



AIRSERVICES AUSTRALIA

## ANNUAL REPORT 2001 - 2002



AIRSERVICES AUSTRALIA

ANNUAL REPORT

2001-02

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## LETTER OF TRANSMITTAL

September 2002

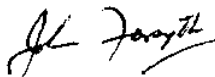
The Hon John Anderson MP  
Deputy Prime Minister and  
Minister for Transport and Regional Services  
Parliament House  
CANBERRA ACT 2600

Dear Minister

The Airservices Australia Board of Directors hereby submits to you the *Airservices Australia Annual Report* for the period 1 July 2001 to 30 June 2002.

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 1997*.

Yours sincerely



John P C Forsyth

Chairman



# INTRODUCTION

## Annual reporting requirements

Airservices Australia is required by the *Air Services Act 1995* and section 9 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act) to provide an annual report for tabling in the Parliament. The Airservices Australia Annual Report 2001–02 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, under the *Air Services Act 1995*, with reporting and accountability arrangements set out in the CAC Act.

In 1997, Airservices Australia's 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 the organisation's ownership or governance.

In accordance with the Chicago Convention on International Civil Aviation, Airservices Australia's specific responsibilities include airspace management, air traffic flow management, air traffic control, traffic and flight information, navigation services, aeronautical information, search and rescue alerting, and rescue and fire fighting.

Under the *Air Services Act 1995* (as amended), the organisation is responsible for performing 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) an aeronautical information service
  - (iii) rescue and fire fighting services
  - (iv) aeronautical radio navigation service
  - (v) an aeronautical telecommunications service



- cooperating with the Australian Transport Safety Bureau 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.

## Directorship and governance

Airservices Australia is wholly owned by the Australian Government and is governed by the Airservices Australia 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 Australia. The Board ensures that Airservices Australia performs its functions in a proper, effective and safe manner, and delegates responsibility for the management of the Corporation to the Chief Executive Officer (CEO) who is also a director of the Board.

The Board has four committees to increase its effectiveness. Meeting and membership information for each committee is shown in Appendix 1. Each committee functions in accordance with a charter approved and reviewed annually by the full Board. The committees are as follows.

### Audit Committee

The Audit Committee comprises three non-executive directors who meet at least four times a year. The Board Chairman is an ex-officio member of the committee. The Audit Committee advises the Board on all aspects of internal and external audit and the adequacy of compliance, controls and financial reporting.

### Safety and Environment Committee

The Safety and Environment Committee consists of four non-executive directors. The Board Chairman and CEO are ex-officio members of this committee. Meeting monthly, prior to each full Board meeting, the committee reports to the Board on the management of the organisation's safety and environmental responsibilities.

### Remuneration Committee

The Remuneration Committee comprises the Board Chairman, as Committee Chairman, a Board member and the CEO. The committee meets at least twice a year. The committee conducts annual reviews of Executive Director remuneration (including the CEO's) and provides guidance to the CEO on the remuneration.

ation of Executive Committee members. In addition, the committee develops recommendations to the Board on CEO succession and is responsible for monitoring the establishment of succession plans for members of the Executive Committee (see under 'Structure').

### **Board Security Committee**

The Board Security Committee comprises one non-executive director and the CEO. The Committee meets as required. Airservices Australia is responsible for protecting its people, facilities and operations from external physical, electronic and other possible threats. The committee monitors Airservices Australia's development and implementation of strategies, policies and procedures to counter possible external threats.

## **Business risk management**

Airservices Australia's business risk management activities are conducted in accordance with a framework for business risk management, which is based on the Australian/New Zealand Standard 4360/1999. The Risk Management Committee was established during financial year 2001–02 to ensure an integrated and consistent application of risk management policy, principles and practices across the organisation.

Business risk management activities are conducted as part of a dynamic process of corporate governance and culminate in the identification of strategic risks and the development of mitigation plans. The mitigation plans are agreed actions whose completion reduces the likelihood, or consequence, of identified risks. Plans are recorded on an integrated database system and progress against them is regularly reported to the Executive and the Audit Committee.

Airservices Australia achieved an excellent level of mitigation of identified risks in 2001–02 and we continue to be alert to the impact of changes within our business environment.

## **Responsible Minister**

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

## **Structure**

Airservices Australia's business structure, which came into effect in March 2001, is shown on page 4. The structure is built around three market oriented business groups, each with distinct business portfolios (containing business or profit centres). Those three groups, Air Traffic Management, Airport Services and Infrastructure Support Services, are assisted by a Corporate Services group and a small head office.

