal Control Unit and the en route airspace surrounding Cairns in June 1998. By August 1999 the area controlled from the Brisbane TAAATS centre will cover the east coast from north of Cairns down to Coffs Harbour. The Melbourne TAAATS centre will control the airspace over Tasmania, Victoria and southern New South Wales, and all Radar Control Towers will incorporate TAAATS. Transition commenced in Perth at the end of June 1999. In the second half of 1999 Sydney, Adelaide and the remaining en route sectors will transfer to TAAATS, completing the transition for the entire country.

A follow on project to enhance TAAATS and provide controllers with automated assistance to improve the flow and sequencing of arrival traffic for Sydney was commenced. Delivery of the Tactical Flow Management System enhancement is planned for the end of 1999, with entry into operational service early in 2000.

* Capital cost to establish facilities. Does not include operating costs for controller training and transition.

Airways Transition Project Phase 2 (ATP2)

Approved budget: $11.88m   Estimated completion: December 1999

The ATP2 project is to reconfigure the control of airspace down the Queensland coast as a precursor to TAAATS operational transitioning. This included the introduction of Class E airspace to 8,500 feet in February 1998 (AIRSPACE 2000) between Canberra and Ballina. As a result of the cancellation of further AIRSPACE 2000 initiatives, further VHF communication changes were identified to enable the sectors in Hunter/Macquarie groups to transition to TAAATS. This is the only remaining activity and will be completed by the end of 1999 in line with TAAATS transitioning requirements.

1.8 GHz Microwave Link Replacement Project

Approved budget: $17.7m   Estimated completion: January 2000

Airservices and other authorities have been directed by Government regulation to remove their fixed links from the 1.8GHz band. Accordingly, this project is to replace 30 such links which currently operate in this band and three other links which are nearing the end of their economic life with new microwave links. All links have been delivered to Airservices through a contract negotiated with Alcatel Australia and are now being installed by Airservices staff.

Completion of capital city links before the Government deadline of 31 December 1999 and other regional links by 31 December 2000 will be achieved.

The expected cost at completion is $8.5m which has resulted from substantially lower procurement cost of the link equipment, no new sites having to be established and two of the existing links not having to be replaced due to an Australian Communications Authority (ACA) ruling of protection of some existing link frequencies in the 1.8GHz band.

ARFF Fire Vehicle Replacement Project

Approved budget: $10.67m   Estimated completion: December 1999

This project is to procure 11 new fire vehicles for Aviation Rescue & Firefighting (ARFF) at Sydney, Brisbane and Melbourne Airports. They will replace 16 obsolete vehicles. This will satisfy new ICAO requirements and CASA regulatory standards for ARFF levels of protection beyond the year 2000. The project is proceeding on schedule and budget with seven vehicles delivered this financial year. The last vehicle is expected to be delivered in November 1999.

Alan Woods Building Refurbishment

Approved budget: $5.9m   Completed: June 1999

This project was to refurbish approximately 4,500sqm of space vacated by CASA that allowed Australian Maritime Safety Authority (AMSA) to commit to a 10-year commercial deal for the leasing of approximately 4,468sqm in a stacked formation on levels 1–3 (inclusive) of the Alan Woods Building.

In addition to the AMSA leasing negotiations, the partial refurbishment of the Alan Woods Building included various upgrades of building services as a result of an agreed scope of works through an audit report to meet occupational health and safety requirements. A small part of Airservices accommodation was included within the partial refurbishment, however, the majority of Airservices space (some 10,000sqm) remains un-refurbished.

Asset Management and Maintenance System (AMMS)

Approved budget: $5.2m   Estimated completion: July 1999

The project will provide a centralised database for the National Airways System equipment and allow effective and efficient management of scheduled maintenance and fault rectification. Some difficulties have been experienced with data conversion, loading and delivery of contract items, which has had the effect of delaying final completion and increasing costs. The problems have been overcome and system readiness is

imminent. Roll out of the system to Installation and Maintenance Services (IMS) is close at hand with training of online users completed. It is expected that IMS will be able to utilise the system functionality to its full extent within a very short timeframe. More effective management and maintenance of the Airservices asset base can now begin and will provide more accurate and timely information on the technical, operational and financial performance of our assets.

Darwin Facilities Relocation

Approved budget: $5.5m   Completed: April 1999

Airservices relocated facilities to allow the Royal Australian Air Force (RAAF) to develop an ordnance loading area on the southern side of the Darwin International Airport. Phase 1 of this project, which was completed in September 1998, relocated Airservices' technical equipment and accommodation facilities from the RAAF base on the southern side of Darwin International Airport to the northern civil aviation area. Phase 2 relocated and constructed new ARFF facilities which have been funded by the Department of Defence. The new fire station was completed in December 1998, however Alarmon works by the contractor delayed completion of the project until March 1999. The opening and dedication ceremony occurred on 30 April 1999.

Flight Path Monitoring System Upgrade Project

Approved budget: $2.1m   Estimated completion: September 1999

This project will deliver a major software and hardware upgrade of the current network of Noise and Flight Path Monitoring Systems which are installed at seven major airports. The upgrade will ensure that Airservices can continue to meet its environmental obligations relating to aircraft noise. The upgrade has been completed at Cairns, Melbourne and Canberra. The rest of the sites are expected to be completed by September 1999 and the project completed within the approved budget.

