

AIRSERVICES
AUSTRALIA
ANNUAL REPORT
1999-2000



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ANNUAL REPORT
1999 - 2000



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Letter of transmittal

18 September 2000

The Hon John Anderson MP
Deputy Prime Minister and
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 1999 to 30 June 2000.

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*.

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 1999 - 2000* has been prepared in accordance with those requirements and the Finance Minister's Orders.

Powers and functions

Airservices Australia 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 fire fighting in accordance with the Chicago Convention on International Civil Aviation.

Under the *Air Services Act 1995* (as amended), Airservices performs the following functions:

- providing facilities to permit safe navigation of aircraft within Australian-administered airspace;
- promoting and fostering civil aviation in Australia;
- providing 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) aeronautical information services,
 - (iii) rescue and fire fighting services,
 - (iv) aeronautical radio navigation services,
 - and
 - (v) aeronautical telecommunications service;
- cooperating with the Australian Transport Safety Bureau (ATSB) in relation to the investigation of aircraft accidents and incidents;
- performing activities to protect the environment from the effects of, and the effects associated with, the operation of Commonwealth jurisdiction aircraft;
- performing any functions prescribed by the regulations in relation to the effects of, and effects associated with, the operation of Commonwealth jurisdiction aircraft;
- performing any functions conferred under the *Air Navigation Act 1920*;
- performing any other functions prescribed by the regulations;
- providing consultancy and management services relating to any of the above matters; and
- Airservices 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 of the Board.

To increase its effectiveness in 1999-2000, the Board has established four 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. They are as follows:

- The Audit Committee comprises three non-executive directors who normally meet four times a year. The Chairman and CEO are ex-officio members 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 Chief Operating Officer, the Director of Operations Support and the Director of Safety and Standards. The Chairman is an ex-officio member of this committee. Meeting monthly, prior to each full Board meeting, the Commit-

tee reports to the Board on the management of the Corporation's safety and environmental responsibilities.

- The Remuneration Committee comprises the Airservices Chairman, as Committee Chairman, one non-executive member, a Board member and the CEO. The Committee meets at least twice a year. Undertaking annual reviews of Executive Director remuneration (including the Chief Executive Officer), and providing guidance to the Chief Executive Officer on the remuneration of Executive Committee members are but two of the Committee's tasks. In addition to developing recommendations to the Board on Chief Executive Officer succession, the Committee has the responsibility for monitoring the establishment of succession plans for members of the Executive.
- The Olympic Security Committee comprises a non-executive member, a Board member and the CEO. The Committee was established to review security arrangements in the lead up to the Sydney 2000 Olympic Games.

Risk Management

Business Risk Management on a corporate-wide basis was introduced as part of Corporate Governance, following the Airservices Board endorsement of the initiative to be undertaken by Corporate Audit in January 2000. A comprehensive series of workshops at the Executive and Senior Management levels provided the basis for compiling an Airservices Strategic Inherent Business Risk Profile. The process will be continued to assess controls and compile action plans, where applicable, which will result in a Corporate Residual Business Risk Profile that will be adopted to enhance the efficiency, effectiveness and economy of corporate operations. As the process

of Business Risk Management will be linked to strategic planning and performance management, the significant benefits in terms of outputs and outcomes, possible through sound risk management practices, are expected to be achieved.

Responsible Minister

Airservices reports to the Minister for Transport and Regional Services, The Hon John Anderson MP.

Structure

Airservices is structured into market oriented business groups, each with distinct business port-

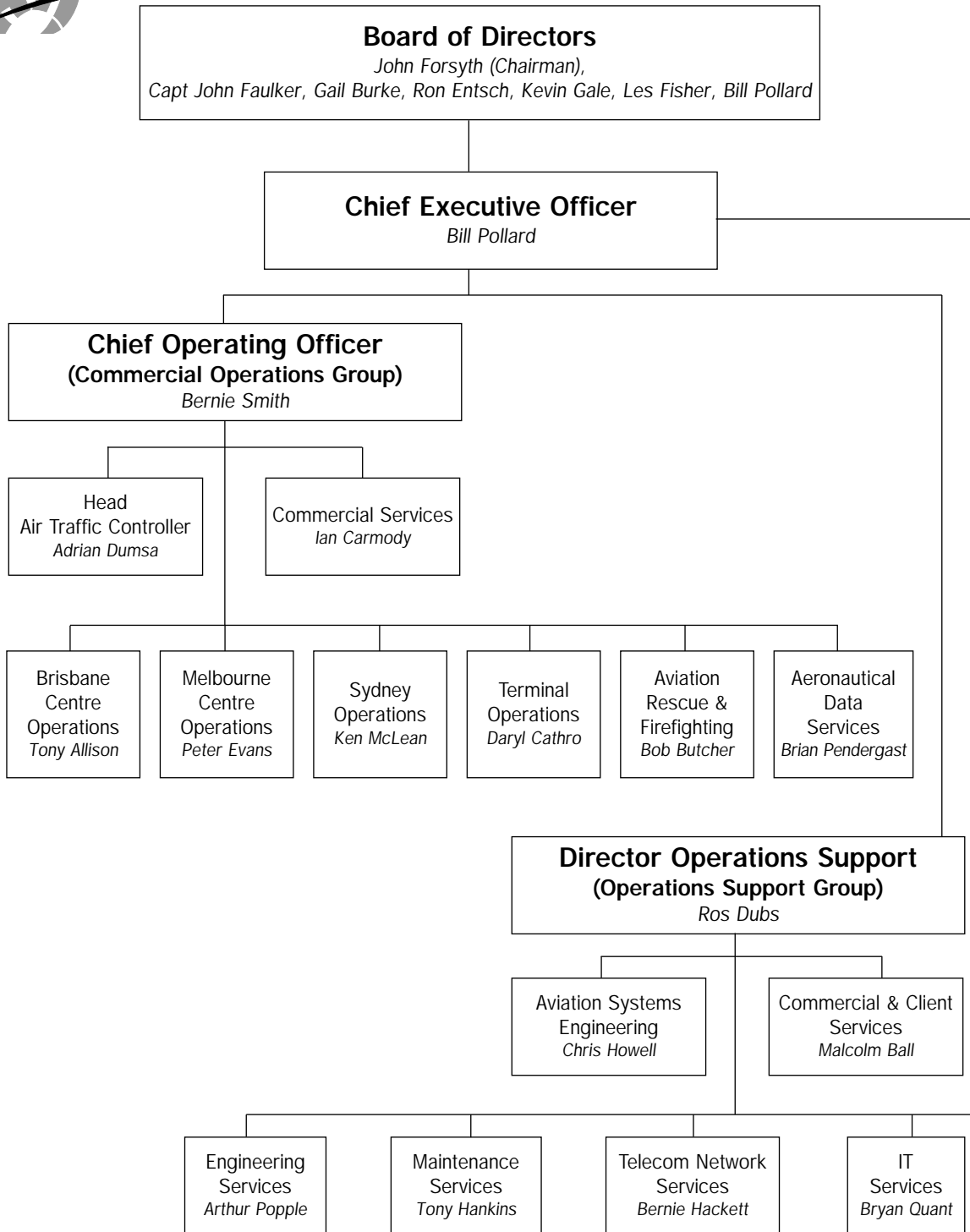
folios. The new structure comprises two groups of business centres – the Commercial Operations Group and the Operations Support Group – both assisted by a small corporate office in Canberra (see page 4).

At 30 June 2000, the number of Airservices Australia employees totalled 3,169 across Australia.

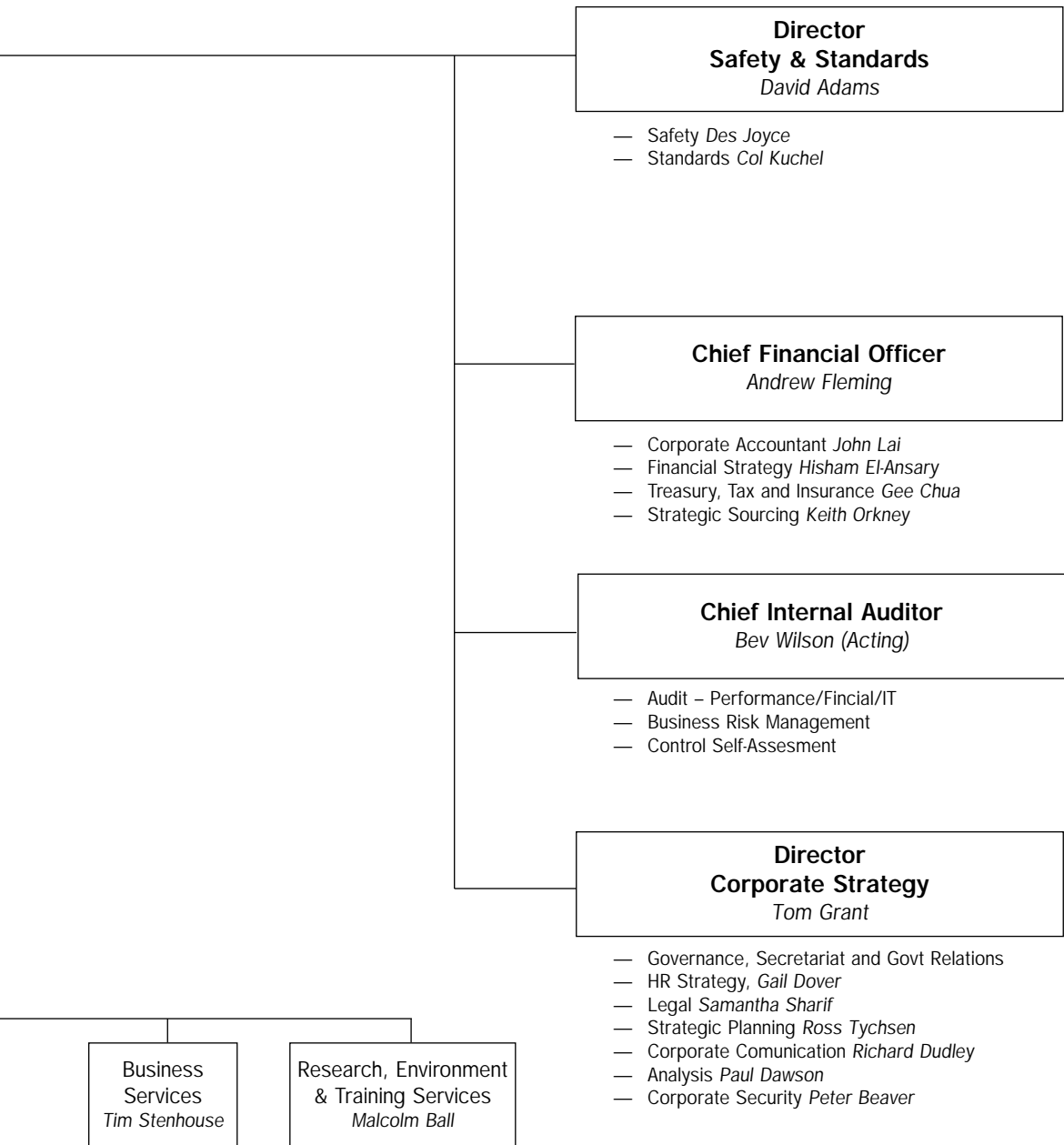
Airservices' diverse range of expertise and skills include specialists in air traffic control, rescue and fire fighting, engineering, technical, information technology, management, communication and administration.



Airservices Australia Business Structure



1 July 1999 to 30 June 2000



Chairman's year in review

Last year I was pleased to announce Airservices Australia was awarded the Eagle Award from the International Air Transport Association, for being a world leader in the provision of air navigation services. This year I am pleased to report that our efforts have kept us at the cutting-edge.

During the year many of Airservices' major initiatives planned during the 1990's came to fruition. A world first was achieved in the successful implementation of the most cohesive and integrated air traffic system available – The Australian Advanced Air Traffic System (TAAATS). This system has established the international benchmark in both en route and area management of air traffic service provision.

Another major initiative nearing completion was the Airservices Business Transformation Program. While some projects are still to be completed, the Program has resulted in more efficient and targeted services, with reduced prices to customers. Other benefits include an increase in customer focussed management practices and processes, and the improvement of profitability to target levels.

Airservices strives for operational effectiveness with safety always the first priority. This means achieving the required levels of safety, quality, environmental compliance and system reliability at the long-term best possible economic cost.

Airservices is taking an integral role in shaping its own future, with a focus on relevance to our various stakeholders and on meeting their increasing expectations.

To achieve this, Airservices, in partnership with Industry, have established an Air Traffic Management (ATM) strategic planning and implementation process. The process involves:

airlines, aircraft operator representative groups, the Civil Aviation Safety Authority (CASA), the Department of Transport and Regional Services (DoTRS), the Department of Defence, airport operators and other significant stakeholders. The aim of this initiative is to develop a common and systematic approach to identifying and implementing new and improved ATM services over the next 10 years or so. ATM stakeholders in the Australian aviation industry have endorsed this initiative and are openly supporting and resourcing the process.

During the year Airservices reduced its underlying costs and improved profitability. Management initiatives have driven operating costs down by \$10.5m in the year ending 30 June 2000 and by \$35.0m over the last two years. This achievement combined with more buoyant growth in airways activity has lifted operating profits by 25 per cent to \$57.2m. The improvement in underlying profitability, coupled with successful outcomes from previously outstanding litigation, has boosted profit after tax to \$35.7m compared with a loss of \$123.4m in the year ending 30 June 1999.

Airservices continued to experience growing success in building its presence within selected aviation markets. In doing so the organisation earned revenue in excess of \$12.9m from other business in 1999-00. This included the provision of air traffic management services; publications services; ATS training; facilities management; engineering and technical consultancies; flight inspection; and technical safety and operational training for customers in Australia, Fiji, the Solomon Islands, the Netherlands, China, Mauritius and Madagascar.

Working through our ongoing good relations with the Indonesian Directorate General of Air Com-

munications (DGAC), Airservices supported the Australian Defence Force and the United Nations effort in East Timor. We facilitated the continuance of airspace management in support of the Darwin/Dili airlift and provided technical and operational surveys, navaid restoration, Notice to Airman (NOTAM) action, and airspace management assistance. This culminated in the development of a tripartite memorandum of agreement (MOA) between The United Nations Transitional Administration in East Timor (UNTAET), the Indonesian DGAC and Airservices Australia.

In addition to challenges we set for ourselves this past year, we also undertook action to cope with two significant external changes affecting our operations. First there was the challenge of ensuring the Year 2000 rollover effect was either minimised or eradicated in addition to ensuring Australia's airspace remained safe for travellers. Airservices also provided Y2K contingency services to neighbouring States in the region. And secondly there was the introduction of massive tax reform in Australia with the need for Airservices to prepare ourselves for the impact of the new Goods and Services Tax. Both challenges were met with significant success and within the given time frames.

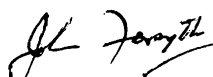
The Board, management and staff of Airservices Australia have worked together with commitment and dedication in order to achieve the significant milestones reported in the annual report for the year 1999-2000.

On behalf of the Board, I extend my appreciation to Airservices' dedicated management and staff for their contributions towards the organisation's goals and new directions and for maintaining their professionalism during this period of significant organisational and technological change.

Bill Pollard will complete his term as Chief Executive Officer of Airservices in November 2000. On behalf of the Board and staff of Airservices I wish to sincerely thank Mr Pollard for his outstanding contribution in leading Airservices with great skill and wisdom through a period of turbulent change.

The Directors of Airservices have again continued providing strategic direction and leadership to Airservices on an ongoing basis throughout the year. The Board lost the services of Gail Burke in April 2000 and John Faulkner at the end of the reported year and I am grateful for their contribution during their terms of office with Airservices. In addition I thank each of the Board's Directors for their dedication to the task of positioning Airservices as an efficient, competitive, profitable and sustainable business enterprise whilst ensuring safety and environmental issues are always the overriding concern.

The Report of Operations in this annual report is based on the key result areas of the Airservices Australia Corporate Plan 1998-2003. This Airservices Australia Annual Report 1999-2000 provides a detailed analysis of our achievements.



JOHN FORSYTH

Chairman

30 June 2000

Corporate profile

Airservices Australia is a government-owned commercial authority responsible for the provision of safe and environmentally sound air traffic management, and related services, to aircraft operators in the Australian Flight Information Region (FIR). The Australian FIR, which includes not only Australia's sovereign airspace but also international airspace over the Pacific and Indian Oceans, encompasses approximately 11 per cent of the world's airspace.

Airservices Australia provides air traffic management and related services to customers in the aviation marketplace. The services include:

- en route and terminal air traffic services;
- aeronautical data services, such as charts and departure/approach procedures;
- aviation rescue and fire fighting services at Australia's 16 busiest international and domestic Regular Public Transport (RPT) airports;
- the design and management of airspace usage; and
- management of the Australian national air navigation infrastructure.

In providing services to approximately three million aircraft movements annually, Airservices maintains a \$400 million fixed asset base, includ-

ing more than 3,300 airways systems infrastructure facilities at various locations around Australia.

Airservices customers include airlines, the general aviation industry with its sport and recreational flying activities, the Australian military and airport owners. All of these customers have different needs and expectations of the services delivered by Airservices Australia.

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 Organization (ICAO) and its counterparts in the Asia-Pacific region, Airservices also strives to ensure the maintenance of appropriate global safety standards and the sharing of information 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 (DoTRS), the Civil Aviation Safety Authority (CASA) and the Australian Transport Safety Bureau (ATSB).

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

Report from the Chief Executive

This is my last annual report as Chief Executive of Airservices Australia. As such I am pleased to be in a position to say that 1999-00 was a year of consolidation and the realisation of several years of dedicated effort. I came to Airservices in 1995 as the organisation's first CEO. Much has been achieved since then and as I prepare to leave Airservices is in good shape to face the challenges ahead.

On top of the achievements of previous years, this year has seen the culmination of our efforts to increase value for our customers, our owner and other stakeholders. The Airservices Business Transformation program has positioned Airservices as a sustainable business enterprise – providing an organisational ability to both hear and respond to the needs and interests of our stakeholders.

This has been a year for bedding down foundations in the new organisation, implemented over previous years. This opportunity has afforded Airservices two operational Groups – ie. the air traffic management services and fire and rescue service providers (Commercial Operations Group) and the technology and business services providers (Operations Support Group) – the ability to prepare their business centres for the introduction of contestability to some of these services.

The corporate office of Airservices has assisted in this transformation process, continuing to develop management frameworks and approaches to help the operational arms through times of great change in the Australian and global aviation industries.

The move towards cutting-edge technology over the past few years has been an enormous chal-

lenge for our organisation. However, Airservices staff faced those challenges with a remarkable dedication and personal commitment. The Australian Advanced Air Traffic System (TAAATS) was fully implemented and commissioned during the year, with Airservices' Brisbane and Melbourne Operations Centres hosting live satellite links during the simultaneous formal openings of each Centre.

TAAATS secured one of the six 1999 prestigious Institution of Engineers Australia Awards for engineering excellence from a field of 64 state finalists from across all industries. Airservices was judged to be among Australia's most outstanding companies for achieving outstanding engineering excellence and substantial impact on the national economy, the quality of life of Australians and the reputation of Australian engineering in Australia and internationally.