An Executive Committee advises the CEO on the management of Airservices Australia and makes policy and strategy recommendations to the Board. The Executive Committee comprises:

Chief Executive Officer, Bernard Smith

General Manager, Air Traffic Management, Andrew Fleming

General Manager, Infrastructure Support Services, Brian Prendergast

General Manager, Organisation Development and Corporate Secretary, Tom Grant

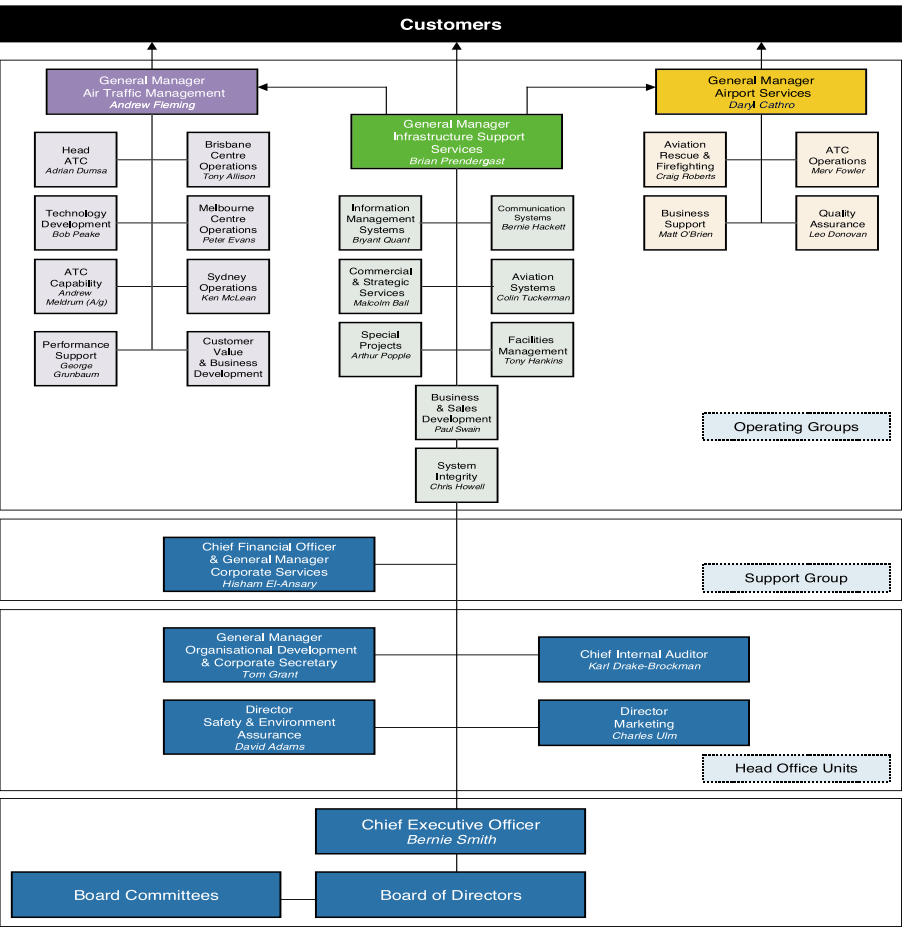
Chief Financial Officer and General Manager Corporate Services, Hisham El-Ansary

General Manager Airport Services, Daryl Cathro

The Director, Safety and Environment Assurance and the Chief Internal Auditor are co-opted to the Executive Committee as the CEO considers circumstances and issues arising dictate.

At 30 June 2002, Airservices Australia employed 2,798 people across Australia. The organisation's diverse workforce includes specialists in air traffic control, aviation rescue and fire fighting, engineering, technical services, information technology, human resource management, communication, finance and administration.

**Figure 1**  
**AIRSERVICES AUSTRALIA BUSINESS STRUCTURE**  
*(With Effect from 1 March 2001)*



## CHAIRMAN'S YEAR IN REVIEW

Given the turmoil in the aviation industry in 2001–02, it is a significant achievement that Airservices Australia maintained its position as a world leader in providing safe air navigation services.

Under the extraordinarily difficult trading conditions of the past 12 months, which included the 11 September 2001 terrorist attacks in the United States and the collapse of Ansett and its subsidiaries, through cost mitigation strategies the organisation was able to turn a forecast loss of \$30.2 million into a profit after tax of \$24.8 million. We were able to do this only with the cooperation and dedication of employees throughout the organisation. The cost mitigation strategies included reductions in non-essential travel, advanced staff leave, a five per cent voluntary one-year management pay reduction, a 10 per cent voluntary one-year directors' fee reduction, delayed recruitment and reductions in discretionary expenditure.

It was another successful year for operations with many notable achievements in the organisation's key result areas. These achievements are detailed in this report, but I would like to highlight that we:

- continued to develop the organisation's Safety Management System to sustain world's best practice
- improved the safety related information exchange between Airservices Australia and airline customers
- improved air traffic services safety, achieving incident rates more than 2.5 per cent lower than the previous year's
- implemented the Precision Runway Monitor for northerly arrivals at Sydney airport
- commissioned a new Instrument Landing System at Perth Airport
- assessed 82 air traffic proposals for their potential environmental impact, in accordance with the *Environmental Protection and Biodiversity Act 1999*
- completed the noise and flight path monitoring system project for Canberra Airport
- progressed the upgrade program to improve efficiency and maintain leading-edge technology in The Australian Advanced Air Traffic System (TAAATS)
- launched an Occupational Health and Safety Management System
- upgraded the redundancy of the power supply system at the Sydney Airport Terminal Control Unit
- updated the National Contingency Plan, in collaboration with customer airlines, the Department of Defence and the Civil Aviation Safety Authority.

In an extremely difficult environment, Airservices Australia's staff and management, through sheer dedication and professionalism, produced these outstanding results.

Our safety record continued to improve, with more robust safety reporting systems, increased safety training and ongoing enhancements to our Safety Management System.