Information Systems Development Strategy (ISDS) Program

Proposed budget: $3.46m   Estimated completion: June 2003

The ISDS program brings together a number of individual initiatives to enhance Airservices' General Computing Network, a number of which have been approved and implemented this financial year. The program is maintained as the Corporate vehicle to coordinate and consolidate proposals to update Airservices' information systems and information technology. It is used to ensure that current information systems are relevant to present and emerging business needs of Airservices. The proposed budget for the planned period is based on previous experience and funding is adjusted annually to meet project requirements. Budget approval for individual proposals is obtained upon the recommendation of the Steering Committee responsible for overseeing and reviewing Information Technology initiatives. Expenditure during 1998–99 has been $1.16m, with significant achievements being:

- enhancement of the Computer Associates Unicenter TNG suite of software

- delivering the capability to monitor and exception report on corporate server and communication infrastructures

- provision of an automated web-based document storage and delivery system

- successful trial and implementation of a new automated corporate records management system

- prototyping of the ATS Online Training Network

- the provision of additional licenses for the corporate Pathworks Network Operating System.

Sydney — Replacement Doppler VHF Omnidirectional Range Beacon (DVOR)

Approved budget: $1.06m   Completed: May 1999

This project involves the replacement and re-siting of the DVOR. The existing DVOR was badly corroded and located on a site earmarked by the airport owner for further taxi-way development. The DVOR was subject to an environmental assessment carried out by Airservices' Environment Branch, which involved consultation with the Sydney Airport Community Forum. The DVOR has been installed and flight tested and was successfully commissioned on 3 December 1998. Demolition of the old DVOR/DMEN and project finalisation has since been completed, with project expenditure under budget by 6.4 per cent.

Precision Runway Monitor (PRM) Commissioning Project

Approved Budget: $1.13m   Completed: June 1999

This project was undertaken to complete the residual activities to take the PRM facility at Sydney Airport from a state of engineering readiness to commissioning and completion. These activities included software modifications, flight testing, development of the Safety Case document, maintenance support arrangements, ATC procedures, pilot procedures, assessment of environmental impacts, ATC training and an education program for the aviation industry including pilot training. The project was commissioned in February 1999 with outstanding environmental/Government related issues to be managed as an activity separate to that of the formal project.

Year 2000 Project

Estimated cost: $5.2m   Estimated completion: September 1999

The Year 2000 Project will identify and successfully mitigate Airservices' risks in relation to the Year 2000 date roll-over problems and develop appropriate measures to avoid disruption of services provided by Airservices to the aviation industry during the event exposure. The project, which has been in place since mid-1996, seeks to identify, assess, communicate and resolve Year 2000 issues as they effect Airservices' stakeholders, regulatory and legal obligations and interfaces to adjoining airspace.

As at 30 June 1999, 141 systems have completed testing and renovation, leaving 17 to be finalised. This number includes six building systems which overall are considered to be 99 per cent complete. This assessment is based on Airservices' present understanding of its own position and that of critical suppliers. In the case of suppliers, there may be limitations on the extent to which contingency plans can cover for problems which may be outside Airservices' control and which are presently unforeseeable. Nonetheless, Airservices has been working with many industry organisations to ensure that should some level of degradation occur, Airservices will continue to manage air traffic in a safe and efficient manner. Due to Airservices' significant contributions to the ICAO regional planning process, it is intended to carry forward

the planning of a National Year 2000 Contingency Plan to support the Regional Planning Initiative. All contingency arrangements should be in place by September 1999.

New projects commenced in 1998–99

The following major projects commenced in 1998–99:

Investigation of Networked CNS/ATM Applications Project

Approved budget: $4.67m   Estimated completion: June 2000

The aim of this project is to continue trials and acquire reliable information about potential markets in order to determine the business potential for deploying CNS/ATM applications and associated data communication network services. The project will analyse the benefits of these services to Airservices and its customers. In-flight trials with a major airline will validate the projected benefits in cooperation with stakeholders. The project will contribute to the concept of operations for the future Australian air traffic system, while work with international trials will influence plans for a global system. The project will develop staff expertise and reduce the risk associated with future implementation of the CNS/ATM technology.

The project completed a detailed study into the performance characteristics of a satellite data link service which could be used in an ATN environment. The report provides response and transit times and other configuration issues to be considered in the planning stages of the ATN and will be useful in the development of the Cost Benefit Analysis.

Navigation Services Definition — Transition to the Global Navigation Satellite System (GNSS) Project

Approved Budget: $1.77m   Estimated Completion: June 2000

This project will conduct the evaluation necessary to define the future civil navigation services to be provided in Australia over the next 15–20 years. The project will conduct a final evaluation of the operational and technical feasibility of GNSS augmentation options to support sole means en route, non-precision and precision approaches. The project will also provide the required analysis to complete a Navigation Services — GNSS Transition Plan and support safety and business cases. The work will concentrate on evaluating appropriate aircraft, ground and satellite-based GNSS augmentation systems against their performance requirements and relevant GNSS transition planning issues, such as regional interoperability. The draft GNSS Transition Plan is due to be completed in June 2000. Achievements in 1998–99 included the acceptance by the ICAO GNSS Panel of the Airservices Australia Ground-based Regional Augmentation System (GRAS) as a viable alternative to the US, Japanese and European wide area augmentation systems. This allows the Standards and Recommended Practices (SARPs) for GRAS to be commenced in January 2000. Major testing over large geographic regions has proven that GRAS can achieve accuracies of less than two metres for en route navigation. The Ground Based Augmentation System testing was completed with two manufacturers ground equipment evaluated at four sites. Both systems achieved less than one metre accuracy for precision approaches and proved the systems are equal to or better than current Instrument Landing Systems (ILS).

Records Management System/Electronic Data Management System/Workflow Technologies

Approved budget: $0.42m   Completed: June 1999

This project replaces existing information technology systems with an integrated system to streamline administrative functions pertaining to records management across Airservices. The new system, TRIM, has taken into account the findings of a pilot study conducted in 1998, and will be operationally better, providing cost savings for Airservices in the management of information. It will also ensure that Airservices' records management system is Year 2000 compliant. The system was commissioned in June 1999.