Once again I can proudly acknowledge the professionalism and commitment of all Airservices' employees on our successes in key areas of organisational and technological change. I am also reassured by the challenges we have surmounted and the dedication staff have shown, that in the coming year Airservices staff will again meet the expectations of the aviation community and other key stakeholders.

I would like to thank the Chairman, John Forsyth, and the Board of Directors for their dedicated work and guidance in this last year and during my five years of office with Airservices. I look forward to their continued support for the duration of my time as Airservices' CEO.

I would also like to acknowledge the major challenges ahead, for the Airservices Board and new Chief Executive. It will be a tremendous task to

keep improving Airservices operational effectiveness, while at the same time, developing the ATM services of the future in consultation with stakeholders. I wish them all the best in these very important endeavours and trust that Airservices will continue to be a global leader in the provision of air traffic management and related services.

A handwritten signature in black ink, appearing to read 'William H. Pollard'. The signature is fluid and cursive, with a large loop at the end of the last name.

WILLIAM H POLLARD
Chief Executive
Airservices Australia

Year's highlights

Successful commissioning of the world's most advanced air traffic management system

The Australian Advanced Air Traffic System (TAAATS) was officially commissioned on 1 March 2000. The official opening culminated the single biggest infrastructure modernisation program ever undertaken in Australian air traffic control. With the implementation of TAAATS, Australia is now the recognised world leader in the provision of up-to-the-minute air navigation services.

Australian engineering award recognises success

The first half of the year saw Airservices Australia awarded an Engineering Excellence Award from the Australian Institution of Engineers for provision of The Australian Advanced Air Traffic System (TAAATS). Airservices was recognised – at both the State/Territory (ACT) and national levels – for being among Australia's most outstanding companies in achieving engineering excellence, having a substantial impact on the national economy, the quality of life of Australians and the reputation of Australian engineering both at home and abroad.

Australian design adopted as international standard for satellite air navigation systems

The International Civil Aviation Organization's Global Navigation Satellite System (ICAO GNSS) Panel, Working Group B, decided in June 2000 that the Australian designed Ground based

Regional Augmentation System (GRAS) would be adopted as the international standard for augmentation systems using Very High Frequency data broadcast. The GRAS was developed as part of the Airservices Global Navigation Satellite System project completed in June 2000.

A new paradigm for ATM strategic planning with stakeholders

As part of corporate direction setting, Airservices established an Air Traffic Management (ATM) strategic planning and implementation process. It involves airlines, aircraft operator representative groups, the Civil Aviation and Safety Authority (CASA), the Department of Transport and Regional Services (DoTRS), the Department of Defence, airport operators and other significant stakeholders.

The process is designed to ensure that medium and long term planning for, and implementation of, future Communication Navigation Surveillance/Air Traffic Management (CNS/ATM) services and facilities meet industry needs in a coordinated, timely, safe, economic and environmentally sustainable fashion.

Sustained profitability

Airservices continued to reap the benefits from Business Transformation and the implementation of TAAATS. Operating costs were reduced by \$10.5m in the year ending 30 June 2000 and by \$35m over the last two years. This achievement, combined with more buoyant growth in airways activity, has lifted operating profits before abnormals and tax by 25 per cent to \$57.2m.

Airservices continues to deliver price reductions to customers

New prices were introduced for Terminal Navigation, Aviation Rescue and Fire Fighting and

En route, effective 1 July 2000, as set out in the Standard Contract Terms. Prices were set to achieve an overall average price reduction of 6 per cent (8 per cent real).¹ This was in addition to the 1999-2000 price reduction of 3.8 per cent (5.8 per cent real).

¹ Before Goods and Services Tax but after including anticipated savings of 0.4 per cent arising from the first 18 months' of the introduction of A New Tax System (Goods and Services Tax) Act 1999.

The Corporate Scorecard

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

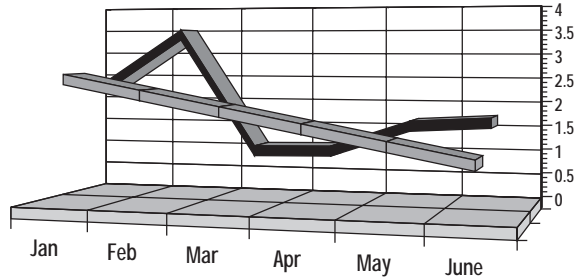
Operational performance

Safety

The safety performance of the air traffic services provided by Airservices Australia is measured by two key performance indicators. These two indicators reflect the diversity of airspace managed by the organisation. Because a unit or sector's responsibility for an aircraft can range from a few minutes (eg. Tower or Terminal units) to several hours (eg. Oceanic sectors), the exposure measure by which the performance is calculated differs.

Safety performance within Terminal and Tower operations is calculated by using the number of aircraft movements (that is, number of take-offs by two) as the exposure measure. En route operations use the number of aircraft for which an air traffic controller had jurisdiction². Despite the

ATS Critical Incidents per 100,000 Jurisdiction Tracks Enroute

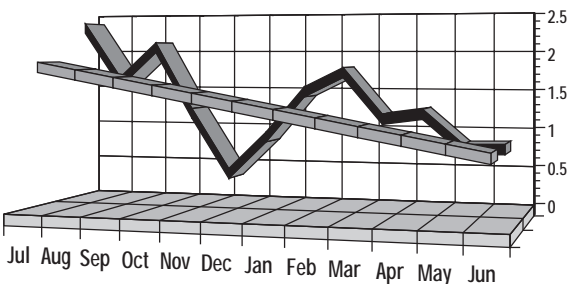


fact that both indicators are calculated on the basis of a unit of 100,000, comparisons should not be made between the two indicators as to the relative safety of the Terminal and En route service provision.

In past years, like most countries, the number of breakdown of separations attributed to Airservices was used as a performance index. Airservices Australia took the view that some incidents in which separation standards were not breached could still indicate serious deficiencies within the air traffic service system. These incidents are termed Critical. The data presented in the accompanying graph presents the number of critical incidents attributed to Air Traffic Services.

The transition to TAAATS was completed in early 2000 and as a consequence it is only possible to provide statistics from January 2000 onwards for the En route Key Performance Indicator.

Total TMA/TWR Critical Incidents per 100,000 movements

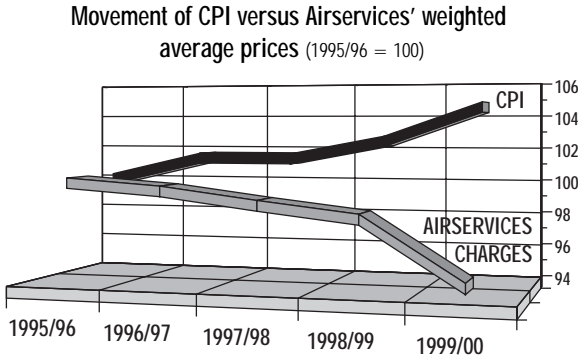


Movement of CPI vs Airservices' weighted average prices - historical and forecast

Since its designation in 1990 as a Government owned commercial enterprise, Airservices and its predecessor organisations have been able to

² For example, an aircraft flying between Melbourne and Sydney would be counted each time they enter a new airspace sector.

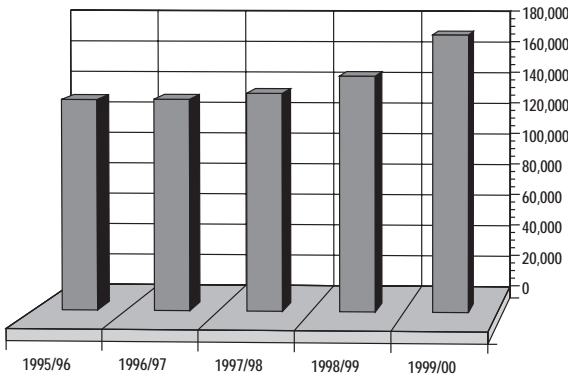
deliver real on-going price reductions to customers which have consistently bettered the rate of growth in the Consumer Price Index. The figure below illustrates this historical trend since 1995/96.



Employee revenue - \$ Revenue per employee

Revenue per employee has historically been relatively constant. With business restructuring and increasing new business opportunities, revenue per employee is expected to progressively increase over the next few years, currently \$171,731pa.

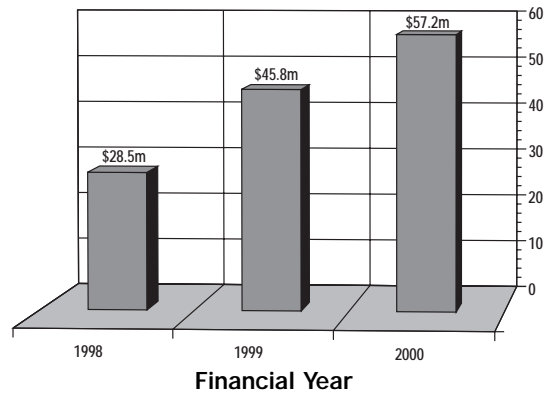
Employee revenue - \$ Revenue per employee (\$ per full time equivalent (FTE))



Financial Performance

Airservices' Business Transformation and the restructuring recognised in the financial year ended 30 June 1999 has enabled an improvement in profitability in this reported year (1999-2000).

Operating profit before abnormals and tax



Management initiatives have driven operating costs down by \$10.5m in the year ending 30 June 2000 and by \$35.0m over the last two years. This achievement combined with more buoyant growth in airways activity has lifted operating profits by 25 per cent to \$57.2m.

The improvement in underlying profitability, coupled with successful outcomes from previously outstanding litigation, has boosted profit after tax and abnormals to \$35.7m compared with a loss of \$123.4m in the year ending 30 June 1999.

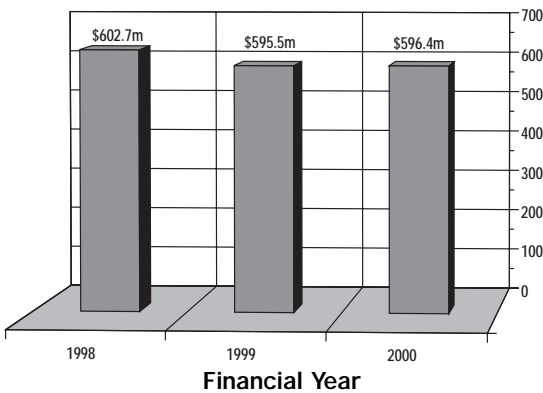
Revenue

Total revenue for the year ended 30 June 2000 at \$596.4m was \$1.0m (0.2 per cent) above the previous year. After passing on a weighted average price reduction of 3.8 per cent to customers, airways revenue was \$3.0m (0.5 per cent) higher than the previous year. This is the result of a 5 per cent increase in airways activity, compared with growth of less than 1 per cent in the previous year.

The current year saw airlines boosting capacity particularly on international routes as economic growth in the region returned to pre-Asian financial crisis levels. International and domestic en route revenue increased \$11.5m (3.5 per cent) whilst rescue and firefighting revenue was \$1.3m (2.4 per cent) lower than the previous year.

A subsidy from the Commonwealth Government of \$11.0m was again received in 1999/2000 enabling Airservices to continue to cap prices at regional and GAAP Airports. Reduced gains on disposal of non-current assets (\$2.9m) and increased interest revenue (\$0.4m) were responsible for a \$2.0m (10.7 per cent) decrease in revenues from other sources. The subsidy is expected to cease during 2000-01.

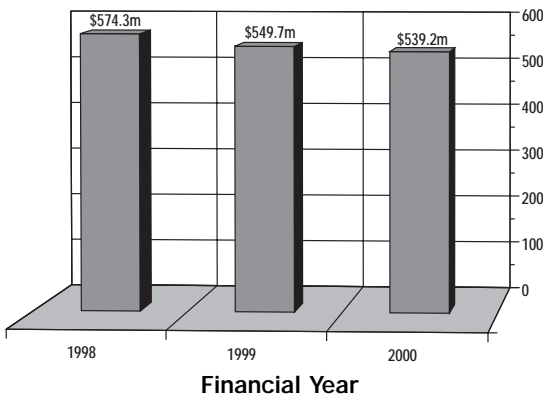
Revenue – three year summary



Operating Expenses

Total operating expenditure was cut by \$10.5m (1.9 per cent) through efficiencies gained in indirect operational costs and reductions in total staff costs. Staff numbers fell over the year by 782 to 3,169 at 30 June 2000 which, after allowing for the revaluation of employee entitlements provided under Airservices’ Enterprise Bargaining Agreement, drove total staff remuneration to

Operating expenses – three year summary



\$358.4m, \$7.0m lower than the previous year. However, with the successful commissioning of The Australia Advanced Air Traffic System (TAAATS) in January 2000, staff costs transferred to projects decreased \$17.7m, leaving net staff costs at \$329.9m compared to \$320.2m in the previous year.

Internal reorganisations resulted in the transfer of certain Indirect Operating costs to Other Support costs. Together, Operating costs and Other Support costs fell by \$8.2m driven by increased efficiencies in Communication and Information Technology.

A number of non-commercial activities costing \$6.0m (1998/99 \$4.6m) are included in operating expenses and were necessary to meet the specific requirements of the Federal Government.

Abnormal items

Successful outcomes in litigation enabled the write-back of legal provisions totalling \$30.9m relating to the Compass I, Compass II cases and Hughes litigation. In addition, the successful sale and lease-back of Airservices Australia’s head office in Canberra and the sale of surplus property at Essendon Airport produced gains of \$8.1m. Offsetting these abnormal gains were an increase in the provision for Early Retirement Benefits of \$16.651m and expenditure on the Year 2000 compliance project of \$1.320m.

Capital

Total project expenditure for the year of \$66.7m, was \$7.0m below budget. Expenditure on TAAATS amounted to \$33.0m, which accounted for 49 per cent of the program. Other significant projects included transition of Directed Traffic Information services into TAAATS, the 1.8GHz link replacement, and the finalisation of the Fire Vehicle Replacement program.

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; and
- 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.

Corporate Objectives

From its vision Airservices developed a set of key result areas and corporate objectives (See *Table right*). The report of operations (page 17) in this annual report is structured against the achievements of the corporate objectives and the key business strategies that were pursued during 1999-2000.

KEY RESULT AREA	CORPORATE OBJECTIVE
Safety	To achieve world leading safety performance by keeping safety first in the efficient delivery of all our services and by understanding and managing our risks.
Environment	To achieve environmental management standards, recognised as best practice in the global aviation industry.
Operational Effectiveness	To achieve sustainable competitive advantage through customer focussed and efficient processes and systems and technological leadership.
Customers and Markets	To maximise our market share and extend our market reach in air traffic management, air navigation support and aviation rescue and fire fighting services by delivering superior customer value.
Employees	To achieve a skilled, motivated, flexible and customer focused 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.

The safe provision of air traffic management services is the most important function of Airservices Australia. To assist in achieving this Airservices employs a formal Safety Management System, benchmarked at world best practice standards in the management of safety within an organisation providing air traffic services.

During the year, Airservices continued its program of developing and enhancing the application of the Safety Management System processes within the organisation. Development work was also conducted in cooperation with other major international air traffic service providers and key aspects of safety training were provided to Airservices' international neighbours in Indonesia.

Safety performance

Throughout the year safety continued to be promoted as the number one priority in business planning and day-to-day operations. Airservices' corporate safety umbrella group (Directorate of Safety and Standards) consolidated its structure, broadened its audit and review program and continued to provide guidance and training in the implementation of safety management strategies.

The Directorate of Safety and Standards launched a program in June 2000, titled Think Safe, Think Green - aimed at enhancing staff awareness of the requirements and benefits of healthy safety and environment management within the organisa-

tion. This program will be closely monitored throughout the coming year to assess its performance and effectiveness.

Airservices concentrated a great deal of energy on maintaining compliance with its regulatory obligation and in assisting the Civil Aviation Safety Authority (CASA) in achieving a satisfactory framework for the forthcoming legislation governing the provision of air traffic, aviation rescue and fire fighting and engineering services.

Airservices maintained a high commitment to aviation safety throughout the year, with a focus on Key Performance Indicators relating to safety performance. This commitment extended efforts towards realising the additional margins of safety and efficiency afforded by the new The Australian Advanced Air Traffic System (TAAATS) technology.

An extensive safety surveillance program of Airservices' operations including audit, incident investigation, sampling and customer surveys was also conducted during the year.

The focus on safety throughout the year resulted in a sustained decrease in critical safety incidents at Sydney. The 12 month average for the number of critical incidents per 100,000 aircraft movements between July 1999 and June 2000 was 2.3. This compares favourably with the average of 4.0 critical incidents per 100,000 aircraft movements for the period January 1999 to June 1999.

Airservices' Safety Management System

Airservices continued to review its safety performance and the effectiveness of the Safety Management System. The System was further improved by:

- upgrading the incident reporting and investigation system;
- introducing a recommendations tracking system;
- enhancing the Safety Case preparation guidelines;
- enhancing a recommended hazard identification process for air traffic services providers; and
- enhancing Business Continuity Guidelines.

The enhanced incident reporting and investigation system, introduced in 1998-1999, was reviewed for its effectiveness and ease of operation. Further analysis of the data retrieval capability indicated that the reconstruction was fruitful - the benefits of which are being realised in an enhanced reporting capability.

A new recommendations tracking system will enable Airservices to track all recommendations or findings from audits (both internal and external), to reviews and investigations – from conception to closure.

In addition refinements to the Safety Management System have enhanced Airservices' ability to identify and respond to hazards and situations in an effort to avoid any detrimental effects on the safety performance of the organisation.

The Safety Management System has been augmented by the introduction of an internal website providing staff and management with rapid access to a range of safety related reports, graphs and general information.

Sharing safety-related information with airlines

Letters of agreement were signed with the major Australian domestic and regional airlines and

with the majority of international airlines operating regularly into Australia. These letters of agreement enable the exchange of safety-related information between Airservices and the participating airlines.

Year 2000 (Y2K) roll-over

Airservices commenced a Year 2000 Project in mid-1996 in an attempt to identify, assess, communicate and resolve Year 2000 roll-over issues as they effected Airservices', its stakeholders, regulatory and legal obligations and interfaces to adjoining airspace. The success of these initiatives was seen in the smooth roll-over of our systems on the relevant dates of 1 January and 29 February (in particular).

During the year, Airservices continued its program of developing and enhancing the application of the Safety Management System processes within the organisation. Development work was also conducted in cooperation with other major international air traffic services providers and key aspects of safety training was provided to Airservices' international neighbours in Indonesia.

Key result area: Environment

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

Environment Management System

Airservices continued the development and implementation of its Environment Management System (EMS). This meets the legislated requirement to protect the environment and the Minister's Direction of 3 May 1999, to "...develop, implement and promote high quality environmental practices".

The Environment Management System is a networked system designed, developed and maintained within Airservices' Directorate of Safety and Standards. This system identifies environmental impacts with land-based activity and air route changes, and assesses the associated business risk – encompassing incident reporting, management planning and non-conformance tracking.