The Air Traffic Management Benefits Program continued to deliver positive outcomes for our customers. The introduction of Reduced Vertical Separation Minima across Australia on 1 November 2001 and the introduction of User Preferred Routes across the Tasman Sea demonstrate how TAAATS delivers significant cost benefits to our customers and environmental benefits to the community.

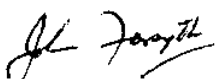
The year showed positive trends in customer satisfaction. In 2000, 65 per cent of customers surveyed were satisfied or very satisfied with our performance – such approval rose to 82 per cent in 2001. This indicates that our increased focus on customer value and customer relationships has been effective.

Internationally, Airservices Australia continued to expand its presence and reputation. The organisation provided consultancy services to a range of nations in Europe, Asia and the Americas, and our major air traffic centres at Brisbane, Melbourne and Sydney attracted senior delegations from more than 25 nations during the year.

Australia played a major role this year as a core member of the International Civil Aviation Organization task force aimed at streamlining air routes between Europe, the Middle East and Australasia, while Chief Executive Officer Bernie Smith continued to broaden our influence in the Civil Air Navigation Service Organisation and with neighbouring Flight Information Regions. Creative partnering with our neighbours is delivering positive safety and business outcomes.

On behalf of the Board, I thank staff and management for their hard work and commitment during an extremely difficult year.

The Board welcomes the Commonwealth Government's decision to corporatise Airservices Australia as a matter of high priority. Corporatisation during the next reporting period will allow the organisation to increase business growth, anticipate customers' needs and further improve operational excellence.



JOHN P C FORSYTH

Chairman

Airservices Australia Board of Directors

30 June 2002

## 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 the aviation industry in the Australian Flight Information Region. The Australian Flight Information Region, 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 including:

- en route and terminal air traffic services
- aeronautical data services, such as charts and departure and approach procedures
- tower services at 26 airports
- aviation rescue and fire fighting services at Australia's 16 busiest international and domestic regular public transport airports
- design and management of airspace usage
- management of the Australian national air navigation infrastructure.

In providing services to over three million aircraft movements annually, a \$350 million fixed asset base is maintained at over 600 sites around Australia.

Airservices Australia's 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 the organisation.

As a world leader in the technological development of advanced satellite based communication, navigation and surveillance systems, Airservices Australia works with a range of partners and customers. Together with the International Civil Aviation Organization and its counterparts in the Asia Pacific region, Airservices Australia strives to ensure the maintenance of appropriate global safety standards and the sharing of information or advances in aviation technology.

Airservices Australia works closely with a number of other government organisations concerned with aviation safety and regulation in Australia, namely the Department of Transport and Regional Services, the Civil Aviation Safety Authority and the Air Transport Safety Bureau.

Further information about Airservices Australia can be found on its website <[www.airservices.gov.au](http://www.airservices.gov.au)>.

## REPORT FROM THE CHIEF EXECUTIVE OFFICER

Airservices Australia and its customers faced unprecedented challenges during 2001–02 following Ansett's collapse and the tragic events of 11 September 2001 in the United States.

Amidst the turbulence, we remained resolutely focused on safety and operational excellence, while embracing several new technological initiatives, enhancing customer and employee value, and rigorously managing financial performance.

During the reporting period, we continued negotiations for a new certified agreement covering its workforce. Regrettably industrial action resulted on two occasions in March 2002, but by 30 June, agreement had been reached with employees represented by four unions. Negotiations are continuing with the union representing air traffic controllers.

Safety remained the number one priority in all aspects of our day-to-day operations and long-term business planning. Whilst it is pleasing that air traffic service attributable incidents are continuing to trend downward, there always remains room for improvement. Any serious accident in the aviation industry is one too many and the organisation, along with all other players must do everything in its power to achieve a zero outcome. Cause analysis for air traffic service attributable incidents continues to be undertaken as does constant revisiting of safety awareness across the entire organisation.

Operationally, innovation was the focus, with the Air Traffic Management Benefits program's identification of several new areas offering potential for operational efficiency for our customers.

Reduced Vertical Separation Minima were introduced across Australia on 1 November 2001, reducing delays and costs for our customers, while at Sydney Airport the successful commissioning of the Precision Runway Monitor delivered significant safety and operational benefits.

With The Australian Advanced Air Traffic System fully commissioned and attracting worldwide recognition, work has begun on upgrading the system to ensure it meets customers' requirements for further efficiencies and new services into the future.

Underlining our commitment to technological innovation in the enhancement of aviation safety, testing of an Automatic Dependent Surveillance – Broadcast ground station began in 2002, in Queensland's Burnett Basin.

Airservices Australia's commitment to customer value saw the proportion of customers satisfied or very satisfied increase to 82 per cent – a substantial improvement on the 2000 result of 65 per cent. In April our annual customer consultation meeting, Waypoint 2002, attracted 35 domestic and international customers to Brisbane, where frank and open dialogue continued to hallmark our customer ethos.

Internationally, our involvement grew through active participation at several levels in the Civil Air Navigation Services Organisation (CANSO) and the International Civil Aviation Organization (ICAO).

Indonesia, East Timor, Fiji, Taiwan, Sweden, South Korea, Solomon Islands and the United States were among nations for which we provided support services as our international horizons expanded. However efforts to grow our business domestically and internationally are continuing to be hampered by restrictions imposed by the legislative instruments which govern our operations. Government intentions to move us to Government Business Enterprise status during the current term will alleviate some of these issues.