Aeronautical Information Service Data System Works

Approved budget: $0.46m   Completed: June 1999

The purpose of this project is to make enhancements to the existing aeronautical information systems, making them easier to use, both for industry and Airservices, and to enhance disaster recovery to minimise service disruption in the event of a system failure. One component of the proposal, upgrade of the development platform, was approved in October 1998, with the remainder of the components now programmed for implementation in 1999–00 at a cost of $0.66m, subject to individual cost-benefit analysis and approval. The upgraded development platform was commissioned in June 1999, allowing Y2K compliance issues to be resolved, providing a disaster recovery capability and enabling future system enhancements and maintenance fixes to be fully functionally tested prior to being used operationally.

Sydney Runway 25 Instrument Landing System (ILS) Installation

Approved budget: $1.23m   Estimated completion: February 2000

This project is to procure, install and commission an Instrument Landing System (ILS) with associated Distance Measuring Equipment (DME) on Runway 25 at Sydney Airport, for the purpose of providing a precision approach to the runway, in a cost effective manner, and at the earliest opportunity, as directed by the Minister for Transport and Regional Services on 18 March 1999.

Work on the project is progressing. A Request for Quotation of equipment was issued in mid-April 1999 and the evaluation of the equipment is complete. Contract negotiations are now proceeding with the preferred supplier and a formal order is anticipated to be placed in early July 1999. Equipment delivery is scheduled for the end of November 1999.

Replacement of the Satellite Based Communications

Proposed budget: *not defined yet* Estimated completion: 2000/01

Airservices' expenditure on communication costs are currently heavily dominated by the Optus satellite contract which costs Airservices $12.86m per year. The expiry of this contract in late 2000 provides Airservices with the opportunity to restructure our operational communications provision to reduce costs, provide flexibility to respond to later changes to demand for service resulting from the adoption of new ATM and wider aeronautical applications, as well as facilitate integration of the operational and administrative networks.

The aim is to leverage recent competitive developments in a deregulated communications market to identify and implement the best communications solution for Airservices by competing the business requirement among external service providers. A request for tender process for the provision of communications services and equipment was commenced in May with a contract expected to be awarded in early October 1999, and formal approval of the budget to be sought in September.

Appendix 4 — Ministerial Directions

COMMONWEALTH OF AUSTRALIA
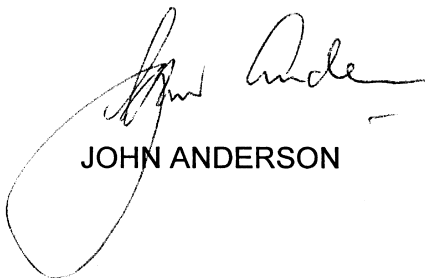
AIRSERVICES ACT 1996
SUBSECTION 16(1)

DIRECTION

I, John Duncan Anderson, Minister for Transport and Regional Services,

1.   acting under subsection 16(1) of the *Air Services Act 1995* ("the Act"), **DIRECT** Airservices Australia, consistent with the requirements of the Act, to install and commission an Instrument Landing System (ILS) on runway 25 at Sydney Airport as soon as practicable.

2.   **STATE**, that for the purposes of subsection 16(5) of the Act, that this Direction is in accordance with Airservices Australia's function as set out in paragraph 8(1)(d) of the Act.

Dated this $/8^{th}$ day of March 1999.

JOHN ANDERSON

COMMONWEALTH OF AUSTRALIA
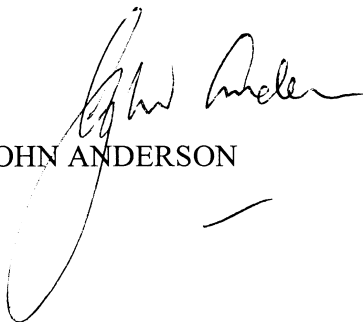
Air Services Act 1995

DIRECTION PURSUANT TO SECTION 16 CONCERNING THE RESPONSIBILITIES OF AIRSERVICES AUSTRALIA IN RESPECT OF THE ENVIRONMENTAL EFFECTS OF AIRCRAFT

I, JOHN DUNCAN ANDERSON, Minister of State for Transport and Regional Services, acting pursuant to subsection 16(1) of the *Air Services Act 1995* (the Act) **HEREBY DIRECT** Airservices Australia, for the purposes of paragraph 8(1)(d) and subsection 9(2) of the Act, to undertake the activities specified in the Schedule.

This direction supersedes the direction to the Civil Aviation Authority dated 28 August 1991 by Minister Robert Lindsay Collins, which applied to Airservices Australia by virtue of section 10 of the *Civil Aviation Amendment Act 1995*.

Dated this 3rd day of May 1999

JOHN ANDERSON

SCHEDULE

ACTIVITIES TO BE PERFORMED BY AIRSERVICES AUSTRALIA UNDER PARAGRAPH 8(1)(d), AND FOR THE PURPOSES OF SUBSECTION 9(2) OF THE *AIR SERVICES ACT 1995*.

(i) Develop, implement and promote high quality environment practices in relation to aircraft operations, provision of navigational aids and rescue and fire fighting activities at Australian airports.

(ii) Provide advice, information and data on environmental aspects of air traffic management including aircraft movements, aircraft noise, aircraft engine emissions and aircraft operations.

(iii) Initiate and participate in discussions, consultations, studies and research with the aviation industry and the community in relation to environmental aspects of air traffic management.