The Environment Management System facilitates monthly reporting on business risks and legal non-compliance across Airservices to the Board's Safety and Environment Committee. The System also enables management to review risks at any site within minutes. Use of the System has seen significant environmental business risks – such as remediation of contaminated sites, completion of impermeable fire training aprons and fuel tank integrity – fall from 44 at the beginning of the year to 23 at the end of the year.

The Environment Management System was also used for reporting to Airport Lessee Companies (ALCs) on Airservices' environmental performance.

During the year corporate wide standards were developed for:

- operational use of the Environment Management System;
- environment management in general; and
- incorporation of environmental business risk assessment into air route change development.

Airservices implemented an environmental audit program using the Environment Management System (EMS) for data and involving on-site assessment. Audits were completed on air traffic services environmental procedures and management approvals of business risk and other EMS assessments. Airservices' activities at Melbourne,

Adelaide and Sydney Airports were also audited for environmental performance. The audit program will eventually cover all of Airservices' sites.

Cooperative arrangements with stakeholders on environmental matters

As part of the Australian Air traffic Management Strategic Plan, and in collaboration with the Department of Transport and Regional Services (DoTRS), the aviation industry and airport owners, Airservices was involved in the development of key environmental performance indicators for the aviation industry. These indicators have the potential to reduce industry costs through fuel savings, and the capacity to communicate safety and environmental imperatives to the community.

The results of this work will be reported to the International Civil Aviation Organization (ICAO) through the Asia Pacific Implementation and Planning Regional Group.

Environment awareness programs

Some 350 Airservices staff trained in the use of the Environment Management System, including four hours of training on the legal and business risks associated with environmental management. A new program focussing on air traffic managers has also been prepared.

The Think Safe, Think Green safety and environmental awareness program was launched on World Environment Day, 5 June 2000. A keynote address was provided on the critical connection between Airservices' activities and the generation of aircraft emissions leading to global warming. This general awareness program will continue for about 18 months, including guest speakers and various promotional activities, with an aim to

gaining environmental initiatives from staff as they become more aware of how our operations impact on the environment.

Sydney Long Term Operating Plan

Airservices continued its focus on implementing the Sydney Airport Long Term Operating Plan (LTOP). All but two of the LTOP recommendations – Trident flight paths and high and wide approaches – have been implemented. The LTOP Implementation and Monitoring Committee (IMC) resolved that Airservices should commence a review of emerging technologies such as Global Positioning Systems (GPS) to determine their ability to support the achievement of LTOP objectives.

The major LTOP achievement through the year was the introduction of the 10th runway mode of operation – Mode 8. This mode was proposed in the initial LTOP planning as a conditional option to assist in achieving runway end usage targets.

Usage and movement rates of this mode improved with controller familiarisation. Ongoing planning is now taking place in consultation with the LTOP Implementation and Monitoring Committee to examine the viability of Mode 6A.

In an effort to increase the use of Runway 25 at Sydney Airport, enabling Sydney LTOP noise sharing targets to be achieved, an Instrument Landing System (ILS) with associated Distance Measuring Equipment (DME) was installed at Runway 25, providing precision approach to that Runway.

Improved performance against LTOP targets are highlighted in the table below.

During the year Airservices continued close community and stakeholder consultation on LTOP.

Percentage of total aircraft movements

	Target	June 98	June 99	June 00
North	17	29.9	24.5	25.4
South	55	51.6	51.7	51.6
East	13	9.4	11.0	16.9
West	15	8.7	12.8	6.1

Agreement to provide environment related information and education

Airservices signed an agreement with the Department of Transport and Regional Services in March 2000 to assist in managing the issue of emission of smoke as a result of ARFF hot fire training. Under this agreement Airservices provides information and education to the public and local stakeholders in an effort to build awareness of safety and environmental issues. Local agreements for each airport are currently being developed, allowing specific needs and circumstances to be addressed.

Precision Runway Monitor (PRM) at Sydney Airport

The Precision Runway Monitor (PRM) is a highly accurate radar and communications system to reduce peak period air traffic delays, caused by poor weather, by as much as 80 per cent. The PRM was introduced in the Runway 34 direction during 1998-1999 following an environmental assessment that found that there would be no significant environmental impact.

The situation with the operation of the Monitor in the Runway 16 direction was different as changes to flight paths (under PRM) in the Runway 16 direction were required over residential areas north of the airport. Therefore, in accordance with the requirements of the Environment Pro-

tection (Impact of Proposals) Act 1974, advice of the intended changes under PRM and their probable impact on affected residents was submitted to the Minister for the Environment and Heritage in October 1999. This advice was in the form of a Notice of Intention (NOI).

Public Submissions were invited and Airservices made relevant environmental information available to the public at some 17 locations north of the Airport (mostly libraries identified by the Commission) and also on the Internet. Public hearings were conducted during March at the Kuring-gai Municipal Council Chambers, Gordon, and Hornsby Shire Council Chambers. Airservices made a major submission to the Inquiry on the operational and environmental aspects of the proposal. About 200 other witnesses gave evidence at the inquiry.

Following the release of the Inquiry Report, in May 2000, the Minister for the Environment, Senator Robert Hill, announced a trial of the PRM. The trial is being conducted between mid July and 31 December 2000 to collect additional information on ground noise. The trial is under the management of Environment Australia.

Environment services

During the year Airservices Australia supported the activities of the various airport-based community consultative committees around Australia. Airservices provided regular reports on aircraft noise levels, technical advice on the environmental impact of proposals to changed operating arrangements, including flight paths, and assistance to the community in understanding noise impact data.

Airservices provided a substantial amount of environmental information to the Sydney Airport Community Forum and to the Long Term Operating Plan (LTOP) Implementation Monitoring

Committee (IMC). This included four quarterly noise exposure contours and the 1999 annual Australian Noise Exposure Index (ANEI) for Sydney. Airservices also won a number of external contracts, providing noise-modelling services to other airports.

As required by the Minister, Airservices commenced a program of reviews of airport noise abatement procedures to determine how well published procedures were being followed. Reviews completed for Melbourne, Brisbane and Coffs Harbour indicated a high level of compliance. However, additional opportunities for reducing noise impacts were also identified and these are being considered for operational feasibility.

Apart from the Precision Runway Monitor (PRM) proposal, 12 proposals for changes in existing flight paths, or the establishment of new paths were examined under the requirements of the Environment Protection (Impact & Proposals) Act 1974. Most notable of these were proposed changes in operations at Bankstown and new helicopter routes in Sydney. Also, in the twelve-month period, 66 proposed Global Positioning System (GPS) approaches were examined in accordance with the Act and given environmental clearance.

Upgrading of the Noise and Flight Path Monitoring System

The Noise and Flight Path Monitoring System (NFPMS) underwent a major upgrade during the year. The NFPMS is used in the Cairns, Brisbane, Coolangatta, Sydney, Melbourne, Adelaide and Perth airports. The upgrade significantly enhances the System's capacity to provide detailed information of aircraft movements in the vicinity of these airports.

The upgraded system is designed to accept radar and flight data in a TAAATS (The Australian

Advanced Air Traffic System) format. The System finds greatest application in the provision of information to the community, investigation of complaints, reviews of noise abatement procedure compliance and analysis of aircraft performance in relation to environmental modelling forecasts.

The NFMPS also integrates a total of 39 permanent ground based noise monitors located under major flight paths and seven portable monitors so that noise levels can be correlated with aircraft movements. The upgrade ensures Airservices continues to meet its environmental obligations.

Assistance with environmental aspects of Olympics planning

Airservices assisted the Olympic Organising Committee in developing a suitable management plan for aircraft operating in the vicinity of Olympic venues. This included the provision of detailed forecasts on the noise impacts of helicopters operating at each of the major sites under various scenarios.

Key result area: Operational effectiveness

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

Reducing operating costs

As a result of Airservices' Business Transformation initiative the Organisation was restructured in November 1998, reducing its full time equivalent staff from 3,955 in 1998-99 to 3,169 in 1999-00. Airservices reduced its total operating costs by 1.9 per cent or \$10.5m since the 1998-99 financial year and by \$35m over the last two

years. Safety assessments of reductions in operational functions were conducted before decisions were taken.

Official commissioning of TAAATS

The Australian Advanced Air Traffic System (TAAATS) was officially commissioned by the Deputy Prime Minister, and Minister for Transport and Regional Services, John Anderson on 1 March 2000. The official opening recognised the single biggest infrastructure modernisation program ever undertaken in Australian air traffic control. The move to TAAATS had been completed without any significant impact on the day to day operations of the airlines.

With the implementation of TAAATS Australia is now the recognised world leader in the provision of up-to-the-minute air navigation services. TAAATS integrates all available aircraft position data, whether provided by radar, radio position reports, flight plans or signals through global positioning satellites, providing the information to air traffic controllers in a plain-view, Windows-type environment. TAAATS also assists the air traffic control functions with many features including a wide range of in-built safety alerts including possible conflicts between aircraft and their flight paths, safe altitude and route conformance warnings.

TAAATS wins prestigious awards

To date The Australian Advanced Air Traffic System has received five international and national awards for excellence in the areas of Engineering and Aviation, and Information Technology. TAAATS is also recognised by peers and customers alike.

In February 2000 Airservices won an Aerospace Industry Award 2000 for TAAATS, in the Air Transport category. TAAATS also secured an Institute of

Engineers Australia 1999 award for Engineering Excellence – chosen from a field of 64 state finalists from across all industries. This award recognises Airservices for achieving outstanding engineering excellence and having a substantial impact on the national economy, the quality of life of Australians and the reputation of Australian engineering both in Australia and overseas.

Increasing efficiencies through TAAATS

Airservices is maintaining a high commitment to maximising the operational efficiencies gained through TAAATS implementation. The Tactical Flow Management System (Maestro) which was integrated into TAAATS for the Sydney basin in April 2000 provides automated assistance in the improvement of flow and sequencing of arrival traffic, and has significantly reduced airborne delays at Sydney. Ongoing consultations are being held with customers to gain the maximum benefit from this system.

The transition of Directed Traffic Information services to the TAAATS environment further improved operational efficiencies through the use of radar information (where available). This enhances separation assurance and optimises controller workloads by employing flexible management of sector radar displays and voice communication facilities. This transition of low-level airspace services into TAAATS was largely completed on 23 June 2000 with residual transition work due for completion in November 2000.

TAAATS has also introduced the application of a number of technological advances such as Automatic Dependent Surveillance (ADS) and Controller Pilot Data Link Communications (CPDLC). ADS provides an aircraft's position via satellite directly into TAAATS and is one of three methods used for tracking aircraft within the vast Australian Flight Information Region (FIR).

CPDLC moves beyond traditional radio voice communications allowing efficient transfer of standardised text messages between pilots and controllers, with the option of hard copy print-outs in the cockpit enhancing clarity of communication between the operationally linked parties. This enables direct controller-pilot communication, removing the need for third party High Frequency (HF) communications.

Pre-Departure Clearances (PDC) are automatically formatted by the TAAATS Flight Data Processor and sent over data communications networks. The PDCs are then automatically routed to the aircraft flight deck or to a departure gate printer for presentation to flight crew.

At the heart of the benefits TAAATS brings to Airservices' customers is the integration of ADS, CPDLC and PDC. These systems enable Airservices to expand on prior success in the South Pacific, and take flextracks and Dynamic Airborne Route Planning (DARPs) systems to Asian routes and to others over the Indian Ocean. This in turn helps Airservices support its customers in flying the most efficient and cost effective routes while using the latest in aviation communications technology.

Improving safety and quality of services

Airservices has worked throughout the year to improve safety and the quality of our service provision within the organisation. In addition to the enhanced communication systems now available between Airservices and our customers the following improvements were achieved during the year:

- The Precision Runway Monitor (PRM) in Sydney commenced live operations during November 1999 for southerly approaches over Botany Bay. These PRM operations have the potential to produce improved on-time performance during poor weather conditions,

helping reduce delays and associated costs to airlines and their passengers.

- During 1999-2000 Airservices continued the design of Global Positioning System (GPS) non-precision instrument approach procedures with an additional 91 procedures for 68 regional airports being published. This significantly improves flight operations and safety into these airports into the future. A similar number of procedures will be published over the next financial period. To date, a total of 174 procedures for 118 airports had been published.
- Airservices is positioned to face the challenges of the fast moving e-business and Web-centric environment with the creation in January 2000 of a new service called Enterprise e-Services. The new service reflects the emergence and aggressive use of Web technologies and incorporates Intranet, Internet, Extranet and e-Commerce infrastructures.
- During the year the cost and quality of Airservices internal services was benchmarked against comparable external organisations, including potential competitors and customers. The results were used to determine internal service charges in the 2000-2001 budgets.
- Airservices continued to design and develop innovative air traffic management technology. Systems were developed to demonstrate surveillance using satellite navigation and datalink techniques, Automatic Dependent Surveillance Broadcast (ADS-B). There is particular potential in Australia for ADS-B as in most areas radar cannot be justified due to its high cost per traffic unit.
- Airservices made significant contributions to the International Civil Aviation Organization (ICAO) Reduced Vertical Separation Minima (RVSM) Task Force set up to oversee the safe introduction of RVSM into the entire Pacific

Oceanic area. RVSM is expected to result in substantial cost savings to the airlines, as they will be able to operate aircraft at levels closer to optimal than can occur with the conventional 2000 foot vertical separation minimum.

- Airservices recently introduced a 1000-foot Vertical Separation Minimum (VSM) between Flight Level 290 and Flight Level 390, inclusive. Significant contributions were made by Airservices staff to the safety case that was agreed to by CASA.
- Airservices commissioned an Asset Management & Maintenance System (AMMS) in August 1999, streamlining the management of Airservices' technical equipment. AMMS has a centralised database identifying all National Airways System's equipment and configurations, while recording all associated maintenance activities, including faults, routine maintenance, etc.

Reducing controllable costs

Significant cost savings were achieved from the first phase of redeveloping the Aeronautical Data Management System (ADMS) – completed in October 1999. The savings were achieved through the rationalisation of support and software licensing costs. The second phase, which is expected to be completed during the first half of the 2000-01 financial year, will provide an enhanced, ICAO compliant system.

The Australian Flight Information Centre (Aus FIC), consolidating all pre and inflight information in the one location, was established in Brisbane. In addition an e-commerce platform was launched in the Publication Centre. These changes will allow substantial cost savings through staff reductions, and a more efficient system of ordering publications in alignment with customer needs.

Asset Management Plans were introduced to focus attention on maintenance and renewal planning, impacts of uptake of new technology, system enhancement requirements, and a schedule for rationalisation and retirement of assets.

Airservices reduced its telecommunications costs by more than \$6.5m annually through changes to satellite and terrestrial service provision.

Australian design selected as international standard

The Global Navigation Satellite System (GNSS) project developed and tested a new GNSS augmentation system that has the potential to replace a significant number of current navigational aids, and thereby reduce maintenance and reinvestment costs to Airservices.

The International Civil Aviation Organization’s Global Navigation Satellite System Panel, Working Group B, decided in early June that the Australian designed Ground based Regional Augmentation System (GRAS) was the preferred augmentation system to be the international standard for augmentation systems using Very High Frequency (VHF) data broadcast.

Aviation rescue and fire fighting improves operational preparedness

Since the introduction of the Aviation Rescue and Fire Fighting (ARFF) 1998 Certified Agreement there has been a marked improvement in ARFF Operational Preparedness. As a result advertised hours of coverage at designated category levels have been more constantly maintained – see graph below for detail.

Sydney ATM produces best on-time performance

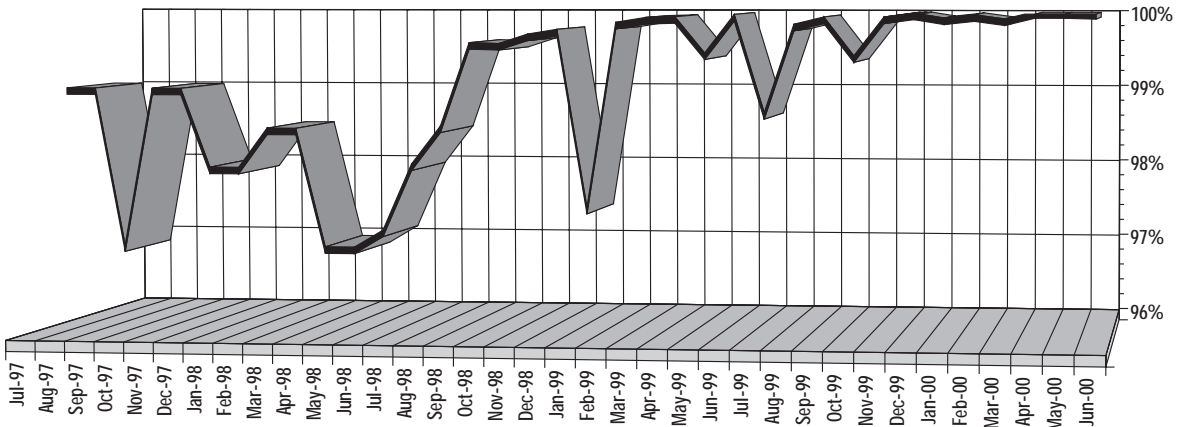
A study completed in 1999 by Airports Coordination of Australia found that air traffic management by Airservices at Sydney Airport produced the best on time performance in comparison to five of the United State’s major airports including Atlanta, Chicago, Dallas, Los Angeles and St Louis. Sydney’s on time performance was 85 per cent for arrivals and 87 per cent for departures.

Sydney 2000 Olympic Games

Preparations for the Sydney 2000 Olympic Games progressed at consistent pace throughout the

ARFF Operational Preparedness

% of hours achieved for advertised category



year. A review of operations in the light of forecast traffic demand identified the measures necessary to deliver a superior service to the aviation industry during this major international event. These measures include:

- additional air traffic controllers based in Sydney to cover the increased levels of aviation traffic;
- installation of temporary radar facilities located at Cecil Park in western Sydney for added safety and airspace security;
- placement of a temporary control tower at the general aviation airport at Hoxton Park; and
- the opening of an Olympic Aviation Information Centre, providing information to industry about changes to air traffic control procedures during the Games.

Airservices' preparations for the Sydney 2000 Olympic Games were tested through a number of trial events including a series of airborne security exercises known as Golden Flame and the Host City Marathon. Both these events confirm that Airservices' preparations for the Olympic Games are on track.

The acquisition of additional resources and resolution of staffing issues was coordinated through Airservices' Olympic Office in Sydney and was achieved with minimum disruption to normal workloads.

Key Result area: Customers and markets

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

TAAATS commissioning receives international interest

Official opening ceremonies for the commissioning of The Australian Advanced Air Traffic System (TAAATS) were held concurrently in Brisbane and Melbourne on 1 March 2000 with a live video link. Airservices' successful transition to TAAATS attracted delegations from more than 30 countries including the Asia Pacific region, Europe, and North America who were keen to inspect one of the world's most advanced air traffic management systems.

Throughout the year Airservices facilitated briefings and conducted tours of its TAAATS sites for representatives from more than 20 countries including the USA, China, Japan, Russia, the Ukraine, Fiji, Samoa, Indonesia and New Zealand.