Airservices Australia played a major role as a core member of the ICAO Task Force streamlining air routes between Europe, the Middle East and Australasia, which is now delivering major cost savings to airline customers as well as major environmental benefits.

In concert with the Royal Australian Air Force, we advanced the Australian Defence Support Initiative aimed at developing a shared vision for Australia's air traffic management system.

In the area of the environment, air traffic initiatives have assisted our customers in reducing fuel use by six per cent and carbon dioxide emissions by approximately 750,000 tonnes.

Despite what occurred on 11 and 14 September 2001, sound financial management and a range of mitigating strategies resulted in our achieving an after tax profit of approximately \$24 million in the 2001–02 year.

I would like to thank the staff of Airservices Australia for their contributions and commitment this year. Professionalism, innovation and dedication helped to buffer us from potentially severe consequences of what has been by any measure a tumultuous period for world aviation.

I would also like to thank the Chairman, John Forsyth, and the Board of Directors for their guidance and vision. I look forward to their support as we further consolidate our strengths and capitalise on emerging opportunities.



B R Smith  
Chief Executive Officer  
Airservices Australia  
30 June 2002



## YEAR'S HIGHLIGHTS

The following is a summary of Airservices Australia's achievements in 2001–02 in relation to its six key result areas – safety, environment, operational excellence, customers and markets, employees and owner.

### Safety

Airservices Australia's safety performance continued to significantly improve during the 2001–02 reporting period, reflecting the organisation's focus on safety as its highest priority.

To increase the safety awareness of staff and customers, several initiatives were developed and implemented, including the following.

- A widespread campaign provided information to over 90,000 pilots on the dangers of unintentional violations of controlled airspace and runway incursions.
- A local risk assessment project, involving the identification of risks to the support of critical air traffic control infrastructure, was conducted across the Infrastructure Support Services group. Formal procedures were put in place to ensure the regular reviewing of risks and contingencies, coupled with simulation exercises.
- Efforts were made to improve the exchange of safety related information between Airservices Australia and its airline customers. Letters of agreement between the organisation and airlines were extended to cover 35 airlines. Domestic airlines are now automatically notified via email in the event of a safety incident involving one of their aircraft.
- In response to emergency medical calls at airports, Aviation Rescue and Fire Fighting (ARFF) personnel saved 21 lives. This was largely attributed to the introduction of medical defibrillators in the previous year.

### Environment

Airservices Australia secured one of its best yearly results in relation to the organisation's continuing goal of achieving environmental best practice.

In the air traffic management area, initiatives were applied in order to benefit the environment through reduced fuel usage and lower carbon emissions. These initiatives have been independently assessed as saving an estimated 6 per cent in fuel usage resulting in approximately 750,000 tonnes less of carbon dioxide emissions into the atmosphere each year.

Other highlights included:

- receiving a Tasmanian Award for Environmental Excellence in 2002 in recognition of the work done by Airservices Australia to protect the habitat of the endangered Golden Bell Frog

- identifying some 655 environmental risks across the organisation; of those risks, 13 are considered to be significant, and management plans have been put in place for each significant risk
- identifying, among the 655 risks, 164 instances of potential fuel spills, which were subsequently assessed and mitigated
- completing the Noise and Flight Path Monitoring System project for Canberra Airport in June 2002
- maintaining a focus on the noise-sharing principles contained in the Sydney Airport Long Term Operating Plan (LTOP).

## Operational excellence

Airservices Australia made considerable progress towards operational excellence in 2001–02, including by expanding the application of existing systems and trialling and implementing new ones.

- The standard for Reduced Vertical Separation Minima (RVSM) was introduced across Australia on 1 November 2001. Australia is one of the first countries to implement RVSM over continental and oceanic airspace.
- Airservices Australia commissioned the full operations of the Precision Runway Monitor (PRM) at Sydney Airport in June 2002.
- Global Positioning System (GPS) procedures were designed, validated and published by Airservices Australia to enable greater use of satellite based navigation in regional and remote communities.
- Airservices Australia installed an Automatic Dependent Surveillance – Broadcast (ADS–B) that will be used for operational trials in 2003.
- The Central Traffic Management System, already operational in Sydney, was expanded to the Brisbane and Melbourne centres.
- Planning started for the expansion of the 'MAESTRO' tactical traffic flow sequencing system to Melbourne and Brisbane.
- Airservices Australia's Ground based Regional Augmentation System (GRAS) continued to receive support from the International Civil Aviation Organization (ICAO). The first draft of the recommended standards and practices for the use of GRAS was presented to the ICAO Global Navigation Satellite Systems Panel.
- The Information Management Transformation Program was progressed during the year, with the adoption of SAP – an integrated business information software suite – as the platform upon which the organisation will build and administer its core business systems.
- Airservices Australia received high praise from government and defence officials for its contribution to the safety and success of the Commonwealth Heads of Government Meeting held at Coolumb, Queensland in March 2002.

## Customers and markets

The results of the 2001 customer satisfaction survey showed that Airservices Australia had improved its performance in this area. The number of customers satisfied or very satisfied with the organisation's performance reached 82 per cent – a substantial improvement on the 2000 result of 65 per cent. Other achievements included the following.