(iv) Undertake monitoring, testing and compliance activities associated with the Air Navigation (Aircraft Noise) Regulations and the Air Navigation (Aircraft Engine Emissions) Regulations.

(v) Develop and implement effective aircraft noise abatement procedures and monitor and report to the Secretary on compliance with those procedures at Australian airports.

(vi) Provide advice and information on aircraft environment related matters to, and participate in, airport consultative committees at those Australian airports that have such a committee.

(vii) Provide, maintain and enhance public response and reporting services through a dedicated Noise Enquiry Service at airports covered by the *Airports Act 1996* and other major Australian airports.

(viii) Install, maintain and operate noise and flight path monitoring systems at major Australian airports.

(ix) Monitor, collate and report to the Secretary on aircraft movements during curfew hours at Sydney (Kingsford Smith), Adelaide and Coolangatta airports.

(x)   Make available data for the development of aircraft noise exposure analyses and prediction and be responsible for endorsing Australian Noise Exposure Indices/Forecasts for all Australian airports.

(xi)   Provide technical and specialist support for Australia's representation on ICAO's Committee on Aviation Environment Protection and associated fora.

(xii)   Provide advice, information, guidance and assistance at locations outside controlled airspace on environmental aspects of aircraft operations, movements and procedures to the Department, the aviation industry and the community.

(xiii)   Carry out the activities in this Schedule in accordance with government policy as determined from time to time.

Appendix 5 — Staff resources and statutory information

Occupational Health and Safety (OH&S)

In accordance with Section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, the following report provides information on occupational health and safety matters during the 1998–99 financial year.

Occupational Health and Safety Plan, OH&S Policy, OH&S Agreement

The OH&S plan is sponsored by a member of the senior executive committee. Sponsorship of the plan demonstrates Airservices' senior management commitment to OH&S. The sponsor takes responsibility for the implementation of OH&S management and directs OH&S activities throughout Airservices at the Business Centre and local levels.

A working group, comprising employer and employee representatives, was established in August 1998 to review the OH&S Policy, Agreement and Plan. The Plan is also being assessed to ensure it complies with the Australian/New Zealand Standard AS/NZS 4804:1997 'Occupational Health and Safety Management Systems — General guidelines on principles, systems and supporting techniques.'

Workplace arrangements

Selections and elections for health and safety representatives and deputies were carried out in July 1998. There are currently 154 representatives and deputies for 103 designated work groups.

Health and safety committees have met regularly at various locations. The Occupational Health and Safety Sub-Committee of the National Consultative Council met in August and December.

Investigations

Comcare conducted planned investigations at the following locations during the year. These investigations were held at the ARFF unit at Brisbane Airport in June and July 1998; Installation and Maintenance Services, Adelaide Airport in July 1998; Engineering Services, Glenelg North Depot in July 1998; and the Installation and Maintenance Services, Sydney Airport in September 1998. This was a follow up of an investigation which was conducted in August 1997.

All sites rated well, with Adelaide Airport IMS receiving an above average compliance rating and the other sites receiving an average compliance rating.

In addition, Comcare also conducted Plant and Certification Regulations compliance audits at two sites. These audits were conducted at the ARFF unit at Cairns Airport in July 1998; and the Installation and Maintenance Services, Perth Airport in July 1998.

The audit results were generally positive at both sites with a good standard of plant condition and maintenance of the equipment demonstrated.

Statistics of accidents and dangerous occurrences

Changes to the regulations in respect of the notification and reporting of accidents and dangerous occurrences took effect from 1 January 1999. There were changes to the definitions of 'serious personal injury', prescribed period of incapacity and 'dangerous occurrence'. Notification and reporting is now undertaken on a single form which is faxed to Comcare within two hours of a death or 24 hours for other notifiable incidents.

During the 11 months to 31 May 1999, Airservices made 46 notifications to Comcare which included 16 notifications for dangerous occurrences; 22 notifications for serious personal injury and eight notifications for incapacity. Incapacity may be five days' incapacity prior to 1 January 1999 or 30 days from 1 January 1999.

Compensation premium

The prescribed rate for the 1998–1999 Compensation Premium for Airservices was 0.53 per cent compared with the Commonwealth average of 1 per cent. This has now been revised downward to 0.5 per cent based on Airservices' management of claims for injuries sustained in the period 1 March 1997 to 28 February 1998 or earlier.

Equity & Diversity (E&D)

Airservices launched its *National Equity and Diversity Program 1998–2001* in August 1998. The E&D policy was printed, distributed to staff and made available on Avnet. The Chief Financial Officer sponsors this program.

The annual Equity and Diversity Report (1997–98) to the Minister for Transport and Regional Services was developed in consultation with the Equity and Diversity Council members and was approved by the Minister's Office in October and tabled in Parliament in November 1998.

The new *Manager's and Supervisors' Guide to Equity and Diversity*, as well as the new Airservices F*amily Friendly Policies* pamphlets were printed and distributed to all staff. The *Guidelines for the Elimination of Workplace Harassment and the Eldercare Guide* were revised, printed and distributed. The *Equity and Diversity Newsletter* was sent out quarterly and statistics on enquiries and harassment/discrimination cases were collated. An Equity and Diversity Homepage was set up on AVNET with all relevant publications and material available online.

The composition of the National Equity and Diversity Council was reviewed and new members appointed, in line with Business Transformation. The number of Equity and Diversity Contact Officers was reviewed and a streamlined network established.

During the year 1998–99 ongoing management of harassment and discrimination cases and advice was provided for managers and staff. Relevant training programs were provided for Equity and Diversity contact officers, mediators, managers and supervisors. Seven Airservices staff attended the Department of Workplace Relations and Small Business seminar on working fathers. Other services included provision of vacation childcare programs for staff in Canberra and E&D awareness sessions were conducted at Bankstown air traffic control tower.