Airservices continues to deliver price reductions to customers

Airservices will introduce new prices for Terminal Navigation, Aviation Rescue and Fire Fighting and En route from 1 July 2000 as set out in the Standard Contract Terms. The Australian Competition and Consumer Commission approved Airservices' GST inclusive prices with an average increase for all services of 3.24 per cent including GST. No individual service price increased by more than 10 per cent.

In arriving at this outcome, Airservices set prices to achieve an overall average price reduction of

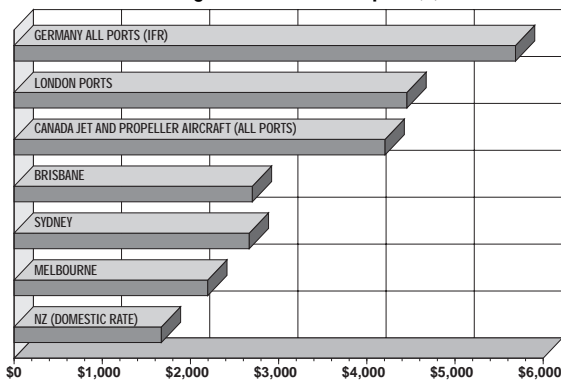
6 per cent before Goods and Services Tax (GST), after including anticipated savings of 0.4 per cent arising from the first 18 months' of the introduction of A New Tax System (Goods and Services Tax) Act 1999. This was in addition to Airservices 1999-2000 price reduction of four per cent (six per cent real).

Airservices' prices, when benchmarked against other major Air traffic Service providers, are among the lowest in the world. The accompanying graphs show the airways charges for three types of aircraft – Boeing 747, Boeing 737 and Dash 8.

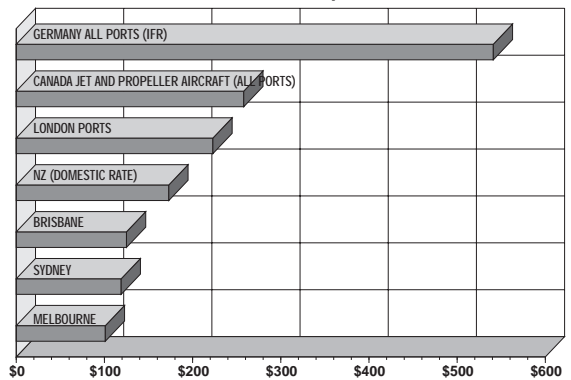
Customer relations

In assisting Qantas with the development of a new air route over China - north of the Himalayas, between Asia and Europe, Airservices developed the standards and procedures, trained Civil Aviation Authority China (CAAC) instructors in their operation and assisted in implementing and overseeing the inaugural flights. The Silk Road Route, so named because it roughly follows the original trade route established between Asia and Europe more than

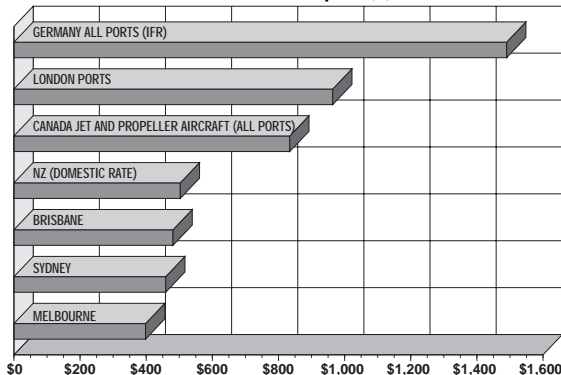
Boeing 747 (MTOW 395t) flying 1000km's and landing at the selected port(s)



Dash 8 (MTOW 19t) flying 200km's and landing at the selected port(s)



Boeing 737 (MTOW 65t) flying 500km's and landing at the selected port(s)



Notes:

1. All charges shown were current as at May 2000 and are exclusive of GST, VAT etc.
2. The United Kingdom ports include Heathrow, Stansted and Gatwick only.
3. The New Zealand ports include Auckland, Wellington and Christchurch only.
4. The Domestic En route rate has been applied where a differential Oceanic and Domestic En route Rate is available.
5. Conversion rates .842 SCAD, .391£, 1.33 SNZ and .829DM sourced from the Australian Financial Review 7 September 2000.

2000 years ago, was officially launched in June 2000.

Business development

Airservices continued to pursue new aviation related business opportunities throughout the year. Bids and expressions of interest were submitted to potential customers in Australia and overseas. Some of these proposals have already been successful and other opportunities are being actively pursued.

- New business was sought in the Asia-Pacific Region through risk-managed extensions to core activities. Contracts were renewed for the provision of upper-level air traffic management services for the Solomon Islands.
- Aviation Rescue and Fire Fighting specialists conducted a training program for key officers of the Solomon Islands Rescue and Fire Fighting Service in Cairns. This was followed up with additional training for all fire fighters at Henderson International Airport in Honiara.
- Airservices staff completed work in a consultant role to restructure the Solomon Islands Aeronautical Information Publication in International Civil Aviation Organization (ICAO) format. A follow up visit is planned to ensure they now have all the skills required for the production of the publication.
- Fijian air traffic services were provided access to Airservices' Aeronautical Fixed Telecommunications Network (AFTN) system and National Aeronautical Information Processing (NAIPS) Internet site, while their own system was inoperable during a three month AFTN switch changeover.
- Airservices' training expertise continues to be recognised by international customers, with ATS training being provided to customers in

Fiji, the Netherlands, China, Mauritius and Madagascar. System-specific technical training has been provided to Fiji through a contract with Airsys-ATM. In addition Air Traffic Control ab initio training courses continue to be run at the Airservices College Melbourne.

- Airservices carried out a successful safety management training program for Indonesian air traffic service providers.
- Airservices teamed with the US based company Aeronautical Radio Inc. (ARINC) and AIRSYS ATM, the supplier of TAAATS, in a bid to upgrade the United States Federal Aviation Authority's (FAA) oceanic control facilities in Oakland, Anchorage and New York, with a system based on TAAATS. In the first round of the selection process Airservices demonstrated the system to the FAA in Atlantic City in March-April 2000. The selection process is expected to run until the end of 2000.
- Airservices as a consultant, provided expertise to the Swedish Civil Aviation Administration to assist them in expediting the start-up of their training and transition programs for their new air traffic system which uses similar technology to TAAATS.
- Airservices managed the refurbishment of the Control Tower at Hanan Airport on Niue. Under the same AusAid funded contract, ARFF undertook firefighting training for the Niuean fire fighters.
- Airservices established closer working relationships with small airport owner representatives and performed work for them on a commercial basis.
- Airservices continued to provide a range of commercial services to the Australian Department of Defence, including Flight Inspections and the maintenance of navigation aids.

Airservices provides assistance to INTERFET

Starting in September 1999, Airservices provided direct support to International Force East Timor (INTERFET) and the United Nations Transitional Administration of East Timor (UNTAET) in East Timor. Support included technical and operational surveys, navaid restoration, Notice to Airmen (NOTAM) action, and airspace management assistance. Following discussions, involving UNTAET representatives, Airservices negotiated a tripartite letter of agreement for the continued management of upper airspace by Indonesian Civil Aviation authorities.

Aviation Rescue and Fire Fighting develops training package for airlines

The Aviation Rescue and Fire Fighting (ARFF) team developed a training package for the airlines which was endorsed by CASA as meeting airline staff licensing requirements. The package offers basic fire awareness training to airline cabin crew. The ARFF have trained over 14,000 airline staff over the past two years.

Key result area: Employees

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

Developing commercial work practices and conditions

Award simplification

Airservices completed consultation and negotiations with relevant unions finalising Airservices input into the Simplified Award as required under the Workplace Relations reforms. The Australian

Industrial Relations Commission (AIRC) issued the Award on 10 July 2000.

Australian Workplace Agreement

Airservices recognised that due to commitments such as The Australian Advanced Air Traffic System (TAAATS), some staff were unable to take their annual recreation leave as it became due. As a result, Airservices offered employees with leave in excess of their normal annual entitlement the opportunity to convert that excess to a lump sum payment.

This was done through the introduction of a limited period Collective Australian Workplace Agreement (AWA). The AWA enabled employees to exchange their excess leave without varying any other conditions under the Certified Agreement.

Over four hundred and fifty employees took advantage of this offer. This was the first occasion in which an AWA was implemented for Airservices' employees.

Working conditions and practices for the 21st century

Airservices has completed a project entitled Working Conditions and Work Practices for the 21st Century. The project identifies areas where further changes could result in improved competitiveness with future Tower or ARFF providers.

Developing competencies and skills

Leadership development

As part of the Business Transformation initiative, the Senior Management Leadership Development Program was conducted for 35 senior managers, with many taking the opportunity for further coaching and development and implementing their Personal Development Plans.

Following the evaluation of this program, implementation of the next phase has begun. At year's end nominations were being sought from participants for the Leadership Development Initiative (LDI).

The purpose of this program is to make a measurable contribution to the development of leadership and business management capability of senior managers to improve their performance directly, contributing to the performance of Airservices. It is expected that over 120 managers will participate in the Program during the next twelve months.

Aviation Rescue and Fire Fighting service develops Australian Fire Competencies curriculum

The Aviation Rescue and Fire Fighting team continued to develop Australian Fire Competencies (AFC) curriculum, Learning Guides and Assessment Packages, which are recognised and accepted by all fire agencies on a national basis. The learning resources meet all the requirements of the Australian National Training Authority (ANTA). To enhance this process the ARFF is continuing its co-provider partnership with the Open Learning Institute (OLI) TAFE of Queensland.

On-line training and recruitment

Airservices has developed TrainingNet, a tailored internal on-line training system. TrainingNet was launched in September 1999 and programs continue to be developed and added to the system.

Airservices completed development of an e-recruitment system, catering for on-line ATC recruitment and selection. SelectNet was launched in 1999 and has proven a reliable, cost-effective and efficient e-recruiting system – highly regarded in the market place.

Performance management

The Airservices Executive has approved a number of recommendations for the introduction of an improved performance management system for employees. This initiative involves revised performance management arrangements for managers in 2000-01 and subsequently for award staff subject to the negotiation of a new certified agreement in 2001.

Change management

Airservices undertook significant work in relation to change management issues including: Business Transformation projects; staff reduction processes; major TAAATS training and transitioning programs; staff redundancy management; and establishment of more effective mechanisms in communicating information to staff.

Airservices achieved significant reductions in staff unplanned absenteeism through utilisation of external best practice processes.

The continuation of training in marketing and customer services continued as it is seen as appropriate to the development of a performance-based culture.

The Business Transformation program continues to encourage and facilitate staff involvement in the various improvement projects currently underway.

Improving employee access to information

In an effort to improve staff access to a wide range of operational, human resource and organisational documentation and news, Airservices upgraded its Intranet site to include this information. The Intranet also features numerous links to airline customer sites, enabling staff to maintain awareness of customer developments and needs.

Occupational Health and Safety

Airservices continued to demonstrate its commitment to ensuring that all of its employees are informed of their responsibilities for Occupational Health and Safety (OH&S) requirements. Earlier this year, a comprehensive survey was conducted into OH&S practices within Airservices. The self assessment questionnaire used in the survey was modelled on the Comcare Planned Investigation Program and was designed to:

- determine baseline legislative compliance across Airservices;
 - measure successes against the objectives of the 1996-1999 OH&S Plan;
 - provide data for the development of the revised OH&S Plan;
- and
- provide management with a detailed assessment of the legislative requirements pertinent to their area of responsibility.

Airservices audits by Comcare have produced good results in OH&S with a negligible amount of corrective action required.

Improved management of our OH&S systems and compensation management has resulted in a safer workplace for our employees, contractors and visitors.

For instance the ARFF achieved a 27 per cent reduction in its Comcare premium. Brisbane Centre Operations developed successful Return to Work (RTW) and Rehabilitation programs for greater than 95 per cent of cases. This has led to a reduction in training, compensation, related costs and a reduction in an associated loss of skilled staff.

Airservices conducted a number of OH&S awareness courses during the year, including safety management training for managers, covering legal obligations, safety management within Airservices and the role of safety cases.

Superannuation

Airservices has opened up the options for staff in relation to superannuation. This includes spouse and roll-over contributions to an accumulation fund as well as top up accumulation arrangements for defined benefit members of AvSuper.

Communicating with employees

Airservices' Operations Support Group (OSG) produced a video highlighting the professionalism of its services and the critical role the Group plays both internally and externally. In addition a newsletter titled Group Talk, is regularly distributed to all OSG staff ensuring staff are kept across key developments and the Group's overall performance. Both communication mediums have been well received.

A direct result of Business Transformation Project 08: Influencing our Culture, was the development and trial of an internal communication methodology in Airservices' Brisbane Centre Operations (BCO) between September and November 1999. The results of the trial under Cultural Intervention (CI) 01: Improving Internal Communication, were incorporated into the BCO Communication Plan.

Also developed under CI-0, and agreed to by the Executive Committee in April, was an Executive Communication Plan encompassing regular visits by Executive members to Airservices sites and consistency of message delivery.

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.

Improving long term profitability

The Operating Profit before abnormal items and taxation for the year ended 30 June 2000 was \$57.2m, up 25 per cent on the previous year after cost reduction initiatives reduced operating expenses by 1.9 per cent.

The profit after abnormal items and taxation was \$35.7m demonstrating Airservices' ability to provide enhanced returns to the Government and continued reductions in prices to customers.

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

Implementing Government policy

Considerable attention has been devoted to implementing the Government's policies including:

- environmental analysis and planning – particularly relating to operations at Sydney and the proposed use of the Precision Runway Monitor radar;
- working with the Civil Aviation Safety Authority (CASA) to develop new rules for providing airways system maintenance and engineering services, air traffic services and rescue and fire fighting services; and

- providing significant input into Government hearings and inquiries.

Business Transformation

Airservices commenced a structured business transformation program in mid 1997.

Factors which drove the need to change were:

- (a) Government requirements and policy settings, that are paving the way to open up aspects of Airservices' operations to competition;
- (b) continuing introduction of new technology that has changed the way Airservices delivers its services; and
- (c) the requirements of Airservices customers, particularly scheduled airlines seeking to control costs so as to survive and prosper in competitive airline markets.

The final implementation phase of the Program has been largely completed and has produced the following outcomes.

- Broadly assessed the future business potential in current and related markets in terms of shareholder value added and risk.
- Identified alternative business portfolio options.
- Developed a new organisation structure based on the products and services Airservices delivers and the markets it services. The structure has made Airservices more commercially focused, with the organisation being split into business centres, responsible for their bottom line profit. The new structure has three main groups:
 - **Commercial Operations Group:** comprising business centres delivering en route, terminal and tower air traffic man-

agement and related services and aviation rescue and fire fighting services;

- **Operations Support Group:** comprising business centres providing air navigation and administrative support services, including other business services – primarily to internal client business centres within the Commercial Operations Group and Corporate Office; and the
- **Corporate Office:** comprising four small groups which focus on the corporate strategies, policies and standards which set the direction and framework within which the Commercial Operations and Operations Support groups work. In particular, a Safety and Standards unit provides independent monitoring of safety and airways system performance.
- Re-engineered processes and systems in an effort to increase productivity, reduce costs and fulfil Airservices' Vision of becoming a cost competitive, efficient and effective air traffic service provider. The re-engineering projects included asset management planning, creating an integrated capital investment process, redesigning airways infrastructure maintenance and support processes, streamlining HR processes, redesigning introduction and ongoing training of Air Traffic Controllers (ATCs) and developing full value procurement.
- Commenced a project, which once complete will recommend a change to work practices and conditions of employment for Airservices, enabling flexible employment and deployment of staff. The project also includes a fundamental review of how jobs are classified and structured.
- Conducted business/management/leadership development programs for nearly 40 Airser-

vices Senior Managers in an effort to examine, improve and extend their leadership and business management skills. Following the evaluation of this program implementation of the next phase had begun. At year's end nominations were being sought from participants for the Leadership Development Initiative (LDI).

- Surveyed external and internal customer relationships, and identified areas important for maintaining and improving effective relationships with customers. A methodology was introduced for measuring customer satisfaction. The Customer Satisfaction Index is now an accepted planning and performance tracking measure for all of Airservices and for each business centre and corporate office division. Airservices will now survey customer satisfaction annually.
- Surveyed and examined the values and behaviours of Airservices' staff and considered how these might be influenced to support achievement of Airservices' Vision. Action has been taken to implement recommendations to improve communication between all levels and categories of Airservices' staff. Work also commenced in late 1999 to develop and implement improved methods and practices for the performance management of staff.
- Assessed Airservices' current and future information management needs, in the context of Airservices' new Vision, business structure and objectives. The project established a viable strategy for re-building Airservices' information management capability which led to an Information Management Transformation Program, which commenced in January 2000. This program will implement the agreed strategy by detailing Airservices' information management requirements, and seeking

system and infrastructure solutions to meet these requirements by issuing proposals and tenders to the market during 2000.

- Introduced the balanced scorecard method for targetting and tracking performance at the enterprise-wide and business centre levels in Airservices. The introduction of the balanced scorecard is expected to improve planning and measurement of Airservices business performance.

Maintaining links with the aviation industry

Airservices representatives participated in a number of international meetings concerned with the impact and management of aircraft noise. Airservices provided the Chair for a special workshop and steering committee meeting, and International Civil Aviation Organization (ICAO) Committee on Aviation Environmental Protection held in Singapore in May 2000. Data from Australian operations was also made available to the Committee.

Airservices continued representation with ICAO assisting the Department of Transport and Regional Services (DoTRS) with expert technical advice. DoTRS has prime responsibility for ICAO activities but Airservices' involvement also maintains its contact with international developments in aviation.

Airservices continued to be represented on the Global Navigation Satellite System Working Group of ICAO.

Coordinated Air Traffic Management (ATM) strategic planning with industry

As part of corporate direction setting, Airservices has established an Air Traffic Management (ATM) strategic planning and implementation process involving airlines, aircraft operator representative groups, the Civil Aviation and Safety Authority (CASA), the Department of Transport and Regional Services (DoTRS), the Department of Defence, airport operators and other significant stakeholders.

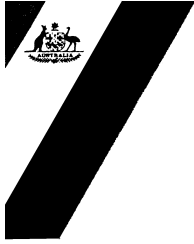
The process is designed to ensure that medium and long term planning for, and implementation of, future Communication Navigation Surveillance/Air Traffic Management (CNS/ATM) services and facilities meet industry needs in a coordinated, timely, safe, economic and environmentally sustainable fashion.

Ministerial directions

The Minister issued Airservices a new Charter Letter on 26 October 1999 which sets out strategic directions on the matters that are crucial to the achievement of the Government's commitment to aviation safety. The new Charter Letter as well as Ministerial directions continuing from previous financial years is at Appendix 4.