- The organisation appointed customer relationship managers for all its major aviation and industry customers, to strengthen and maintain business relationships and the pursuit of shared goals, values and business objectives.
- Airservices Australia provided consultancy, training and other services to a number of countries, including East Timor, Fiji, Taiwan, Papua New Guinea, Indonesia, Solomon Islands, Sweden, South Korea and the United States.
- The Department of Defence and Airservices Australia continued to develop the Australian Defence Support Initiative through joint participation in key operational and planning activities. One opportunity being pursued is the joint development of an integrated operating concept capturing a shared vision for a unified air traffic management system in Australia. The development of the concept is being overseen by the Chief of Air Force and Airservices Australia's CEO.

## Employees

Airservices Australia continued to provide a range of development opportunities to equip staff to meet evolving business requirements in the aviation industry. The major programs offered in 2001–02 included:

- team leader development training
- refresher training for air traffic controllers, including flight emergency response training
- employee relations training, highlighting provisions of the law, including the *Workplace Relations Act 1996*
- training in professional selling, professional writing and negotiation skills
- conducting a skills inventory of all staff to identify skills required for special projects as well as gaps needing attention.

## Owner

### Working with industry stakeholders

Airservices Australia continued to work in collaboration, and maintain positive relationships, with key industry regulatory and community groups. The following are some examples of those relationships in practice in 2001–02.

- The *Australian Air Traffic Management Strategic Plan* was published by the Australian Air Traffic Management Strategic Management Group (AASMG).
- Our representatives chaired the Sixth Working Group of the ICAO Air Traffic Management Concept of Operations Panel in St Petersburg, Russia.
- The Revised Air Traffic Service Route Structure – Asia to Middle East/Europe, South of the Himalayas – Project was implemented between Australia, Indonesia, Malaysia and Singapore on 29 November 2001.
- In collaboration with airlines, the Department of Defence and Civil Aviation Safety Authority (CASA), Airservices Australia updated the National Contingency Plan.

## Financial performance

Airservices Australia delivered a significant positive financial result for the 2001–02 financial year, despite it being one of the worst years in aviation's history both domestically and internationally.

The first quarter of the reporting period was characterised by the collapse of Ansett and the impact of terrorist attacks on the United States on 11 September 2001 – collectively, they resulted in a \$70 million loss in revenue. As a result of systematic cost containment and new business the organisation offset a substantial part of this loss over the course of the year – the audited results for the 2001–02 financial year show a profit after tax of around \$25 million.

Airservices Australia maintained its AAA/Stable/A1+ ratings.



## CORPORATE SCORECARD

Corporate key performance indicators (KPIs) and targets are developed for each key result area. These KPIs, taken from the Airservices Australia performance management system – the Balanced Scorecard – are continually reviewed and further developed over successive annual strategic planning and budgeting cycles.

The organisation reviewed its 2001–02 performance against key business strategies and KPIs in its Corporate Plan 2001–06. Operational and financial achievements are outlined below.

### Operational performance

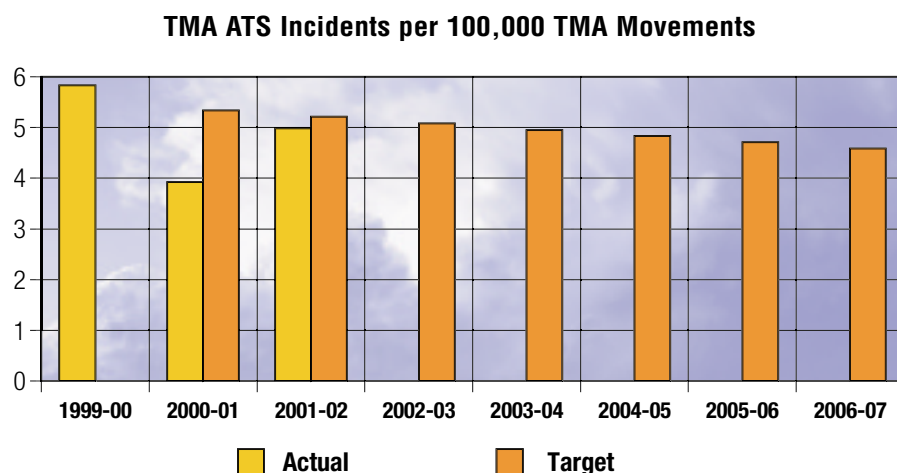
#### Safety

The organisation measures its safety performance using a number of KPIs. The safety performance of the Air Traffic Service (ATS) system is measured by three indices and relates to the three different types of ATS service delivery – tower, terminal manoeuvring area (TMA) and en route – undertaken by the organisation.

The three safety KPIs shown in Figures 2 to 4 measure the numbers of ATS incidents against given levels of activity.<sup>1</sup> TMA and tower performance is calculated on the basis of the number of incidents attributed to ATS delivery relative to the number of aircraft movements. En route performance is calculated on the basis of the number of incidents attributed to ATS delivery relative to the number of aircraft for which the Air Traffic Controller had jurisdiction.