Fraud control

During 1998–99 Airservices maintained its staff awareness program that emphasised voluntary compliance with corporate policies and procedures. A number of fraud related issues were dealt with. It is anticipated that an internal review of the Fraud Control Plan, that reflects the changes in organisational structure and risk profiles since 1996, will be finalised by December 1999.

Corporate security

During 1998–99 Airservices' Corporate Security conducted a review of its future role within Airservices to determine the manner in which future services to managers should be delivered. The system of security liaison officers was enhanced, and revised Security Management Plans developed, that will place day-to-day responsibility and accountability for local security issues with managers concerned.

In preparation for the Sydney 2000 Olympics, Airservices continued its reviews of vital sites, and has been active in attending meetings of airport security committees and the Aviation Security Olympics Working Group (ASOWG). An exercise was also conducted in Sydney in December to test local contingency plans and related procedures.

Privacy

The coordination of the privacy function with Airservices has continued to be integrated within the overall role of Corporate Security.

The Privacy Contact Officer responded to several enquiries from staff seeking information during 1998–99. A series of internal seminars was conducted for staff to assist in maintaining staff awareness.

Freedom of Information

The *Freedom of Information Act 1982* (FOI Act) requires Commonwealth Government agencies to make available information about their organisations, functions and operations, and about rules and practices which are used in making decisions which affect members of the public.

The Freedom of Information Act Section 8 Statement is set out as follows under relevant headings:

Airservices' organisation and functions
FOI procedures and initial point of contact
Consultative arrangements
FOI activity for financial year 1998–99
Ombudsman activity for financial year 1998–99
Categories of documents
Categories of documents available for purchase

Airservices' organisation and functions

Airservices' organisation and functions are presented in the introduction and corporate profile of this report. Airservices' internet site at **http://www.airservices.gov.au** contains information about Airservices and its functions, and provides access to documents which are usually provided upon request, for example airport movement statistics, operational information for Sydney Airport, pricing information, and press releases. The site also provides access to Airservices' Publications Centre website which includes information on the documentation available for purchase and a comprehensive price list.

FOI procedures and initial point of contact

Airservices' Chief Executive Officer holds the power to grant or refuse access under the FOI Act to any document held by Airservices and has delegated certain officers to exercise those powers. However, recently Airservices centralised its FOI activity with the function being managed from the Office of Legal Counsel. Acting under delegation from the Chief Executive Officer, the coordinator FOI and Inquiries, manages all FOI requests made to Airservices for access to its documentation, including power to impose charges on applicants and make initial decisions on access.

Airservices usually provides copy access in response to requests, however, in some circumstances, arrangements can be made for viewing access to records.

A request under the FOI Act must be in writing, enclosing the $30 application fee and stating an address in Australia to which notices under the FOI Act can be forwarded. In certain circumstances the fee is not required or can be remitted.

To assist in identifying quickly the required documents, applicants should provide as much information as possible about the document(s) sought. It is also advisable to provide a telephone number to facilitate clarification of a request if necessary.

Applicants are encouraged to contact the coordinator by telephone, as listed below, if they have any queries or concerns in relation to making a request for access to documentation in the possession of Airservices.

The address for lodging requests for access is:

Coordinator
FOI and Inquiries
Airservices Australia
GPO Box 367
CANBERRA ACT 2601
Telephone: (02) 6268 5108
Facsimile: (02) 6268 5148

Consultative arrangements

Airservices welcomes views and comments from members of the public and bodies outside the Commonwealth administration, on its policy formulation and administration of its legislation. Airservices maintains a number of avenues for consultation with the general public which include:

- Consultative committees

- Internet site (www.airservices.gov.au)

- Airport Community Consultative committees

- Written communication direct to the Minister, Chief Executive, Executives

- Telephone inquiry services (Sydney)

- Pilot briefings

- Public meetings and pilot briefings (advertised locally).

In addition, Airservices is a member of a number of external bodies, including local and international aviation bodies. Those bodies include:

The Y2K Working Group on transition air traffic management planning/contingency planning. Other members include various aviation industry representatives, eg Qantas, Ansett, Regional Airlines Association; CASA; Department of Defence and Bureau of Meteorology

- ICAO Year 2000 Taskforce

- ICAO Regional Core Planning Group

- ICAO Air Transport panels

- ICAO Legal Panel

- ICAO Technical committees

- ICAO Air Navigation Commission panels and study groups

- Regional Planning groups

- National Association of Testing Authorities

- Air Coordinating Committee and its sub-committees

- Sydney Airport and basin development committees

- ICAO Committees on promulgation of technical standards and recommended practices

- International Air Transport Association

- Joint Airservices/Defence Working Parties/Committees

- Sydney Airport Community Forum

- Sydney Long Term Operating Plan Implementation and Monitoring Committee

- Central Traffic Management System Steering Group

- Slot Compliance Committee

- Slot Allocation Committee

- Airport Development Committee

- Regional Airspace Users Advisory Committee

- Australian Firefighters Council.

FOI activity for the financial year 1998–99

During 1998–99, Airservices received 56 requests under the FOI Act for access to documents. Full access was provided in response to 23 requests, and part access to 11 requests. There were no cases where access was denied. In addition, a further two requests were transferred to other government agencies. Eight requests were on hand as at 30 June 1999.