Financial Statements

For the year ended 30 June 2000



INDEPENDENT AUDIT REPORT

To the Minister for Transport and Regional Services

Scope

I have audited the financial statements of Airservices Australia for the year ended 30 June 2000. The financial statements comprise:

- Statement by Directors
- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flows
- Schedule of Commitments, and
- 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 in Australia so as to present a view of the entity which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

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

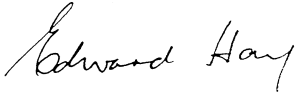
GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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 2000 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



Edward M. Hay
Group Executive Director

Delegate of the Auditor-General

Canberra
29 August 2000

Financial Statements

For the year ended 30 June 2000

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STATEMENT BY DIRECTORS FOR THE YEAR ENDED 30 JUNE 2000

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 give a true and fair view of the entity's operating result for the year ended 30 June 2000, the financial position as at 30 June 2000, the cash flows for the year ended 30 June 2000, the commitments as at 30 June 2000, the contingencies as at 30 June 2000 and other matters required under the Commonwealth Authorities and Companies Act 1997.
- (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 Canberra this 25th day of August 2000

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	2000 \$'000	1999 \$'000
OPERATING REVENUES			
Sale of goods and services - airways revenues		568,392	565,386
Revenues from government - subsidy		11,000	11,000
Other revenue		17,029	19,076
TOTAL OPERATING REVENUES		596,421	595,462
OPERATING EXPENSES			
Employees	2(a)	329,939	320,115
Suppliers			
Indirect operational costs		50,104	64,434
Other support costs		40,015	33,900
Community service activities	2(b)	5,953	4,636
Project operating expenditure		39,727	48,930
Depreciation		65,679	68,528
Interest		7,827	9,167
TOTAL OPERATING EXPENSES		539,244	549,710
PROFIT FROM OPERATIONS			
Abnormal items before tax	2(c)	57,177	45,752
		21,114	(218,930)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX			
Income tax attributable to operating profit/(loss)	4	78,291	(173,178)
		42,544	(49,815)
OPERATING PROFIT/(LOSS) AFTER INCOME TAX			
Accumulated losses at the beginning of the financial year		35,747	(123,363)
		(153,656)	(30,293)
TOTAL AVAILABLE FOR APPROPRIATION			
Dividends paid	5	(117,909)	(153,656)
		13,000	—
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR			
	3	(130,909)	(153,656)

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 2000

	NOTES	2000 \$'000	1999 \$'000
CURRENT ASSETS			
Cash		67,923	23,689
Receivables	6	61,763	56,485
Other	7	33,266	17,810
TOTAL CURRENT ASSETS		162,952	97,984
NON-CURRENT ASSETS			
Land and buildings	8	78,619	110,040
Infrastructure, plant and equipment	8	324,975	363,933
Other	7	52,578	99,163
TOTAL NON-CURRENT ASSETS		456,172	573,136
TOTAL ASSETS		619,124	671,120
CURRENT LIABILITIES			
Borrowings	9	—	3,249
Provisions and payables	10	190,584	223,815
TOTAL CURRENT LIABILITIES		190,584	227,064
NON-CURRENT LIABILITIES			
Borrowings	9	99,901	99,829
Provisions	10	92,358	130,693
TOTAL NON-CURRENT LIABILITIES		192,259	230,522
TOTAL LIABILITIES		382,843	457,586
NET ASSETS		236,281	213,534
SHAREHOLDERS' EQUITY			
Capital	11	367,190	367,190
Accumulated losses	11	(130,909)	(153,656)
TOTAL SHAREHOLDERS' EQUITY		236,281	213,534

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 2000

	NOTES	2000 \$'000	1999 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		579,301	574,221
Receipts from government		11,000	11,000
Interest received		801	414
Income tax refunded		—	5,245
Payments to suppliers/employees		(534,994)	(492,207)
Interest and other financing costs paid		(7,755)	(9,157)
Income tax paid		(91)	(280)
Net cash provided by operating activities	20	48,262	89,236
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		35,327	18,313
Payment for property, plant and equipment		(23,106)	(42,373)
Net cash provided by / (used in) investing activities		12,221	(24,060)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings – non-government		—	(64,874)
Dividends paid		(13,000)	—
Net cash used in financing activities		(13,000)	(64,874)
Net increase in cash held		47,483	302
Cash at the beginning of the financial year		20,440	20,138
CASH AT THE END OF THE FINANCIAL YEAR	20	67,923	20,440

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 2000

	NOTES	2000	1999
		\$'000	\$'000
CAPITAL COMMITMENTS			
Land and buildings		—	22
Infrastructure, plant and equipment		2,789	15,692
Other		—	713
TOTAL CAPITAL COMMITMENTS		2,789	16,427
OTHER COMMITMENTS			
Operating leases		106,310	57,785
Project commitments		438	40
Research and development		—	20
Other		23,904	11,272
TOTAL OTHER COMMITMENTS		130,652	69,117
COMMITMENTS RECEIVABLE		(6,524)	(13,906)
NET COMMITMENTS		126,917	71,638
MATURITY			
Not later than one year		29,519	27,875
Later than one year but not later than two years		17,128	13,334
Later than two years but not later than five years		41,356	5,392
Later than five years		38,914	25,037
NET COMMITMENTS		126,917	71,638

The Schedule of Commitments 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 2000

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 and Administration for reporting periods ending on and after 30 June 2000.

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 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.

Property, plant and equipment was progressively revalued during the year as part of a three year revaluation cycle. Assets within a class that are acquired after the commencement of a revaluation cycle are not included in the revaluation in progress. 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.

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2000

1 *Statement of Significant Accounting Policies continued.*

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.

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 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 financial statements in respect of the net surplus or deficit in each scheme.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

1 *Statement of Significant Accounting Policies continued.*

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.

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, the 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 inflows 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.

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2000

1 *Statement of Significant Accounting Policies continued.*

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. 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.

Early Retirement Benefit

A liability for Early Retirement Benefit is recognised in accordance with the Airservices Australia Enterprise Agreement 1998-2001, and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using 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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	2000 \$'000	1999 \$'000
2 OPERATING RESULT			
a. Operating profit/(loss) before income tax is arrived at after:			
Revenue			
Interest received or due and receivable			
– Loans		710	327
– Deposits		77	39
– Other		14	48
Total Interest received or due and receivable		801	414
Gains from sale of non-current assets			
– Land and buildings		—	1,379
– Infrastructure, plant and equipment		155	1,667
Total gain from sale of non-current assets		155	3,046
Expenditure			
Staff costs			
– Staff remuneration		358,378	365,327
<i>less amounts classified as:</i>			
– Community service activities		(3,579)	(2,694)
– Project operating expenditure		(24,860)	(42,518)
Net staff costs		329,939	320,115
Operating lease charges		22,160	27,862
Interest paid/payable			
– Loans		7,575	8,775
– Overdrafts		26	22
– Other borrowing costs		226	370
Total interest paid/payable		7,827	9,167
Depreciation of property, plant and equipment	8(a)	65,734	68,814
Less depreciation associated with community service activities	2(b)	(55)	(286)
		65,679	68,528
Movement in doubtful debts provision		1,300	1,237
Bad debts written off		221	230
Total doubtful debt expenses		1,521	1,467
Loss on sale of non-current assets			
– Land and buildings		—	22
– Infrastructure, plant and equipment		709	1,502
Total loss on sale of non-current assets		709	1,524

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	2000 \$'000	1999 \$'000
2	<i>Operating Result continued.</i>		
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	1,563	1,588
	– Noise and Flight Path Monitoring System	2,238	1,118
	Noise inquiry lines	1,247	1,484
	Development of long term operating plan for Sydney Airport	—	263
	Sydney Olympics	905	183
	Total community service activities	5,953	4,636

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 \$7.921m (1999 \$6.048m). Included in the community service costs above is depreciation of \$0.055m (1999 \$0.286m).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	2000 \$'000	1999 \$'000
2	<i>Operating Result continued.</i>		
c.	Abnormal Items		
	Provisions for legal costs and litigation	30,914	(25,140)
	Provision for early retirement benefits	(16,651)	—
	Gain from disposal of property, plant and equipment	8,128	—
	Year 2000 direct project costs ¹	(1,320)	(1,862)
	Avgas refund	43	(800)
	Lease defeasance gains	—	9,294
	Items associated with Airservices' Business Transformation organisational restructuring program		
	Separation and redundancy payments	—	(96,447)
	Devaluation of property, plant and equipment	—	(93,119)
	Business Transformation program costs	—	(8,180)
	Other Business Transformation costs	—	(2,676)
	Total restructuring costs	—	(200,422)
	Total abnormal items before income tax	21,114	(218,930)
	Total income tax effect	(7,601)	74,248
	Total abnormal items after income tax	13,513	(144,682)

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 and income tax	216,329	159,152
Abnormal Items		
Devaluations of property, plant and equipment	(127,567)	(127,567)
Separation and redundancy payments	(172,366)	(155,715)
Other	(447)	(38,212)
Tax (expense)/credit	(11,758)	30,786
Dividends paid	(35,100)	(22,100)
Total Accumulated Losses	(130,909)	(153,656)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

NOTES **2000** **1999**
 \$'000 **\$'000**

4 INCOME TAX

- a. The prima facie tax on operating profit/(loss) is reconciled to the income tax provided in the financial statements as follows:

Operating profit/(loss) before income tax	78,291	(173,178)
Prima facie income tax expense / (benefit) at 36%	28,185	(62,344)
Tax effect of permanent and other differences:		
– Litigation adjustment	3,534	—
– Non-deductible depreciation expense and asset disposals	—	4,586
– Non-deductible asset revaluation decrement	—	(833)
– Provision for Taxation Laws Amendment Act (No. 1) 1999	(1,679)	3,274
– Reduction in corporate tax rate	11,872	—
– Other non-deductible expenditure	1,053	6,137
– Research and development tax incentive	(108)	(126)
Over provision for income tax in prior year	(313)	(509)
Income Tax attributable to operating profit / (loss)	42,544	(49,815)

- b. The income tax benefit comprises amounts set aside as:

Provision for income tax attributable to current year		
– Income tax on operating profit/(loss)	17,948	(4,259)
Provision for Taxation Laws Amendment Act (No. 1) 1999	(1,133)	3,274
Amended assessments	(771)	—
Provision for income tax attributable to future years		
– Provision for deferred income tax	—	(21,162)
– Reduction in Future income tax benefit:		
arising from timing differences	11,227	(27,159)
arising from corporate tax rate reduction	11,872	—
– Under/(Over) provision for tax in prior year	3,401	(509)
	42,544	(49,815)

5 DIVIDENDS

An interim dividend of \$13.000m was paid in June 2000 (1999 \$Nil).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	2000 \$'000	1999 \$'000
6 RECEIVABLES			
Current			
Trade debtors		55,613	52,136
Less: provision for doubtful debts		(3,998)	(2,698)
		51,615	49,438
Sundry debtors		8,730	6,607
Accrued revenue and interest		1,418	440
Total Current Receivables		61,763	56,485
Aged analysis of trade debtors			
Current		47,971	46,127
Less than 30 days		3,742	3,616
30 to 60 days		1,035	852
Over 60 days ¹		2,865	1,541
		55,613	52,136
¹ The increase in receivables over 60 days overdue is directly related to the General Aviation sector of the industry.			
7 OTHER ASSETS			
Current			
Prepayments		9,826	15,638
Future Income Tax Benefits			
– attributable to timing differences		21,120	—
At cost			
Consumable spares		2,056	1,868
Inventories		264	304
Total Current Other Assets		33,266	17,810
Non-Current			
Future Income Tax Benefits			
– attributable to timing differences		51,801	94,434
– attributable to tax losses carried forward		—	4,259
		51,801	98,693
At Cost			
Consumable spares		2,598	1,650
Less provision for obsolescence		(1,821)	(1,180)
		777	470
Total Non-Current Other Assets		52,578	99,163

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2000

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 1999	14,292	96,028	110,320	377,960	488,280
Additions	—	2,232	2,232	20,874	23,106
Revaluations	—	—	—	—	—
Disposals	(5,133)	(23,015)	(28,148)	(23,101)	(51,249)
Gross value – 30 June 2000	9,159	75,245	84,404	375,733	460,137
Accumulated depreciation					
– 1 July 1999	—	(280)	(280)	(14,027)	(14,307)
Depreciation charge	—	(6,403)	(6,403)	(59,331)	(65,734)
Revaluations	—	—	—	—	—
Disposals	—	898	898	22,600	23,498
Accumulated depreciation					
– 30 June 2000	—	(5,785)	(5,785)	(50,758)	(56,543)
Net book value – 30 June 2000	9,159	69,460	78,619	324,975	403,594
Net book value – 30 June 1999	14,292	95,748	110,040	363,933	473,973

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2000

8 *Property, Plant and Equipment continued.*

b. Reconciliation of 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 2000					
At Cost	—	5,650	5,650	159,738	165,388
At Directors Valuation June 2000	9,159	69,595	78,754	215,994	294,748
Less Accumulated Depreciation	—	(5,785)	(5,785)	(50,757)	(56,542)
Net book value	9,159	69,460	78,619	324,975	403,594
As at 30 June 1999					
At Cost	—	5,781	5,781	94,750	100,531
At Independent Valuation June 1997 to June 1999	14,292	90,247	104,539	283,210	387,749
Less Accumulated Depreciation	—	(280)	(280)	(14,027)	(14,307)
Net book value	14,292	95,748	110,040	363,933	473,973

c. Valuation

The basis of valuations of property, plant and equipment is in accordance with the "deprival" method of valuation and is performed as part of a progressive three year revaluation cycle. Assets within a class that are acquired after the commencement of a revaluation cycle are not included in the revaluation in progress.

In accordance with Note 1(j), the directors have reviewed the carrying amounts of all property, plant and equipment at 30 June 2000 and ensured where assets exceed their recoverable amount they have been written down to their recoverable amount.

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	2000 \$'000	1999 \$'000
9 BORROWINGS			
Current			
Unsecured loans			
– Bank overdraft		—	3,249
Total Current Borrowings		<u>—</u>	<u>3,249</u>
Non-Current			
Unsecured loans			
– Bank loans		99,901	99,829
Total Non-Current Borrowings		<u>99,901</u>	<u>99,829</u>
Maturity Schedule			
Total amount of loans payable within:			
– Not later than 1 year		—	3,249
– Later than 1 year but not later than 2 years		99,901	—
– Later than 2 years but not later than 5 years		—	99,829
Total Borrowings		<u>99,901</u>	<u>103,078</u>

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	2000 \$'000	1999 \$'000
10 PROVISIONS AND PAYABLES			
Current Payables			
Suppliers			
– Trade creditors		9,587	7,813
– Operating lease rentals		1,136	679
Employees			
– Salaries and wages		9,113	8,535
– Superannuation		1,198	1,181
– Other		6	144
Other accrued expenses			
– Interest payable		4,614	4,612
– Revenue received in advance		1,879	1,963
– Other		23,501	21,890
Total Current Payables		51,034	46,817
Current Provisions			
Employee Entitlements			
– Long service leave		19,103	8,361
– Annual recreation leave		37,270	41,744
– Workers compensation ¹		473	500
– Separations and redundancies		63,118	74,402
Taxation		19,160	3,274
Litigation and legal costs		426	48,717
Total Current Provisions		139,550	176,998
Total Current Provisions and Payables		190,584	223,815
Non-Current Provisions			
Employee Entitlements			
– Long service leave		63,709	79,223
– Separations and redundancies		24,482	47,831
– Workers compensation ¹		4,167	3,639
Total Non-Current Provisions		92,358	130,693

¹The provision represents Airservices self insured liability for workers compensation prior to 1 July 1989.

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2000

11 EQUITY

Item	Capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance - 1 July 1999	367,190	(153,656)	213,534
Operating profit after tax	—	35,747	35,747
Dividends paid	—	(13,000)	(13,000)
Balance - 30 June 2000	367,190	(130,909)	236,281

12 SEGMENT REPORTING

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

NOTES	2000 \$'000	1999 \$'000
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13 STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Bank overdraft	5,000	5,000
Total credit facilities	5,000	5,000
Amount utilised	—	(3,249)
Unused credit facility	5,000	1,751
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	(99,901)	(99,829)
Unused loan facility	350,099	350,171

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

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 \$12.299m and \$0.061m 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 1999 was presented by Carroll Humphreys Ranson on 31 March 2000. Information relating to AvSuper based on the latest actuarial assessment and the financial report of AvSuper for year ended 30 June 1999 is set out below:

	\$'000
Present value of employees' accrued benefits	403,987
Net market value of assets held by AvSuper to meet future benefit payments	460,093
Surplus	<u>56,106</u>
Vested benefits	<u>442,428</u>
Employer contributions to AvSuper for the year ended 30 June 2000	<u>24,284</u>

AvSuper is scheduled to have its next full actuarial review on or before 1 July 2002. 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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	2000 \$	1999 \$
15 REMUNERATION OF AUDITORS			
Audit services for Airservices are provided by the Australian National Audit Office			
Auditing Services		150,000	150,000
Other Services		—	—
		150,000	150,000

16 REMUNERATION OF DIRECTORS

Amounts received, or due and receivable, by Directors **213,669** 167,862

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

\$	\$	2000 Number	1999 Number
20,000 – 29,999		2	2
30,000 – 39,999		2	2
40,000 – 49,999		1	1
50,000 – 59,999		1	—

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 \$1,377,806 (1999 \$1,272,026). Excluded from this are amounts relating to performance pay which for the group of officers amounted in total to \$203,377 (1999 \$150,430). Executive managers remuneration includes the remuneration of the Chief Executive Officer.

The numbers of Executive managers whose remuneration falls within the specified bands are as follows:

\$	\$	2000 Number	1999 Number
220,000 – 229,999		2	2
230,000 – 239,999		—	1
240,000 – 249,999		1	1
320,000 – 329,999		1	—
340,000 – 349,999		—	1
360,000 – 369,999		1	—

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2000

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 (resigned 21 April 2000)
	Ronald Entsch
	Air Marshal Leslie Fisher AO (Retd) (appointed 1 July 1999)

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 described below where the transactions are considered likely to be of interest to users of these financial statements:

- Aviation and publication amendment services were provided to Airwing Services Pty. Ltd. and Eurocopter International Pacific Ltd, companies of which Mr J P C Forsyth is a director.
- Employer superannuation contributions were made to AvSuper Pty. Ltd., a superannuation fund, of which Mr Ronald Entsch was appointed by the Airservices Board as a trustee director.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

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.

2000

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	5.950%	67,861	-	-	-	62	67,923	
Receivables	6	-	-	-	-	61,763	61,763	
Total		67,861	-	-	-	61,825	129,686	
Financial liabilities								
Trade and other creditors	10	-	-	-	-	51,034	51,034	
Bank loans - bonds	9	7.375%	-	99,901	-	-	99,901	
Total		-	-	-	-	51,034	150,935	
Net Financial Assets/(Liabilities)		67,861	-	(99,901)	-	10,791	(21,249)	

Notes to and forming part of the financial statements FOR THE YEAR ENDED 30 JUNE 2000

19 Financial Instruments continued.

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
Bank loans – bonds	9 7.375%	-	-	99,829	-	-	99,829
Total		3,249	-	99,829	-	46,817	149,895
Net Financial Assets/(Liabilities)		20,151	-	(99,829)	-	9,957	(69,721)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	2000	1999
	\$'000	\$'000

19 *Financial Instruments continued.*

Reconciliation of Net Financial Liabilities to Net Assets

Net financial liabilities as above		(21,249)	(69,721)
Other current assets	7	33,266	17,810
Non-current assets	7,8	456,172	573,136
Current provisions	10	(139,550)	(176,998)
Non-Current provisions	10	(92,358)	(130,693)
		236,281	213,534

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	
	2000 \$'000	1999 \$'000	2000 \$US/\$1	1999 \$US/\$1
Maturity				
3 months or less	-	1,517	-	0.6590

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 and Poors' 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 2000

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.