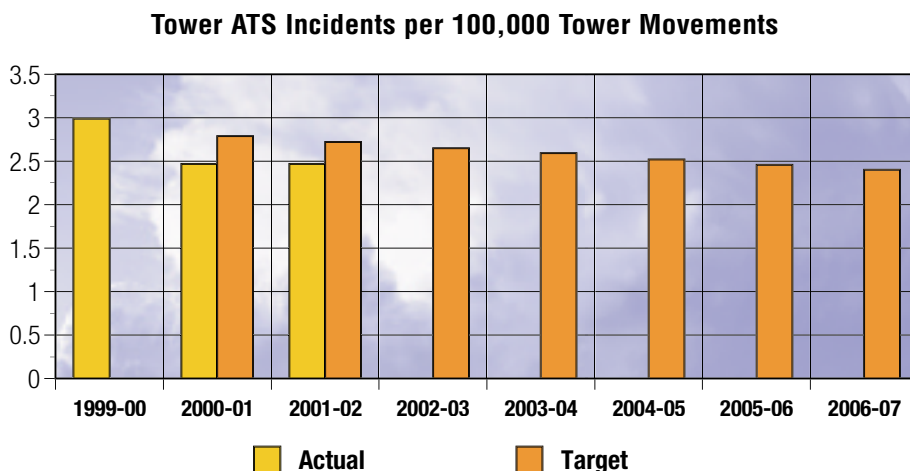
Figures 2 to 4 show that the organisation exceeded its ATS incident targets in 2000–01 and 2001–02. TMA incidents did not decrease in a linear fashion. The en route incident rate for 2001–02 was nearly 20 per cent lower than in the previous year.

**Figure 2 Terminal manoeuvring area incidents**

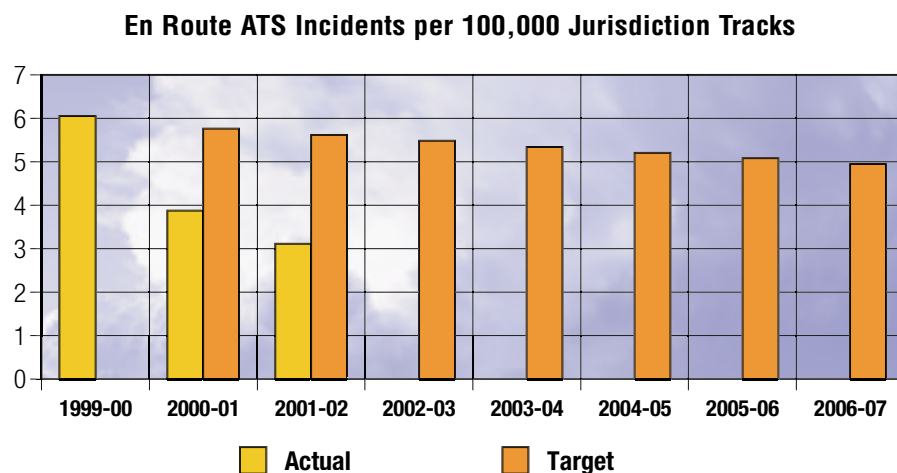


<sup>1</sup> An 'ATS incident' is defined as an occurrence which was either partially or fully the result of an error made by an ATS employee whilst delivering an air traffic service.

**Figure 3 Tower incidents**



**Figure 4 En route incidents**



## Environment

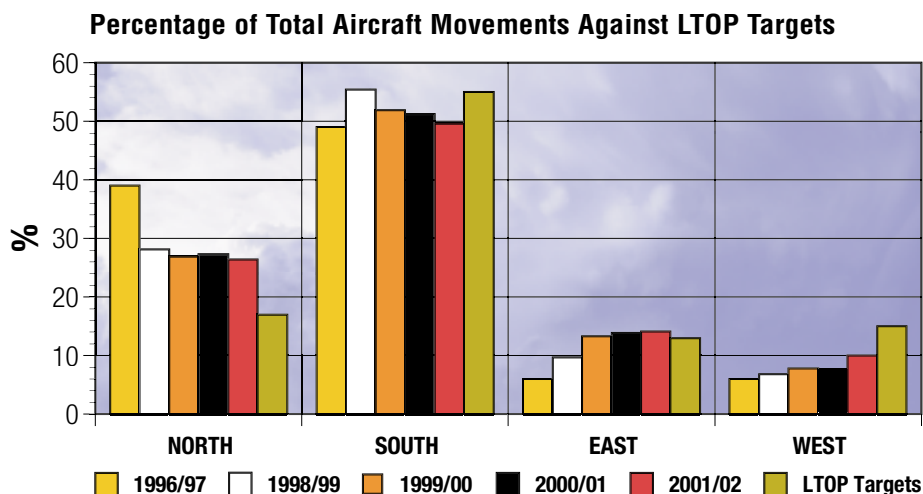
### *Sydney Airport Long Term Operating Plan implementation*

Airservices Australia continued working actively with industry and the community towards achieving the environmental objectives of the LTOP.

During the year the organisation convened the Sydney Airspace Redesign Working Group, which reviewed the final recommendations in the original LTOP document concerning High and Wide and Trident arrival flight paths. Development of these flight paths is being coordinated through the LTOP Implementation and Monitoring Committee and the Sydney Airport Community Forum.

Figure 5 shows performance against LTOP targets and reflects achievement as close to targets as was possible given weather conditions and traffic volumes.