The table below provides statistical information on Airservices' FOI Activity for 1998–99:

Requests received	Number
On hand at 1 July 1998	0
Received 1 July 1998 – 30 June 1999	56
Action on requests	
Access in full	23
Access in part	11
Access refused/no documents located	0
Transferred in full	2
Withdrawn	12
Outstanding as at 30 June 1999	8
Response time	
0–30 days	46
31–60 days	–
61–90 days	–
91+ days	–
Internal review	
Applications received	3
Decision affirmed	2
Decision amended (waiver of charges)	1
Review by administrative appeals tribunal	
Applications received	0
Fees and charges	
Total application fees collected	270
Total charges notified	10,774
Total charges collected	1,818

Ombudsman activity 1998–99

During the financial year 1998–99 Airservices responded to three formal requests from the Office of the Commonwealth Ombudsman, and provided information on an informal basis on a number of other issues.

In early 1999, Airservices provided a written submission to the Ombudsman's Office in response to the Ombudsman's investigation into Freedom of Information activity across all government agencies. The final report entitled *'Needs to Know — Own Motion Investigation into the Administration of the Freedom of Information Act 1982 in Commonwealth Agencies'* was released in June 1999.

Categories of documents held by Airservices

The categories of documents listed below are held by either Airservices' Central Office or regionally located offices or an approved off-site secure storage area. Documents are maintained in various forms including paper files, microfiche records, computer records, and cassette, audio and digital tapes.

The following list gives an indication of the types of documents held by Airservices:

- Financial planning and pricing records and associated documentation
- Taxation working documents
- Treasury records
- Insurance files
- Corporate property files, policy documents and database records
- Contracts and Agreements
- Procurement guidelines
- Contract precedent documentation
- Financial statements and working papers
- Financial reporting documentation
- Financial reports
- Financial systems instruction and training manuals
- Budget reports, general ledger records, procedures and manuals
- Project records, including financial data, approvals, briefs, plans, designs and commissioning reports
- Financial records — including database held data
- Business transformation records
- Board records, including submissions, minutes and action records
- Management meeting records, including submissions, records and minutes
- Workplace agreements

- Corporate Plan

- Service charter documentation

- Ministerial Briefing papers and general Ministerial correspondence

- Policy advice, instructions and working papers

- Legal records, documents, instruments, precedents and advice

- Working party and committee reports

- Statistical information

- General correspondence

- Internal administration documents relating to Airservices and its operations. The documents include financial and resource management records, internal operating procedures, policy and procedures manuals, instructions, circulars and newsletters

- Employee file records

- Employee database held records

- Information technology documents, including policy, procedures, specifications, instructions, manuals, standards, reports, maintenance records, asset records

- Information technology systems back-up tapes

- Computing operations manuals

- Quality management records, procedures and manuals

- Training records

- Grievance records

- Investigation records

- Corporate security documentation

- Crisis management plans

- Occupational health and safety records

- Equity and Diversity records

- Compensation records

- Media reports and press releases

- Y2K status documents

- Aeronautical Information Circulars

- Aeronautical Information Publications

- Training records

- Project management policy, manuals, processes and procedures

- Project records, including schedules, contracts and financial records

- Tenders/bids/submissions for external works

- Original contract documents

- Contract precedent database documents

- Service Agreements

- Communications systems related documents including Systems handbooks, Aeronautical Engineering Instructions, Drawings, Reports, Configuration documents and policy documents

- Policy and Procedures manuals — both personnel and operational Communications, surveillance, navigation, testing and maintenance systems engineering and technical related documents, specifications, instructions, manuals, standards, procedures, reports, maintenance records, plans, asset records

- Memoranda of Understanding and Agreements with various bodies, both within Australia and internationally

- Radar tapes and analysis documentation

- Business management documents, business plans, cases and reports, and service agreements

- Data communications operations manuals

- Environment standards and procedures

- Records of Assessment under Air Navigation (Aircraft Noise) Regulations

- Australian Noise Exposure Forecasts

- Australian Noise Exposure Concepts   )   incl associated documents

- Australian Noise Exposure Indices   )

- Quarterly reports of noise measurements made by Noise and Flight Path Monitoring System

- Reports on environmental assessments

- Maps, charts, research and investigation records

- Statistical information on operations at various airports

- Database Records of telephone inquiries to Sydney Noise Inquiry Unit

- Air traffic control and separation policy, guidelines, standards instructions and manuals.

- Air traffic control training records

- Air traffic control training standards, curriculum, syllabus and examination records

- Air traffic control procedure development records

- Air traffic control and flight service daily logs and journals

- Air traffic control and flight service audio tape communications

- Air traffic control and flight service personnel operational records

- The Australian Advanced Air Traffic System (TAAATS) contract, technical and operational documentation

- Airport emergency planning documentation

- Safety standards procedures and documents

- Navigational maps and charts

- Aircraft accident/incident data

- Aircraft movement data

- Audit reports and records, including safety cases

- Aviation Accident, Incident and Hazard Records

- Safety and surveillance system records and manuals

- Australian Rescue and Firefighting (ARFF) General Bulletins and Operational Bulletins

- Australian Rescue and Firefighting Policy and Procedures documentation

- Policy Documents related to recruitment, OH&S, Hazardous materials, and fire safety policy

- Australian Firefighting Manuals

- Australian Fire Competency documents, including policy and training manuals, module descriptors and assessment manuals and associated records

- ARFF Engineering Instructions and Bulletins

- Airways Operations Instructions

- Training/instruction manuals for Australian Rescue and Firefighting systems including ALARMON and DATACHEM

- ARFF Total Quality Management Manual

- Various publications available for public sale through Airservices' Publications Centre

- Operational documents and aeronautical charts for pilot navigation and flight planning

- Pilot education material

- Internal staff publications including *Airspace*, *TAAATS News*, *SafetyNet* and *Year 2000 Project Newsletter*

- The aviation industry publication, *The Aviation Bulletin*

- Aeronautical Information Publications and operational charts, including en route information and world aeronautical charts.