	2000	2000	1999	1999
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Forward exchange contracts	—	—	1,517	1,515
Other assets	129,686	129,686	80,174	80,174
	129,686	129,686	81,691	81,689
Financial liabilities				
Short term debt	—	—	3,249	3,249
Long term debt	99,901	105,700	99,829	104,950
Other liabilities	51,034	51,034	46,817	46,817
	150,935	156,734	149,895	155,016

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 2000

	NOTES	2000 \$'000	1999 \$'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)
Cash, advances and cash on call		67,923	23,689
		<hr/>	<hr/>
Total Cash		67,923	20,440
Reconciliation of operating profit / (loss) after income tax to net cash provided by operating activities			
Operating profit/(loss) after income tax		35,747	(123,363)
Adjustments for non-cash income and expense items			
Depreciation		65,734	68,814
Net profit on sale of property, plant and equipment		(7,576)	(1,522)
Revaluation of property, plant and equipment		—	93,119
Amortisation of discount on bonds		72	73
Changes in assets			
(Increase)/decrease in accounts receivable		(6,578)	(3,381)
(Increase)/decrease in inventories and spares		(455)	948
(Increase)/decrease in prepayments and other assets		5,812	(6,669)
(Increase)/decrease in future income tax benefit		21,513	(52,282)
Changes in liabilities			
Increase/(decrease) in employee entitlements		(42,921)	86,676
Increase/(decrease) in doubtful debts		1,300	1,237
Increase/(decrease) in legal provisions		(48,291)	19,229
Increase/(decrease) in income tax payable		20,145	3,274
Increase/(decrease) in interest payable		2	10
Increase/(decrease) in creditors		3,758	3,073
		<hr/>	<hr/>
Net cash provided by operating activities		48,262	89,236

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 \$0.467m (1999 \$0.365m).

Appendices

Appendix 1 – Airservices Australia Board

Members

Board members for the period 1 July 1999 to 30 June 2000 were:

John Forsyth (Chairman)

John Faulkner (Deputy Chairman)

(term expired 30 June 2000)

Kevin Gale

Ronald Entsch

Gail Burke

(resigned 20 April 2000)

Les Fisher

William H Pollard

All members served throughout the financial year; except where otherwise indicated.

New Board members (commenced July 2000):

Ian Blackburne

David Shrubbs

Meetings

The Board met 11 times during the reporting period, at the venues shown:

23 July 1999	Canberra
20 August 1999	Perth
24 September 1999	Canberra
22 October 1999	Canberra
22 November 1999	Hobart
21 January 2000	Melbourne
25 February 2000	Canberra
24 March 2000	Adelaide
20 April 2000	Canberra
19 May 2000	Canberra
23 June 2000	Sydney

Committees

The committees assisting the Board were:

Safety & Environment Committee

Members: Captain John Faulkner (Chairman), Kevin Gale, Ron Entsch, Les Fisher (as from 24 March 2000), John Forsyth (ex-officio member), Bill Pollard (ex-officio member).

The Safety & Environment Committee met 11 times: seven meetings were held in Canberra, two in Sydney, one in Melbourne and one in Adelaide.

Directors' Meetings

Name	Airservices Board		Audit Committee		Safety & Environment Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
John Forsyth	11	11	(ex officio)		(ex officio)		5	5
John Faulkner	11	9	N/A		11	9	N/A	
Ron Entsch	11	11	5	5	11	11	5	5
Kevin Gale	11	11	N/A		11	11	N/A	
Gail Burke	11	8	5	4	N/A		N/A	
Bill Pollard	11	11 ³	(ex officio)		(ex officio)		5	5
Les Fisher	11	10	5	3	11	2	N/A	

3 On three occasions the meeting was attended by the acting CEO in place of Mr Pollard.

Audit Committee

Members: Ron Entsch (Chairman), Gail Burke (resigned 19 February 2000 from Audit Committee), Les Fisher (as from 22 November 1999), John Forsythe (ex-officio member).

The Audit Committee met 5 times: three meetings were held in Canberra, one in Sydney, and one via a telephone hook-up.

Remuneration Committee

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

The Remuneration Committee met 5 times: four meetings were held in Canberra and one in Hobart.

Olympic Security Committee⁴

Members: Les Fisher, Bill Pollard.

The Olympic Security Committee met twice: both meetings were held in Canberra.

Name	Olympic Security Committee	
	Held	Attended
Les Fisher	2	2
Bill Pollard	2	2 ⁵

⁴ The Committee was established to review security arrangements in the lead up to the Sydney 2000 Olympic Games.

⁵ Once by Mr Pollard and once by acting CEO Dr Rosalind Dubs.

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 Aerospaziale and Daimler-Benz Aeronautik Germany) which is the world's largest manufacturer of civil and military helicopters. Mr Forsyth has held a Private Pilots' 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 Professor of Aviation Management at Griffith University.

Les Fisher

Air Marshal Les Fisher had a distinguished military career culminating in his appointment as Chief of Air Force from 1994 to 1998. The Air Marshal managed some 20,000 personnel with a budget of \$1.5 billion and was a very strong advocate of flying safety awareness. Over his 38 years military service he accumulated in excess of 5,000 hours on mainly multi-engined surveillance aircraft. He was appointed an Officer of the Order of Australia in 1993 for service to the Australian Defence Force.

Ian Blackburne

Dr Ian Blackburne has 25 years experience in industry, including seven years as Managing Director of Ampol Limited, and then of Caltex Australia Limited after their merger and until his retirement in 2000. As such Dr Blackburne has a broadly based background in general management, strategic planning, distribution, sales and marketing, manufacturing and plant operations, research and development, and management of complex organisations and projects. He also has a special interest in 'innovation'. Experienced at handling external stakeholders including the investment community, unions, interest groups and government, Dr Blackburne had a high level of interaction associated with regulatory issues and the ACCC. Prior to his industry experiences he was a researcher and academic. As such, Ian is

published in round 20 papers of international scientific journals and conference proceedings.

David Shrubbs

Captain David Shrubbs has more than 37 years experience with Qantas, 10 of which were spent as supervisory pilot in the Qantas Flight Training Department. He also represented all Qantas pilots as Chairman of the Overseas Branch of the Australian Federation of Air Pilots, and all Australian pilots as President of the Australian Federation of Air Pilots. Combining all of his industry involvement renders Captain Shrubbs amongst the most experienced of leaders in the Australian Airline Industry. In both his general aviation and airline experience Captain Shrubbs has extensive experience with the requirements of primary airspace users, (other than helicopters and the military). With 37 years of international flying experience and with his involvement in the International Federation of Airline Pilots Association (IFALPA) meetings Captain Shrubbs also has relevant experience in other countries airspace management.

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 \$US2 billion 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 – 1999-00 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 1999-00 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 1999/00 year and continued (at least) into that year.

The Australian Advanced Air Traffic System (TAAATS)

Approved Budget: \$282.11 m⁶

Completed: Initial contract December 1997 and transition to operational service January 2000

The Australian Advanced Air Traffic System replaced and modernised Airservices Australia's entire air traffic control system. All en-route air traffic control has been 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 have now been commissioned. The last sector to transition completed its transition program on 31 January 2000.

The Sydney Tactical Flow Management System was undertaken as a variation within the TAAATS project. This project installed a tactical flow management system in Sydney, enabling optimisation

of the traffic flow, thereby reducing the delays, lowering Industry's operational costs and increasing the capacity of the airport within the 80 movements per hour cap. The Sydney Tactical Flow Management System using Maestro software has now been installed on TAAATS and was commissioned in May 2000.

Airways Transition Project Phase 2 (ATP2)

Approved Budget: \$11.88 m

Completed: March 2000

This project was to reconfigure the control of airspace down the Queensland coast as a necessary precursor to TAAATS operational transitioning. It also partially established Flight Information Service (FIS) centres in Melbourne and Brisbane together with a supporting VHF radio network. Training of Flight Information Service operators for flight watch was planned. Non-technical (primarily Air Traffic Services training) aspects of consolidating Sydney arrivals to Brisbane and Melbourne was also covered.

1.8 GHz Microwave Link Replacement Project

Approved Budget: \$17.70 m

Completed: June 2000

Airservices and other authorities were directed by Government regulation to remove their fixed links from the 1.8 GHz band. Accordingly, this project replaced 30 such links which operated in this band and three other links which were nearing the end of the economic life, with new microwave links.

⁶ Capital cost to establish facilities. Does not include operating costs for controller training and transition.

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

The project was completed well under budget.

ARFF Fire Vehicle Replacement Project

Approved Budget: \$10.67 m

Completed: December 1999

This project procured 11 new fire vehicles to replace 16 obsolete vehicles for Aviation Rescue and Firefighting (ARFF) at Sydney, Brisbane and Melbourne airports. This was undertaken in order to satisfy new ICAO requirements and CASA regulatory standards for ARFF levels of protection beyond the year 2000.

Asset Management and Maintenance System (AMMS)

Approved Budget: \$5.35 m

Completed: March 2000

This project provided a centralised database for the National Airways System equipment, allowing effective and efficient management of scheduled maintenance and fault rectification. Some difficulties were experienced with data conversion, loading and delivery of contract items, however these problems were overcome, resulting in the ability to now provide more accurate and timely information on the technical, operational and financial performance of our assets.

Flight Path Monitoring System Upgrade Project

Approved Budget: \$2.10 m

Completed: June 2000

This project delivered 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 all sites.

Year 2000 Project

Estimated Cost: \$5.20 m

Completed: March 2000

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

In the aviation industry sector very few problems were reported worldwide. Airservices' testing and remediation program can be considered successful, as there were no reported incidents related to Y2K failures over the critical period. There were also no reported incidents around the leap year.

Investigation of Networked CNS/ATM Applications Project

Approved Budget: \$4.67 m

Completed: July 2000

The aim of this project was 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 was to analyse the benefits of these services to Airservices and its customers. In-flight trials with a major airline will validate the projects 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 has developed staff expertise which will reduce the risk associated with future implementation of CNS/ATM technology.

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

Approved Budget: \$2.39 m

Completed: June 2000

This project conducted the evaluation necessary to define the future civil navigation services to be provided in Australia over the next 15-20 years. A final evaluation of the operational and technical feasibility of GNSS augmentation options to support sole means en-route, non-precision and precision approaches also formed part of this project. The project also provided the required analysis to complete a Navigation Services – GNSS Transition Plan and support safety and business cases. The work concentrated 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 International Civil Aviation Organizations' Global Navigation Satellite System Panel, Working Group B, decided in early June that the Australian designed Ground based Regional Augmentation System (GRAS) was the preferred

augmentation system, using Very High Frequency (VHF) data broadcast, to be the international standard for augmentation systems using VHF.

Sydney Runway 25 Instrument Landing System (ILS) Installation

Approved Budget: \$1.32 m

Estimated Completion: October 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.

The Localiser and DME were commissioned on schedule on 23 March 2000. Glide Path commissioning is not expected to occur before October 2000 as it is subject to the resolution of issues associated with the relocation of the runway threshold, which is being opposed by the Botany Council.

New projects commenced in 1999-00

The following major projects commenced in 1999-00.

Eurocat Functional Changes

Approved Budget: \$2.80 m

Completed: July 2000

This project was the implementation of the Version 6 release of the TAAATS Eurocat software. It was managed as a contract variation with the TAAATS project contractor, Airsys ATM, and pro-

vides an expanded and enhanced capability over the baseline systems delivered under TAAATS.

Information Management Transformation – Phase 1

Approved Budget: \$1.71 m

Estimated Completion: August 2000

The Information Management Transformation Project addressed the weaknesses evident in the existing information management infrastructure, provides capability for Airservices to operate commercially, and reduces overhead costs. Implementation of the strategy will be achieved across three major streams: (1) new or enhanced transaction processing systems, (2) enabling information systems, and (3) new infrastructure components.

Phase 1 entails the specification of requirements, selection of a preferred solution, and confirming of costs and benefits. The Charter for the program has been finalised and project teams have commenced the development of functional specifications to be issued to software vendors.

Rationalisation of Satellite Bandwidth

Approved Budget: \$2.50 m

Estimated Completion: August 2000

This project involves the rearrangement of channels on the Optus satellites so that they occupy 27 MHz instead of 54 MHz; and the implementation of an Asynchronous Transfer Mode digital communications system linking Cairns, Brisbane, Coolangatta, Sydney, Melbourne, Adelaide, Perth and Darwin with frame relay connections to remote control towers.

A detailed transition plan has been developed and transition from 54 MHz to 27 MHz has been

occurring progressively. Following a tender process in December 1999, the preferred supplier for implementing the Asynchronous Transfer Mode digital communications system was selected, with services to be transitioned during August 2000.

Low Level Airspace Reform Project (LLARP)

Approved Budget: \$15.24 m

Estimated Completion: December 2000

This project involves the transfer of Class G traffic information services into TAAATS, the establishment of the Flight Information Service (FIS) in Brisbane and the transfer of FIS from regional Flight Service Centres. Significant recurrent savings have been identified as a result of consolidating information service functions under this project.

On 15 June 2000 a major element of our Directed Traffic Information (DTI) services were transitioned to the TAAATS environment. Large volumes of low level airspace across Northern Australia, and to the south and west of Sydney, together with the DTI services provided in that airspace, have been absorbed into TAAATS.

ATS Training College – Ferranti Simulator Upgrade

Approved Budget: \$1.82 m

Estimated Completion: February 2002

Work has commenced to upgrade the existing Ferranti Air Traffic Control (ATC) Simulator used as a key component of ATC training at the Airservices College in Melbourne. This will be achieved by translating existing software code into a modern supportable language, rehosting the software onto a modern personal computer system

and completing modification of the displays to provide full TAAATS functionality. Without this change, Airservices will not be able to provide cost-effective ab-initio training to meet internal needs or compete for external revenue generating work.

Alan Woods Building Refurbishment – Phase 3

Approved Budget: \$7.35m

Estimated Completion: June 2003

Following the successful sale and lease back of the organisations head office building in Canberra – the Alan Woods Building – a tenancy refurbishment program is being implemented. This program will bring the working environment up to commercial best practice and will allow the sublet of vacant space which will fully fund the refurbishment costs.

Appendix 4 - Ministerial Directions and Charter Letter



The Hon John Anderson MP
Deputy Prime Minister
Minister for Transport and Regional Services
Leader National Party of Australia

Mr John P C Forsyth
Chairman
Airservices Australia
GPO Box 367
CANBERRA ACT 2601

25 OCT 1999


Dear Mr Forsyth

I am pleased to provide you this new Charter Letter, which sets out strategic directions on the matters that are crucial to the achievement of the Government's commitments on aviation safety. The Charter Letter is also intended to give the Board a better understanding of the broader government policy framework in which your authority operates. I would ask the Board to treat the views expressed as strategic guidance to implement the government's policy, set out in my statement on aviation safety reform. This letter replaces the previous charter letter from the Hon John Sharp MP.

Airservices is engaged in a phase of significant change, and from the Government's perspective the structural reform process and objectives provide the primary underlying policy direction. In that context, this letter sets out a clear charter to enable Airservices to operate effectively and grow its business in accordance with Government policy.

You will recall from Mr Sharp's charter letter his reference to the importance the Government places on a future for the small businesses dependent on air traffic services, particularly in regional and rural areas. This remains a matter of fundamental significance to me. The Government amended Airservices' legislation in 1998 to reflect its responsibilities to promote and foster aviation. I view that part of your legislated responsibility as something which the Board needs to see in the context not just of its major customers, but of the areas of social priority identified by the Government. It is the Government's view that Airservices has a responsibility to operate in a way that promotes the general health of the aviation industry, but this does not require Airservices to ensure the viability of any individual operator, nor will it require that the aspirations of any particular aviation sector be met.

Airservices also has a key function in maintaining and improving the safety of Australia's air transport system. Airservices, the Australian Transport Safety Bureau (ATSB) and the Civil Aviation Safety Authority (CASA) form a tripartite structure for providing safe aviation, each with separate and distinct functions but working together as part of an integrated system. I emphasise the need for the three entities to

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work together and to be seen to work together, recognising that there may at times be professional differences of opinion between the three bodies.

Structural Reform

While the working groups set up to manage the reform process have made some progress, the Government has recognised that, given the breadth of changes taking place, CASA was unable to develop the necessary entry and exit provisions and minimum safety standards for air traffic control (ATC) and rescue and fire fighting services (RFFS) by June 1999. It has now been agreed that the safety regulatory framework will be finalised by no later than June 2000.

While this is predominantly the responsibility of CASA, Airservices has an important role in the development of these regulations. I expect Airservices to continue to co-operate with the Working Groups that have been established to progress the Government's agenda of reform, in order to ensure the Government's timetable is achieved.

As I have previously advised, it is the Government's intention to phase in competition for control tower and rescue and firefighting services after the safety regulatory framework is established. The introduction of competition will not extend to the provision of terminal navigation services at this time. En route services will also remain a monopoly. Airservices will continue to provide control tower services at Sydney Airport for years to come.

In terms of the future arrangements for rescue and fire fighting services, I note that under the *Airports Act 1996*, airport operators at leased Federal airports already have the opportunity to ask me to approve alternative RFFS providers. I will not be approving alternative RFFS providers until CASA has developed the safety regulatory regime.

Business Transformation

The Government supports the efforts being made by the Airservices Board to implement its Business Transformation program. Airservices' Corporate Plan indicates significant financial and operational benefits to users and the Government as owner of Airservices that should flow from an effective implementation of the Business Transformation planning.

While the Government is supportive of the Business Transformation program, I expect the Board to ensure that Business Transformation does not pre-empt any of the outcomes from the structural reform process.

I was pleased to note that Airservices has committed to developing strong customer relations. With this in mind, I ask the Board to focus on those elements of the Business Transformation process which will move Airservices from being focussed on users through a formal consultation framework, to being focussed on customers

with individual expectations and business objectives. I have in mind the concept of performance agreements, under which both Airservices and its customers commit to particular performance levels. It may not be necessary to actually move to formal agreements, but the concept that Airservices and each of its major customers have obligations to each other is an important change in how the business itself views its working relationships.

Management of change, while continuing to provide essential air traffic services through a professional, highly skilled and motivated workforce, will present particular challenges. I am aware that the Board is very conscious of this task. However, I see it as vital that the expertise of the regulator (CASA) is brought into consideration where safety is at issue. This does not mean that Airservices cannot debate the merits of proposals or views from either CASA or the ATSB. It does mean, however, that where staff or the public raise concerns on reform related to the issue of safety, the regulator, or other relevant parties, are given the opportunity to advise upon and potentially settle issues before they become a matter of public concern. I have confidence in how the Board has handled this sensitive subject to date, but the future stages of reform may require Airservices to manage more actively claims of safety risk.

Pricing

The Government supports Airservices' pricing reforms and hence the move to location specific pricing for tower services. The subsidy for regional and general aviation towers is a clear indication of the degree to which we are prepared to support this policy. Under the agreed arrangements, Airservices must consult with the Department before making any significant changes to the services provided at the subsidised locations.