**Figure 5 Compliance with the Sydney Airport Long Term Operating Plan**

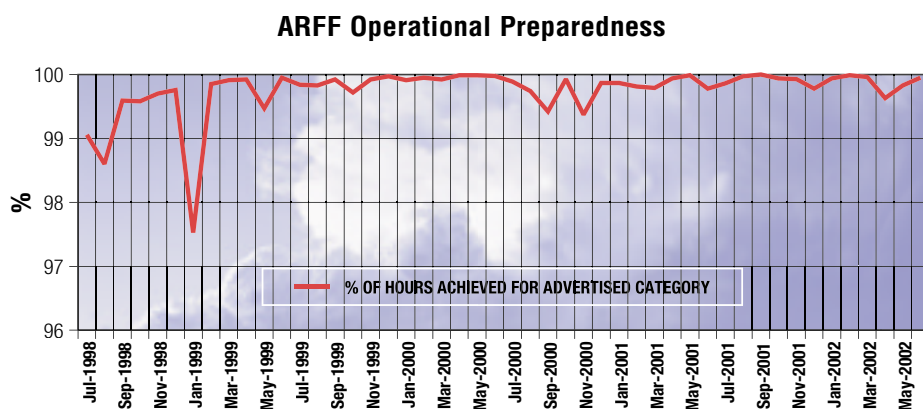


## Operational excellence

### *Aviation Rescue and Fire Fighting operational preparedness*

ARFF operational preparedness is the ability to provide the required level of aviation rescue and fire fighting services. These levels of service are directly related to aircraft size and are determined by ICAO recommendations and CASA requirements. As Figure 6 shows, the organisation maintained an ARFF operational preparedness average of 99.90 per cent between July 2001 and June 2002.

**Figure 6 Aviation Rescue and Fire Fighting effectiveness**



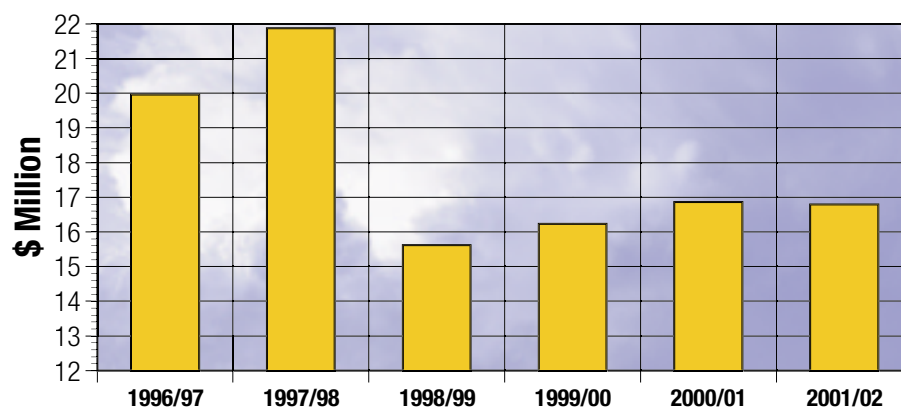
## Customers and markets

### *Other commercial revenue*

Other commercial revenue earned in 2001–02 has remained at a level similar to last year's, as shown in Figure 7. Anticipated increases in revenue associated with Department of Defence contracts did not materialise during the reporting period.

Airservices Australia's plans for increased revenue will be enhanced by the corporatisation plans for the next period. The organisation continues to give increasing priority to growing new business revenues.

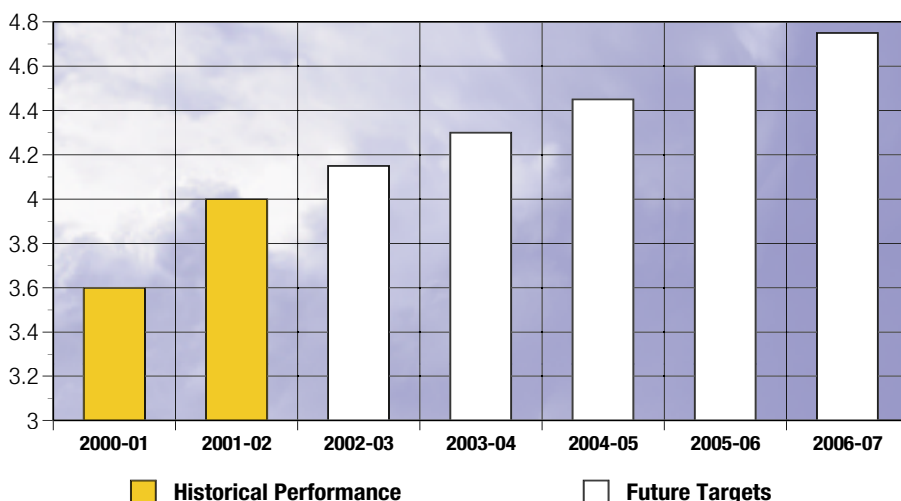
**Figure 7 Other commercial revenue**



#### *Customer satisfaction*

The organisation has, on average, achieved significantly improved customer satisfaction levels over the last two years, as shown in Figure 8. The improved results are indicative of the organisation's ability to implement a number of initiatives, including the appointment of customer relationship managers, the development of strategic partnering charters with major customer groups, technology efficiencies and increased proficiency initiatives in air traffic management.