Categories of documents available for purchase

Airservices has a wide range of documents available for purchase from its Publications Centre in Melbourne. The collection of documents includes publications produced from sources outside Airservices. The documents available are:

- Airservices and CASA regulatory and operational documents
- Logbooks — aircraft
- Logbooks — Pilot, Operational Notes, and Syllabus
- Aerodrome reference books
- Air Transport Pilot Licence (ATPL) training manuals
- Engineering reference books
- General reference books
- Global Positioning System (GPS) titles
- Helicopter reference books
- Human Performance Factor books
- Jeppeson products
- Meteorology reference books
- Navigation products
- Private Pilot Licence/Commercial Pilot Licence (PPL/CPL) training manuals
- Sample exams
- Practical Flying Series
- Videos
- World Aeronautical Charts
- Chart packages.

A comprehensive list of Airservices publications available for purchase, including purchase prices, is available from Publications Centre at:

Address: 715 Swanston Street
Carlton Vic 3053

Mail: PO Box 1986
Carlton South Vic 3053

Telephone: 1300 306 630 or (03) 9342 2000

Facsimile: (03) 9347 4407

Internet/e-mail: Publications.centre@airservices.gov.au

Superannuation

Employer superannuation arrangement complied with the requirements of the *Superannuation Benefits (Supervisory Mechanisms) Act 1990* as prescribed by the Minister for Finance in Determination No I of 1994, made under the Act dated 30 June 1994. An accumulated superannuation option was introduced in November 1997 to complement the defined benefit scheme offered by Avsuper Pty Ltd.

Staffing

Major Job Type Group	ACT			INT'NAT		NSW			NT		
	F	M	Total	M	Total	F	M	Total	F	M	Total
Air Traffic Controller	1	17	18	0	0	18	169	187	0	5	5
Air Traffic Controller (Trainee)	0	0	0	0	0	0	0	0	0	0	0
Airways Data Systems Officer	0	0	0	0	0	18	64	82	0	0	0
ATS Support Specialist	1	21	22	0	0	0	9	9	0	0	0
Clerical/Administrative Support	91	42	133	0	0	30	14	44	1	0	1
Engineer	4	9	13	0	0	0	1	1	0	0	0
Firefighter	0	21	21	0	0	1	56	57	0	53	53
Flight Data Coordinator	0	0	0	0	0	0	0	0	0	0	0
Flight Information Systems Officer	0	0	0	0	0	0	0	0	0	0	0
Flight Service Officer	0	0	0	0	0	5	19	24	0	0	0
General Service Officer	0	2	2	0	0	0	22	22	0	4	4
Information Technology Officer	3	17	20	0	0	1	1	2	0	0	0
Management — ATS M/Mgmt	0	2	2	0	0	1	3	4	0	0	0
Management — AvFF M/Mgmt	0	1	1	0	0	0	0	0	0	0	0
Management — Contract Manager	9	79	88	0	0	1	13	14	0	2	2
Management — Public Affairs Mgmt	0	0	0	0	0	0	1	1	0	0	0
Management — Senior ITO	3	25	28	0	0	0	0	0	0	0	0
Management — Senior Management	2	34	36	1	1	0	2	2	0	0	0
Management — Senior Officer	12	33	45	0	0	2	5	7	0	0	0
Public Affairs Officer	2	0	2	0	0	0	0	0	0	0	0
Senior Engineer	2	36	38	0	0	0	6	6	0	0	0
Senior Technical	0	23	23	0	0	1	23	24	0	4	4
Technical	0	27	27	0	0	2	81	83	1	17	18
Trainee (Other)	0	0	0	0	0	0	0	0	0	0	0
Grand Total	130	389	519	1	1	80	489	569	2	85	87

QLD			SA			TAS			VIC			WA			Grand Total			%F
F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	
40	401	441	1	74	75	0	10	10	27	293	320	9	104	113	96	1073	1169	8%
1	1	2	0	0	0	0	0	0	0	3	3	0	1	1	1	5	6	17%
18	84	102	5	24	29	0	0	0	34	90	124	6	21	27	81	283	364	22%
1	5	6	0	1	1	0	0	0	7	17	24	0	1	1	9	54	63	14%
55	34	89	7	6	13	1	0	1	40	39	79	7	6	13	231	141	373	62%
0	1	1	0	0	0	0	0	0	0	0	0	0	1	1	4	12	16	25%
0	168	168	0	33	33	1	36	37	0	65	65	0	64	64	2	496	498	0%
6	10	16	0	0	0	0	0	0	5	12	17	0	0	0	11	22	33	33%
12	66	78	0	0	0	0	0	0	5	28	33	0	0	0	17	94	111	15%
5	32	37	0	30	30	0	0	0	6	28	34	4	34	38	20	143	163	12%
0	29	29	0	5	5	0	2	2	1	19	20	0	11	11	1	94	95	1%
1	2	3	0	0	0	0	0	0	1	2	3	0	0	0	6	22	28	21%
0	2	2	0	0	0	0	0	0	0	1	1	0	0	0	1	8	9	11%
0	2	2	0	0	0	0	0	0	0	1	1	0	1	1	0	5	5	0%
4	26	30	0	3	3	0	1	1	2	22	24	0	6	6	16	152	168	10%
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0%
0	1	1	0	0	0	0	0	0	0	3	3	0	0	0	3	29	32	9%
0	3	3	0	0	0	0	0	0	0	3	3	0	0	0	2	43	45	4%
1	14	15	0	3	3	0	0	0	0	8	8	0	2	2	15	65	80	19%
0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	3	0	3	100%
0	10	10	0	2	2	0	0	0	0	7	7	0	3	3	2	64	66	3%
0	35	35	0	14	14	0	1	1	0	25	25	0	15	15	1	140	141	1%
1	148	149	0	46	46	0	8	8	1	107	108	0	46	46	5	480	485	1%
0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	1	1	0%
145	1074	1219	13	241	254	2	58	60	131	774	905	26	316	342	529	3427	3955	13%

Appendix 6 — Standards of Service Charter

Standards of Service Charter

This charter establishes the standards of service you can expect from Airservices Australia and the options available to you if you believe these standards are not being met.