External Business Opportunities

I am supportive of the Board's efforts to grow the business. Airservices has a quality product, and should take up export and local development opportunities where they are consistent with its core business. However, I would expect you to seek my approval before taking up significant new business opportunities, and I ask you to consider thoroughly two key issues before pursuing any new business venture.

First, in the case of a joint venture, I would expect Airservices to ensure that the party concerned is not likely to bring the Commonwealth into disrepute or expose the organisation and its owner to a loss of public confidence.

Second, I would want the Board to be sure that the commercial or strategic improvement to Airservices did not bring with it liabilities or exposures out of proportion to that benefit. Again, I would expect to be provided with advice on how liability issues are to be covered in all cases where Airservices moves offshore, or beyond its current business base. As an example, the exposure of Airservices and hence the Government as its sole shareholder to damages claims may be much more

than a normal insurable risk where relationships with foreign governments or their agencies are involved. Diplomatic relations issues should be considered and where relevant brought to my attention, not merely the Department of Foreign Affairs and Trade. The broad issue of the legal framework for CNS/ATM, which will involve cooperative airspace arrangements and provision of air traffic services by third parties, is being examined by ICAO with similar concerns in mind.

Governance

I have confidence that the Board is aware of its responsibilities in carrying out the strategic directions I set the organisation, and the need to keep me informed of its activities.

Given the responsibilities I have to the Parliament and the people for the services and statutory obligations upon your Board, I would appreciate receiving early and thorough advice from management of matters which may be of public interest, even if only in a particular region or area, or which I need to be aware of to carry out my Ministerial responsibilities. Indeed, I would ask the Board to be very conscious of my role as Minister for Regional Services and err on the side of caution in providing prior advice to me if Airservices is proposing significant changes to its regional business or if proposed changes may impact on regional areas.

Section 16 of the *Commonwealth Authorities and Companies Act 1997* gives statutory reinforcement to the Board's obligation to keep me informed, but in complying with this requirement Airservices needs to recognise the importance of providing me early advice on relevant issues.

As a Government-owned authority, Airservices also has a responsibility to provide advice to the Parliament and the public about its operations. I remind you of the importance of Airservices providing timely and accurate advice in response to requests for input to ministerial representations and responses to Parliamentary questions.

While Airservices is a Government commercial authority, it is not a Government Business Enterprise (GBE) and so I remain the sole responsible Minister. However, as the structural reform process proceeds the Minister for Finance and Administration, as well as other Ministers as appropriate, will be involved in important decisions on the future structure and role of Airservices, particularly in respect of corporatisation issues.

The Government intends to legislate to corporatise Airservices, to be prescribed as a GBE, after the new regulatory arrangements are completed. Corporatisation will allow Airservices to respond to the interests of customers more flexibly and improve returns to the taxpayer, while still emphasising safety and its environmental obligations.

In terms of the actual timing of corporatisation, I will be seeking to package this set of changes with the legislation required to authorise alternative service suppliers to compete for tower and firefighting services. In turn, this means that the appropriate

safety, economic, and environmental regulatory frameworks must be in place. I therefore do not anticipate passage of the necessary legislation before the second half of 2000.

In the lead up to corporatisation, I will determine which regulatory functions will remain with Airservices post-corporatisation. I shall determine the actual date in consultation with the Minister for Finance and Administration, but as you would understand, the need to progress the appropriate legislation through the Parliament may affect when corporatisation can occur.

Otherwise, the current Governance Arrangements for Airservices Australia have proved satisfactory and I do not propose any changes. The arrangements are less prescriptive than those applying to GBEs, but they still make clear that the Board has an important obligation to keep me informed of Airservices' operations. As the effective sole shareholder of Airservices Australia, I have no less a need to know the business directions of Airservices than the owner of any of Australia's major private companies. More than that, I have an obligation and an exposure to the Parliament which a private owner does not.

I am aware of the Board's concern that Airservices' Corporate Plan is a public document, and that this can compromise planning in a future competitive environment. When a contestable environment is established, I will put in place requirements that ensure the exposure of the Corporate Plan does not compromise Airservices' ability to compete effectively in those markets. Legislation will be considered if it is necessary.

Environmental Responsibilities, including Sydney Airport

As you are well aware, aviation environment issues are the subjects of significant public debate and concern, particularly in relation to aircraft noise and emissions around our major cities. The *Air Services Act 1995* explicitly places an obligation on Airservices to ensure that as far as practicable the environment is protected from the environmental effects of the operation and use of aircraft. As noted earlier, the Government considers that it is a fundamental responsibility of Airservices to treat seriously its environmental functions, corporatised or not.

I would expect the Board to understand that while the Government is supportive of the Business Transformation program, I would not expect Business Transformation to distract or affect Airservices' ability to meet its responsibilities under its Act for environmental matters, particularly implementing policies such as the Long Term Operating Plan (LTOP) in Sydney. It is for this reason that I issued the Ministerial Direction in May specifying the particular environmental responsibilities and tasks that Airservices is required to undertake. The Direction explicitly requires Airservices to be pro-active in improving the environment in relation to managing aircraft operations and its other activities.

It is important to recognise that post-corporatisation, Airservices will continue to take responsibility for a range of environmental matters because of the nature of its ongoing activities. Managing the environmental issues that relate to your business is

and will remain a core activity, even after incorporation. Indeed, any model I could envisage for contestability would similarly require a regulated planning and environmental assessment process and an obligation to continue to meet the expectations of Government and the community for managing the adverse effects of aircraft operations on the environment.

The undoubted success of the Government's "noise sharing" policy in Sydney through the development and implementation of the LTOP is a credit to Airservices. The management and people in your organisation have tackled this very difficult task with complete professionalism and dedication. Importantly, they have also embraced a cultural change in the way in which the organisation works with the industry and the community in dealing with environmental issues around an airport. The Government would expect that this effort continue in Sydney and other locations.

Sydney Olympics

Airservices is a major public sector body that must play an essential role in supporting Australia's image before the world at the time of the Olympic Games. I would not wish relatively minor costs or the traditional way of managing Airservices' business to prevent it taking a very active hand in managing the special air traffic demands which will occur at the time of the Olympic Games. Just as major Australian corporations see it as an obligation and a way of giving something back to the community to support this unique occasion, so I expect Airservices to make a special effort to meet the interests of Games organisers, to the fullest extent allowed under your legislated responsibilities.

Y2K

The importance of Airservices being Y2K compliant before 1 January 2000 cannot be overemphasised. I am extremely pleased with the progress you have made to date, and I look forward to receiving regular updates from you on progress in this area.

ICAO

Whilst the Department of Transport and Regional Services, on behalf of the Government, has prime responsibility, Airservices plays an essential role in Australia's participation in the activities of the International Civil Aviation Organization (ICAO). Key amongst the contribution made by Airservices is the technical assistance that it provides, within the overall portfolio effort, in support of a number of ICAO Annexes. This role brings with it a commitment to the provision of subject matter experts for ICAO Panels and other relevant activities.

The advent of competition in some of the tasks undertaken by Airservices may, over time, place some stresses on this role, but it is important that Australia maintains the level and quality of its contribution. The Government expects Airservices to maintain a level of commitment appropriate to its functions, in the national interest and also to

assist Airservices keep fully abreast of international developments. Should Airservices face the prospect of significant competition in an area where it is also making a major contribution to the maintenance of Australia's international interests in ICAO, arrangements will be made to ensure the burden is fairly shared.

Airspace Management

In my letter to you of 28 April 1999, I outlined the Government's decision that, at least until its corporatisation, Airservices is to retain responsibility for the design, declaration and management of airspace. CASA will retain the responsibility of setting the minimum standards for the safe operation of each class of Australian airspace, and the procedures to be used by air traffic controllers and pilots in each class of airspace. It will also be able to require the upgrading of a particular zone of airspace on safety grounds. Where CASA proposes such a change, it will identify a clear safety justification for the change and accompany the proposal with supporting evidence in the form of a safety case. The issue of airspace management post corporatisation of Airservices is an issue the Government will be considering during the corporatisation process.

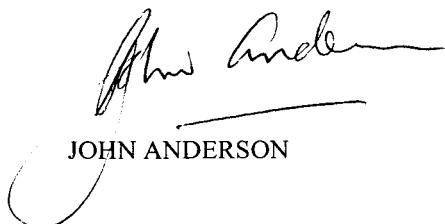
I would appreciate advice on Airservices' progress in developing, for the Government's consideration by the end of this year, a program for airspace reform which is internationally harmonised and consistent with International Civil Aviation Organization (ICAO) standards. As I have told you, the program is to address timeframes, priorities and mechanisms for implementation and is to be developed in close consultation with industry and other key stakeholders such as the Department, CASA, ATSB and Defence.

You may wish to consider developing a Memorandum of Understanding with CASA to establish the detailed arrangements for carrying out the Government's decision.

Conclusion

I am confident that the strategic directions that I have set out will strengthen Airservices, and allow it to grow as a business while still ensuring that it plays its part in maintaining and improving the safety of Australia's air transport system.

Yours sincerely



JOHN ANDERSON

COMMONWEALTH OF AUSTRALIA

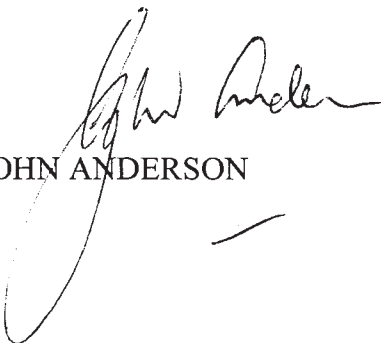
Air Services Act 1995

**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.

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

18th

day of March 1999.



JOHN ANDERSON

COMMONWEALTH OF AUSTRALIA

AIR SERVICES ACT 1996
SUBSECTION 16(1)

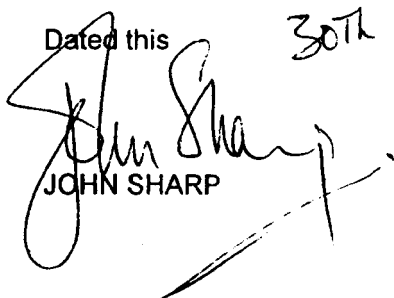
DIRECTION

WHEREAS:

1. On 20 March 1996, I directed Airservices Australia to report to me by 16 December 1996 on a proposed long term operating plan for Sydney (Kingsford Smith) Airport (the Airport) and associated airspace based on four principles specified in that direction;
2. On 16 December 1996, in response to that direction, Airservices Australia provided me with a report entitled "The Long-Term Operating Plan for Sydney (Kingsford Smith) Airport and Associated Airspace" which contained proposals for a long term operating plan for the Airport;
3. On 26 February 1997, acting in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder, I designated the Department of Transport and Regional Development (the Department) as the proponent in relation to the implementation of the proposal for a long term operating plan for the Airport (the proposal);
4. On 11 June 1997, acting in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder, the Department provided a Proponent's Statement to the Department of the Environment, Sport and Territories in relation to the proposal;
5. On 22 July 1997 the Minister for the Environment determined, in accordance with paragraph 3.1.1(b) of the Administrative Procedures, that neither an environmental impact statement nor a public environment report is required for the purpose of achieving the object of the Act in regard to the proposal;

I, **John Randall Sharp**, Minister for Transport and Regional Development, acting under subsection 16(1) of the *Air Services Act 1996* ('the Act'), **DIRECT** Airservices Australia, consistent with the requirements of the Act, to implement progressively the Sydney Airport Long Term Operating Plan in accordance with the schedule.

Dated this 30th day of July, 1997.


JOHN SHARP

SCHEDULE

SYDNEY AIRPORT LONG TERM OPERATING PLAN

1. Definitions

“Airservices Australia Report” means the document entitled **“The Long-Term Operating Plan for Sydney (Kingsford Smith) Airport and Associated Airspace”** prepared by Airservices Australia and provided to the Minister for Transport and Regional Development on 16 December 1996 in response to the Minister’s direction of 20 March 1996.

“the Plan” means the Sydney Airport Long Term Operating Plan as set out in this direction.

“Proponent’s Statement” means the document entitled **“Sydney Airport Long Term Operating Plan Proponent’s Statement”** prepared by the Department of Transport and Regional Development and provided to the Department of Environment, Sport and Territories on 11 June 1997 in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder.

2. Flight Paths

Airservices Australia should implement the general structure and layout of the flight paths shown in the maps in the Airservices Australia Report incorporating the amendments indicated in the Proponent’s Statement and including any adjustments necessary to meet the detailed design of the airspace arrangements and to satisfy safety requirements.

3. Runway Selection

3.1 Airservices Australia should introduce runway selection procedures as described in Chapter 6 of the Airservices Australia Report to facilitate the more equitable sharing of the impact of aircraft noise, taking into account forecast or prevailing weather and traffic levels including the balance between arrivals and departures. The modes of operation should be changed throughout each day, when traffic and weather conditions permit, to provide respite from noise affecting residents in different areas.

3.2 Subject to paragraph 3.3, Airservices Australia should make available for use runway modes 1, 4, 5, 7, 8, 9, 10, 12, 13, and 14A (as described in the Airservices Australia Report).

3.3 Operations under the Plan should not include runway mode 8 in the first instance. Runway mode 8 may be introduced at a later date if experience indicates that it would contribute to the Plan’s objectives.

3.4 Subject to paragraph 3.1 Airservices Australia should:

- (a) discontinue the current noise abatement requirements which mandate changing to, or continuing the use of, runways 16L and 16R for arrivals and departures (in a southerly direction) when there is up to 5 knots of downwind; and**
- (b) adopt new runway selection criteria to:**
 - . give preference to over-the-water operations (Mode 4) to minimise residential overflights;**
 - . restrict the dedicated use of the east-west runway (Modes 12 and 13) to circumstances when weather requires use of these modes; and**
 - . interchange use of the other modes to ensure a fair sharing of unavoidable aircraft noise subject to weather and traffic demands.**

3.5 Where traffic levels and disposition allow, preference should be given to the use of Runway 34L for arriving traffic when runways in that direction are in use subject to it assisting, and not detracting from, attainment of the noise sharing goals.

4. Safety Review

Airservices Australia should undertake formal safety analyses of the operational components of the Plan prior to their implementation. An independent review of safety issues by an independent third party with international expertise should also be undertaken.

5. Implementation and Monitoring Committee

5.1 Airservices Australia should establish an Implementation and Monitoring Committee whose membership should include two community representatives appointed by the Minister for Transport and Regional Development, the aviation industry, the Federal Airports Corporation, the Civil Aviation Safety Authority and the Department of Transport and Regional Development. The Committee should be chaired by a senior official of Airservices Australia, and report through Airservices' Chief Executive to the Minister. The Committee should have terms of reference shown in Attachment A.

5.2 Airservices Australia should initiate, through the Implementation and Monitoring Committee,

- . a study into the patterns of runway use by long haul aircraft;**

- . further development of the arrival flight paths to the north of the airport (known as the 'trident') to reduce the concentration of air traffic on the Runway 16 localiser tracks;
- . an assessment of the noise exposure benefits of ICAO A and ICAO B departure procedures;
- . an examination of the merits of requiring propeller aircraft departures on runway 34L to commence no further north than Taxiway B10;
- . an examination of viable systems for disseminating monitoring information to the public;
- . a review of the location of permanent noise monitoring terminals (plus any additional noise monitoring terminals) in light of the new operating arrangements under the Plan; and
- . the development of a program of short term deployment of portable noise monitors to provide data to residents in areas where significant problems are identified.

6. Matters for Further Advice

Airservices Australia should provide advice to the Minister for Transport and Regional Development on:

- . the need for aircraft to track through Botany Bay Heads after departure from Runway 16R to achieve separation with traffic approaching to land on Runway 34L when simultaneous opposite direction parallel runway operations are in use; and
- . the costs and benefits of installing an Instrument Landing System on Runway 25.

7. Noise Monitoring

- 7.1 Airservices Australia should produce Australian Noise Exposure Index (ANEI) contours on a quarterly (and cumulatively up to 12 months) basis with the first quarterly ANEI to be produced for the quarter commencing 1 October 1997.**
- 7.2 Airservices Australia should produce an Australian Noise Exposure Forecast (ANEF) for the Airport as soon as it is possible to provide robust forecasts on future traffic movement patterns. In the interim the Australian Noise Exposure Concept (ANEC) contours should be updated on a six monthly basis.**
- 7.3 Airservices Australia should maintain and enhance the responsiveness of the Noise Enquiry Unit through appropriate staffing and equipment and access to the best available noise monitoring methodology.**

7.4 Airservices Australia should add permanent noise monitors to the present noise and flight path monitoring system where appropriate to allow monitoring of aircraft noise in areas affected by changes to flightpaths made as a result of the Long Term Operating Plan. Additional mobile noise monitors should be purchased to improve the effectiveness of responses to noise complaints and improve the coverage of monitoring information.

8. Reporting

Airservices Australia should publish regular reports on the performance of the Plan using a set of standard indicators which the public can understand and follow over time. There should be an annual report and a report at least each quarter.

9. Miscellaneous

9.1 As recommended in the Airservices Australia Report, Airservices Australia should ensure that equipment and staff resources are adequate to satisfy the objectives of the Plan.

9.2 Airservices Australia should remove the West Pymble beacon from service at the earliest possible time.

9.3 Airservices Australia should undertake, as a matter of priority, the simulation and evaluation of alternatives to the departure track to the south on the 163 VOR radial.

9.4 Aircraft tracking from Sydney to Bankstown during the curfew period, 2300-0600, should be tracked at 3000' via non populous areas of the Royal National Park and Holsworthy military areas.

9.5 Airservices Australia should implement, in conjunction with the Australian Defence Force, the in principle agreements for changes to military airspace surrounding Sydney.

10. Ongoing Review

Airservices Australia should keep the Plan under review to respond to experience and changes in the pattern of aircraft movements with a view to ensuring that the overall integrity, intent and targets of the Plan are met. Proposed changes to the elements of the Plan should be tested with the public through the Sydney Airport Community Forum before being implemented.

IMPLEMENTATION AND MONITORING COMMITTEE

TERMS OF REFERENCE

To assist the achievement of the integrity, intent and targets of the Sydney Airport Long Term Operating Plan, the Committee shall:

- Monitor the distribution of noise, flight paths and runway movements which arise out of implementation of the Long Term Operating Plan.
- Provide reports on the results of the monitoring to the Sydney Airport Community Forum (SACF) and the broader community on a regular basis.
- Comment on potential changes to operational procedures under the Plan which will improve the aircraft noise environment in the Sydney area.
- Oversight the conduct of specific studies relating to aspects of the Plan.

COMMONWEALTH OF AUSTRALIA

AIR SERVICES ACT 1995

DIRECTION PURSUANT TO SECTION 16 CONCERNING
ENVIRONMENTAL RESPONSIBILITIES OF AIRSERVICES AUSTRALIA

I, JOHN RANDALL SHARP, Minister of State for Transport and Regional Development, 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) of the Act, to:

- (a) assume responsibility for the operation of the aircraft noise complaints handling centre at Sydney (Kingsford Smith) Airport to take effect as soon as possible; and
- (b) assume responsibility for the operation of the aircraft noise complaints handling centres at Federal airports, other than Sydney (Kingsford Smith) Airport, with effect from such date or dates agreed between Airservices Australia and the Federal Airports Corporation.