The Airservices Australia Vision

To be the global leader in the provision of safe, environmentally friendly and efficient air traffic services by keeping safety first, operating the new Airservices' way, winning in the market place, enriching the skills of our people, focussing on our customers and earning the respect of our stakeholders.

The services we provide

The services provided by Airservices Australia are stipulated by the *Air Services Act 1995* and the *Chicago Convention on International Civil Aviation* and include:

- airspace management
- air traffic control
- traffic and flight information
- navigation services
- aeronautical information
- aviation rescue and firefighting
- environmental regulation.

These services are provided from facilities at all major Australian airports and from two new purpose-built centres adjoining the Brisbane and Melbourne airports. A system of navigation aids across Australia is also maintained by Airservices. The services are delivered by two business groups, Commercial Operations Group and Operations Support Group, which is supported by a small corporate office.

Our corporate plan and annual report provide more detailed information and are available from the Corporate Communications Branch, Airservices Head Office, Canberra.

Values of Airservices Australia

In achieving our ambitious goals, we recognise the need for honesty, accountability and strong leadership to engender a spirit of unity and trust. Safety is an explicit consideration in everything we do. We will endeavour to act with honesty, integrity and fairness in all our dealings. Courtesy and sound communications will characterise our relationships. We will respect each other and earn the respect of our customers, owner and the community.

Airservices Australia Service Standards

- You will be treated with courtesy and our staff will provide all necessary assistance.

- Your enquiries will be answered promptly.

- All requests for information or assistance will be met directly or referred to the appropriate person as required.

- Requests for information or assistance will be dealt with as soon as practicable.

- A contact name, address and telephone number will be given in all correspondence for future enquiries.

- Technical and operational information will be timely and accurate and provide sources of additional information as appropriate.

- All Airservices staff will be kept up to date with the directions and role of the organisation.

- Sensitive and confidential material will be handled so that the rights of the individual and the requirements of the organisation will be considered.

Suggestions or complaints

Any suggestions or complaints regarding Airservices' standards of service or the services provided, the performance of staff, or other matters affecting the business of Airservices should be dealt with by using the following methods:

- Try and resolve the issue with the staff member with whom you are dealing.

- Talk to the staff member's manager if you are not satisfied.

- If you remain unsatisfied or if the above methods are not appropriate write to or telephone the manager in charge at the respective location.

- If this is impractical or undesirable, write to or telephone the Chief Operating Officer who will respond as soon as practicable.

If you are still not satisfied after receiving the Chief Operating Officer's response, further advice on other avenues by which to pursue your complaint — for example, the Ombudsman — will be provided.

* **Note:** This charter is under review.

Appendix 7 — Glossary of terms

ACA   Australian Communications Authority
AFC   Australian Fire Competencies
AIS   Aeronautical Information Services
AMSA   Australian Maritime Safety Authority
ANEF   Australian Noise Exposure Forecasts
ARFF   Aviation Rescue and Firefighting
ATM   Air Traffic Management
ATS   Air Traffic Services
ATC   Air Traffic Control(ler)

BASI   Bureau of Air Safety Investigation

CAC Act   Commonwealth Authorities and
          Companies Act 1997
CANSO   Civil Air Navigation Services
          Organisation
CASA   Civil Aviation Safety Authority
CNS/ATM   Communications, Navigation,
          Surveillance/Air Traffic Management
COG   Commercial Operations Group
CTMS   Central Traffic Management System

DOD   Department of Defence
DME   Distance Measuring Equipment

EMS   Environment Management System
ESIR   Electronically Submitted Incident
          Report
E&D   Equity and diversity

FANS   Future Air Navigation Systems
FIR   Flight Information Region
FOI   Freedom of Information
FSO   Flight Service Officer

GAAP   General Aviation Airport Procedures
GA   General Aviation
GBE   Government Business Enterprise
GNSS   Global Navigation Satellite System
GPS   Global Positioning System
GRAS   Ground-based Augmentation System

HAZMAT   Hazardous material
HR   Human Resources

IATA   International Air Transport
          Association
ICAO   International Civil Aviation
          Organisation
ILS   Instrument Landing System
IMS   Installation and Maintenance Services
ISO   International Standards Organisation
IT   Information Technology

LTOP   Long Term Operating Plan

NAS   National Airways System
NCNs   Non-compliance Notices
NFPMS   Noise Flight Path Monitoring System

OCP   Obstacle Clearance Panel
OH&S   Occupational Health and Safety
OSG   Operations Support Group

PRM   Precision Runway Monitor

RAC   Regional Airspace Committee
RAAF   Royal Australian Air Force
RAPAC   Regional Airspace Users Advisory
          Committee
R&D   Research and Development
RPT   Regular Public Transport

SARPs   Standards and Recommended
          Practices
TAAATS   The Australian Advanced Air Traffic
          System
TCU   Terminal Control Unit

UHF   Ultra High Frequency

VNC   Visual Navigation Chart
VTC   Visual Terminal Chart

Y2K   Year 2000

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