Dated this TWENTY NINTH day of MAY 1996.


JOHN SHARP

COMMONWEALTH OF AUSTRALIA

AIR SERVICES ACT 1995

DIRECTION

I, JOHN RANDALL SHARP, Minister for Transport and Regional Development, acting under section 16 of the *Air Services Act 1995* (the Act), hereby direct Airservices Australia to take immediate steps, consistent with the requirements of the Act, to introduce take-offs on Runway 34R at Sydney (Kingsford Smith) Airport in order to distribute the noise generated at the Airport more fairly.

Consistent with this, take-offs on Runway 34R shall be in accordance with the following principles:

- no take-offs on Runway 34R except when the operation of the Airport would otherwise involve the use of Runway 34L for take-offs;
- aircraft are no larger than A300/B767 or equivalent;
- aircraft to turn off runway heading to the east as soon as safely practicable using, as far as possible, current departure flight paths associated with Runway 07; and
- no departure flight paths from Runway 34R over the suburbs of Newtown, Annandale and Glebe.

Dated this fourteenth day of September 1996.


JOHN SHARP

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 1999-2000 financial year.

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

To demonstrate Airservices' senior management commitment to OHS, Dr Rosalind Dubs, Director of Operations Support and Airservices' OH&S sponsor, established an OHS Management Committee with representatives from senior managers in each of the Business Centres. This group has met regularly.

During the first quarter of 2000, an extensive survey of OH&S was conducted electronically to assess the legislative compliance and successes of the 1996-1999 Plan. A new Plan is being developed, based on the results of the survey.

Airservices OH&S Policy and Agreement are also undergoing a joint review.

Workplace Arrangements

Staff Associations conducted elections for OH&S representatives throughout Airservices in June 2000 to ensure all workplaces were covered. In consultation with Staff Associations representatives, the number of Designated Workgroups was revised.

Health and Safety Committees have met in Melbourne, Adelaide, Sydney and Brisbane. The OH&S Subcommittee of the National Consultative Council met in December 1999.

An OH&S Homepage was established on Airservices' Intranet site, AVNET. This site contains a full range of internal and external OH&S information that is regularly updated. All Corporate OH&S Management Statements and minutes of committee meetings are made available to staff via this method.

During June 2000, sixty staff directly responsible for Contract Development and Contractor Management attended training programs specifically detailing Airservices Contractor Management procedures.

Investigations

During April 2000, Comcare carried out a Targeted Reactive Investigation at Coolangatta Fire Station, concerning the occupational health and safety incident reporting. It received a positive report, with all recommendations being implemented in the agreed time frame.

No audits on Plant and Certification Regulations compliance were held.

Statistics of Accidents and Dangerous Occurrences

Airservices is currently developing an electronic Intranet based reporting process to address Comcare and Airservices internal reporting requirements. The reporting process will allow for the centralised collection and analysis of incident data as well as automatically generating an

electronic notification to Comcare. System testing between Airservices and Comcare will commence during July 2000.

The total number of incidents recorded internally and reported to Corporate Strategy Division for the period 1 July to 30 June 2000 was 44.

The total number of incidents notified to Comcare and reported to Corporate Strategy Division in the above period was 22. These were all within the prescribed timeframe.

Compensation Premium

The Comcare workers compensation premium for 1999-2000 remained at 0.53 per cent compared to the Commonwealth average of 1.0 per cent.

Equity & Diversity (E&D)

The composition of the Equity and Diversity Council, under the sponsorship of the Chief Financial Officer, has been changed to ensure there is adequate representation on the Council from senior levels within Airservices. The Council met in August and December 1999 and in April 2000. The minutes of E&D Council meetings are made available on the Equity and Diversity Homepage on the Airservices' Intranet.

The Business Case for Equity and Diversity has been developed and will be used to increase the awareness of Business Centre managers on the benefits of the E&D Program. In addition, a network of Equity and Diversity Champions has been established and publicised in Airspace, an Airservices internal monthly publication which is distributed to all staff.

Airservices participated in the annual Work Life Initiative – the Way Ahead benchmarking survey to assess its work and family policies. In 2000, 376 organisations completed the survey and Airser-

vices was ranked at 18. This was deemed an excellent result for the organisation.

The comprehensive network of Equity and Diversity Contact Officers and Mediators continued to manage complaints and provide quarterly statistics on equity and diversity enquiries and harassment and discrimination complaints within their areas.

Three Harassment/Discrimination Chairs were selected to hear any formal complaints before the Grievance and Appeal Board.

Corporate security

The national review of vital sites was finalised during 1999-00 as part of the preparations for the Sydney 2000 Olympics. A revised Airservices Security Risk Profile was finalised and has been used as the basis for prioritising the risk treatment applied to deficiencies in protective security identified during the site reviews.

Several internal exercises were conducted successfully to test local contingency plans and related security procedures. These exercises were also used to validate a new national alert system devised to rapidly communicate changes in the assessed level of security threat.

A compact disk (CD) based training aid, relating to unlawful interference with aviation, was completed by Airservices and made available to operational staff through the Airservices Intranet facility. Further information relating to protective security, fraud control and privacy matters will be placed on the Intranet for ease of reference by staff during the Year 2000-01.

Privacy

The Privacy Contract Officer is located within Corporate Security and provides advice to staff on privacy related compliance matters.

During 1999-00 several privacy related matters, and an internal inquiry, were finalised satisfactorily in consultation with the Office of the Privacy Commissioner.

Fraud control

During 1999-00 the Fraud Control Plan, last issued in 1996, was updated and the related Fraud Risk Assessment reviewed – incorporating both changes in responsibilities and the overall fraud risk environment within which Airservices currently operates.

The Plan was considered and endorsed by the Board. Business Groups are currently finalising their implementation strategies.

Freedom of information

The *Freedom of Information Act 1982* (“the 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.

Freedom of Information Act Section 8 Statement

This statement is set out under the following headings for ease of access:

- Airservices’ organisation and functions,
- FOI procedures and initial contact point,
- Consultative arrangements,
- FOI activity for financial year 1998/99,
- Ombudsman activity for financial year 1998/99,
- Categories of documents, and
- 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. In addition, Airservices maintains an Internet site at <http://www.airservices.gov.au>. The site contains information about Airservices and its functions, providing access to documents upon request, if they are available, eg. aircraft movement statistics, operational information for Sydney Airport, pricing information, and news releases. In addition, the site also provides access to Airservices Publications Centre site, including information on documentation available for purchase with a comprehensive price list.

FOI procedures and initial point of contact

Airservices’ Chief Executive 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, within recent years, Airservices has centralised its FOI activity with the function being managed from the Office of Legal Counsel.

Under delegation from the Chief Executive, the Coordinator FOI and Inquiries, in consultation with relevant business centre managers, is responsible for management of all FOI requests made to Airservices for access to its documentation – including the power to impose charges on applicants and in making 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 requested documents, applicants should provide as much information as possible about the document(s) being sought. It is also advisable to provide a telephone number to facilitate clarification of a request if necessary.

Applicants are encouraged to telephone the Coordinator, as listed below, if they have any queries or concerns in relation to making an access request for documentation within Airservices Australia's possession.

The address for lodging requests for access is:

Coordinator
FOI 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;
- the internet site (www.airservices.gov.au);
- airport community consultative committees;
- written communication direct to the Minister, Board, Chief Executive, Executives, and Business Centre Managers;
- telephone inquiry services;

- industry briefings;
- public meetings (advertised locally); and
- pilot briefings (advertised locally).

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

- 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 Co-ordinating 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; and
- Australian Firefighters Council.

FOI activity for Financial Year 1999/2000

During 1999/00, Airservices received 27 new requests under the FOI Act for access to documents. Of those requests, full access was provided in response to 5 requests; part access to 10

requests; and, in 3 cases, access was refused. Further, 10 requests were withdrawn, and 1 request transferred to another government agency. As at 30 June 2000, 1 request remained outstanding.

The Table below provides statistical information on Airservices' FOI Activity for 1999/00:

Requests			
On hand at 1 July 1999			8
Received 1 July 1999 - 30 June 2000			27
Total Requests handled during 1999/2000			35
Action on Requests			
	Carry-Overs	99/00	Totals
Access in Full	3	5	8
Access in Part	1	10	11
Access refused	1	3	4
Transferred in Full	0	1	1
Withdrawn	3	7	10
Outstanding at End June 2000	-	1	1
Totals	8	27	35
Response Time			
0-30 days		-	
31-60 days		34	
61-90 days		1	
91+ days		-	
Internal Review			
Applications received		1	
Decision affirmed		1	
Decision amended (waiver of charges)		-	
Review by Administrative Appeals Tribunal			
Applications received		0	
Fees and Charges			
Total application fees collected		\$150	
Total charges notified		\$566	
Total charges collected		\$124	

Ombudsman Activity 1999-00

During the Financial Year 1999-00 Airservices responded to nine (9) formal requests from the Office of the Commonwealth Ombudsman, and provided information on an informal basis on a number of issues.

Categories of documents held by Airservices

Either Airservices Head Office, regionally located offices, or an approved off-site secure storage area holds the categories of documents listed below. 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;
- service charter documentation;
- Strategic Plan;
- 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; including 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;
- Service Agreements;
- training records;
- grievance records;
- investigation records;
- Occupational Health and Safety records;
- Corporate Plans;
- Equity and Diversity records;
- compensation records;
- media reports and press releases;
- Y2K status documents;
- Aeronautical Information Circulars;
- Aeronautical Information Publications;
- 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;
- 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 (including associated documents);
- Australian Noise Exposure Indices (including associated documents);
- 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', 'AIC News', 'Equity and 'Diversity Newsletter', 'Bulletin Board';
- 'Aviation Bulletin' – ceased publication with the February 2000 edition; and
- 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 within Airservices and from sources external to Airservices. The categories of documents available are:

- Airservices and Civil Aviation Safety Authority (CASA) Products
 - Airservices and CASA regulatory and operational documents
 - Logbooks - aircraft
 - Logbooks - Pilot, Operational Notes, and Syllabus
- Aviation Reference Products
 - 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 the 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

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 1 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 (as at 30 June 2000)

Major Job Type	ACT			NSW			NT			QLD		
	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total
Airways Data Systems Officer			0	1	14	15			0	7	43	51
Air Traffic Controller		13	13	15	161	176		5	5	33	357	390
ATS Support Specialist	1	16	17		8	8			0	2	16	18
Air Traffic Controller (Trainee)			0			0			0		5	5
Management	18	141	159	2	23	25		3	3	5	45	50
Aviation Fire Fighter		20	20	1	53	54		50	50		157	157
Clerical Administration	85	36	120	18	10	28	1		1	45	26	71
Flight Information Service Officers			0			0			0	8	54	62
Flight Service Officer			0	2		2			0	5	32	37
Flight Data Coordinator			0			0			0	6	13	19
Technical Officer		23	23		84	84		16	16	1	146	147
I.T.O.	2	13	15	1	1	2			0	1	1	2
Engineer		6	6		1	1			0		1	1
Snr ITO	1	20	21			0			0		1	1
Senior Engineer		25	25		6	6			0		11	11
Senior Technical Officer		12	12		17	17		3	3		32	32
Grand Total	107	324	426	40	378	418	1	77	78	113	940	1054

SA			TAS			VIC			WA			Grand Total		
Fem	Male	Total	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total
1	6	7			0	17	37	54	2	10	12	28	111	139
1	48	49		10	10	35	290	325	3	51	54	87	935	1022
	1	1			0	1	7	8		1	1	4	49	53
	1	1			0		7	7		1	1	0	14	14
	5	5		1	1	3	33	36		7	7	28	258	286
	32	32	1	34	35		63	63		62	62	2	471	473
4	4	8	1		1	28	18	46	5	4	9	187	97	284
		0			0	4	17	21			0	12	71	83
	24	24			0	5	17	22	2	30	32	14	103	117
		0			0	6	12	18			0	11	25	37
1	35	36		8	8	1	106	107		40	40	3	458	461
		0			0	2	1	3			0	6	16	22
		0			0		1	1			0	0	9	9
		0			0		2	2			0	1	23	24
		0			0		6	6			0	0	48	48
	7	7		1	1		17	17		9	9	0	98	98
7	163	170	2	54	56	101	635	736	12	215	227	383	2786	3169

Appendix 6 – Judicial decisions and reviews by outside bodies

Judicial decisions and decisions of administrative tribunals that have had, or may have, a significant impact on the operations of Airservices

Monarch Airlines and others -v- Airservices Australia (Compass I case)

High Court majority decision in favour of Airservices - 2 December 1999.

Zarb -v- Airservices Australia

High Court decision refusing Airservices' application for leave to appeal against Court of Appeal's refusal to strike out plaintiff's application - 14 May 1999.

Reports on the operations of Airservices by the Auditor General (other than the report on the financial statements), a Parliamentary committee or the Commonwealth Ombudsman

Airservices did not receive any reports within this category other than those which appear under Appendix 5 - Staff Resources and Statutory Information - Ombudsman Activity 1999-00.

Appendix 7 – Indemnities and insurance premiums for officers

In 1999-00 Airservices held a Directors' and Officers' (D&O) Liability insurance policy. The policy covers the legal liability of Airservices *Directors/Officers* for losses arising, in the course of their duties, from a *Wrongful Act*.

For the purpose of these provisions, a *Director* or *Officer* means any natural person who was or is or may hereafter be or be deemed to be:

- a director or officer (or holding an equivalent position in any jurisdiction) in Airservices; or
- acting at the request, order or direction of Airservices as a director or officer of, or in any managerial or supervisory capacity within Airservices; or
- an *Employee* acting in any managerial or supervisory capacity in Airservices, or who is responsible for the content of any part of any listing document of Airservices; or
- an *Employee* against whom a Claim is made for an Employment Wrongful Act.

For the purpose of these provisions an *Employee* is deemed to be:

- any natural person who was or is or may hereafter be employed under a contract of service or apprenticeship with Airservices or a guest student pursuing studies or duties on the premises of Airservices. An *Employee* shall not mean any independent agent or consultant or subcontractor or professional advisor.

For the purpose of these provisions a *Wrongful Act* is deemed to be any actual or alleged act committed or attempted by the Director or Officer, or any matter claimed against the Director or Officer solely by reason of him/her serving in that capacity, including but not limited to breach of statutory or other duty, breach of trust, neglect, error, misstatement, misleading statement, omission, libel, slander, breach of warranty of authority, or wrongful trading.

Appendix 8 - Noise complaints (telephoned)

Airport	Number of Telephoned Noise Complaints	Reduction (from 1998/99 Financial year)	%Reduction (from 1998/99 Financial Year)	Comments
Sydney	30,528	10,000	24.7	16,152 from 427 complainants
Melbourne (including Moorabbin, Essendon)	681	353	34.1	231 from one complainant
Brisbane (including Coolangtta)	7,218	1011	12.3	1,016 from one household
Adelaide (Including Parafield)	224	—	0.0	22 from two households
Perth ⁷ (Including Jandakot)	1,214	28	2.3	120 from one household

Note: A total of 17,541 telephoned noise complaints were made by 432 complainants or an average of 40 calls per complainant. Approximately 44 per cent of total telephoned noise complaints came from the same group of complainants.

⁷ Perth includes complaints from Western Australia (WA) country areas from Albany in the south to Karratha in the north. These would total approximately 5 per month.

Appendix 9 - Standards of Service Charter

Standards of Service Charter

The Standards of Service Charter was issued in August. It is anticipated that the Charter will be updated in the next financial year to reflect Airservices' new business structure.

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, focusing 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 fire fighting,
- 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 three operational

divisions, Air Traffic Services, Facilities Management and the Aviation Rescue and Fire Fighting Service. These businesses are supported by specialist units and corporate divisions.

Our Corporate Plan and the body of this Annual Report provide more detailed information and are available from the Corporate Communication Unit, 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. Honesty, integrity and fairness will characterise our dealings. Courtesy and sound communication 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 but, if possible, within seven days for verbal requests and 21 days for written requests. An interim response will be provided as acknowledgement if any longer delays are likely.

- 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.
- A copy of a detailed code of conduct will continue to be published, distributed and reviewed.

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 appropriate General Manager. The General Manager will respond within 10 days of receipt.

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

Appendix 10 - Glossary of terms

ADS(B)	Automatic Dependent Surveillance (Broadcast)	CPDLC	Controller Pilot Data Link Communications
ADMS	Aeronautical Data Management System	DARPS	Dynamic Airborne Route Planning
AFC	Australian Fire Competencies	DGAC	Directorate General of Air Communications
AFTN	Aeronautical Fixed Telecommunications	DME	Distance Measuring Equipment
ALC	Airport Lessee Companies	DoTRS	Department of Transport and Regional Services
AMMS	Asset Management and Maintenance System	EMS	Environment Management System
ANEI	Australian Noise Exposure Index	E&D	Equity and diversity
ANTA	Australian National Training Authority	FAA	Federal Aviation Authority (US)
ARFF	Aviation Rescue and Firefighting	FIR	Flight Information Region
ARINC	Aeronautical Radio Inc.	FOI	Freedom of Information
ATM	Air Traffic Management	GAAP	General Aviation Airport Procedures
ATS	Air Traffic Services	GBE	Government Business Enterprise
ATC	Air Traffic Control(ler)	GNSS	Global Navigation Satellite System
ATSB	Australian Transport Safety Bureau	GPS	Global Positioning System
AusFIC	Australian Flight Information Centre	GRAS	Ground-based Augmentation System
AWA	Australian Workplace Agreement	GST	Goods and Services Tax
BCO	Brisbane Centre of Operations	HF	High Frequency
CAAC	Civil Aviation Authority China	HR	Human Resources
CAC Act	Commonwealth Authorities and Companies Act 1997	ICAO	International Civil Aviation Organisation
CASA	Civil Aviation Safety Authority	ILS	Instrument Landing System
CI	Cultural Intervention	IMC	Implementation and Monitoring Committee
CNS/ATM	Communications Navigation Surveillance/Air Traffic Management	INTERFET	International Force East Timor
COG	Commercial Operations Group		

IT	Information Technology	PDC	Pre-Departure Clearance
		PRM	Precision Runway Monitor
LDI	Leadership Development Initiative		
LTOP	Long Term Operating Plan	RPT	Regular Public Transport
		RTW	Return To Work
MCO	Melbourne Centre Operations	RVSM	Reduced Vertical Separation Minima
MOA	Memorandum Of Agreement		
NAIPS	National Aeronautical Information Processing System	TAAATS	The Australian Advanced Air Traffic System
NFPMS	Noise Flight Path Monitoring System	UHF	Ultra High Frequency
NOI	Notice Of Intention	UNTAET	United Nations Transitional Administration of East Timor
NOTAM	Notice to Airman		
OH&S	Occupational Health and Safety	VHF	Very High Frequency
OLI	Open Learning Institute	VSM	Vertical Separation Minimum
OSG	Operations Support Group	Y2K	Year 2000

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