**Figure 8 Customer satisfaction index**



## **Employees**

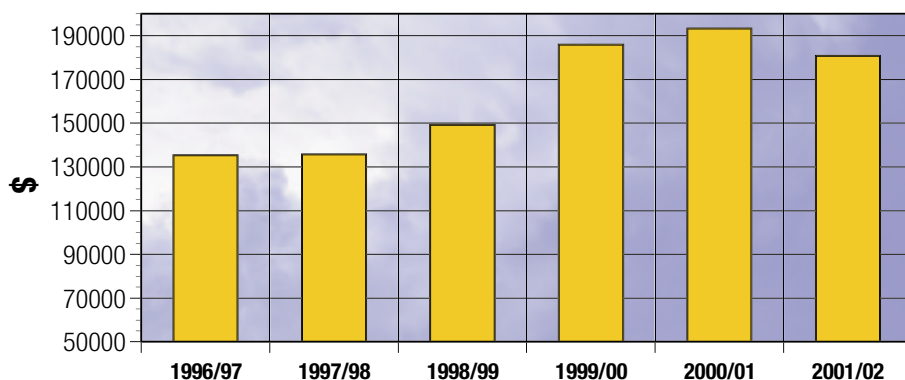
#### *Revenue generated per employee*

With the implementation of the Business Transformation Program in the late 1990s, a sizeable increase in revenue per employee was achieved through efficiency gains.



However, the recent global security issues, the collapse of Ansett and the associated aviation industry downturn led to a \$70 million decrease in revenue for 2001–02 compared to the previous year. This resulted in a significant decrease in revenue per employee, as Figure 8 shows.

**Figure 9 Revenue per employee**



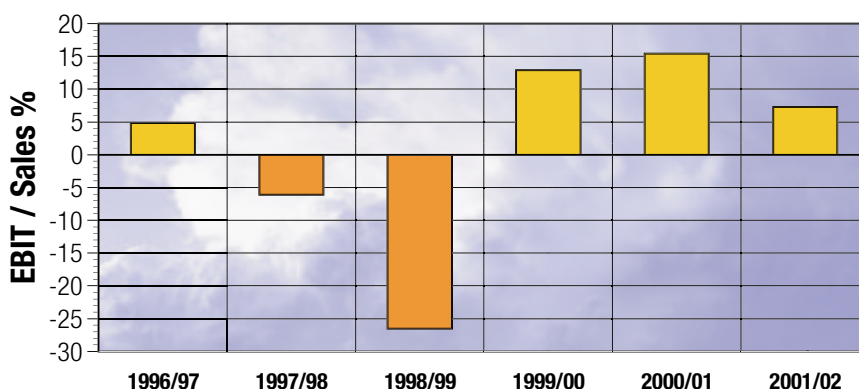
Note: The revenue figures include items previously classified as 'abnormal'.

## Owner

### *Earnings before interest and tax*

Improved earnings before interest and tax (EBIT) as a percentage of revenue have been achieved in recent years, as shown in Figure 10, due to the Business Transformation Program. However, EBIT as a percentage of revenue fell in 2001–02 due to the global security issues that arose during the year, the collapse of Ansett, and the associated aviation industry downturn which resulted in a decrease in revenue earned.

**Figure 10 Earnings before interest and tax as a percentage of total sales**



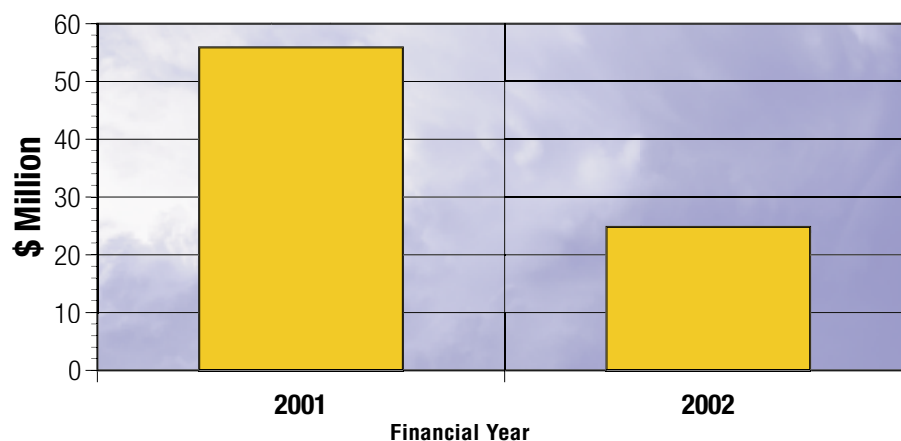
Note: The revenue and cost figures include items previously classified as 'abnormal'.

## Financial performance

As a consequence of extraordinarily difficult trading conditions, an after tax return on equity to government of 9.9 per cent was achieved, rather than the 19.8 per cent provided for in the Corporate Plan 2001–06.

Operating profit after tax decreased by 55.6 per cent compared to last year's result, dropping to \$25 million, as a consequence of a \$70 million reduction in total revenue. However, the full impact of this reduction in revenue on operating profits was reduced through a successful mitigation strategy.

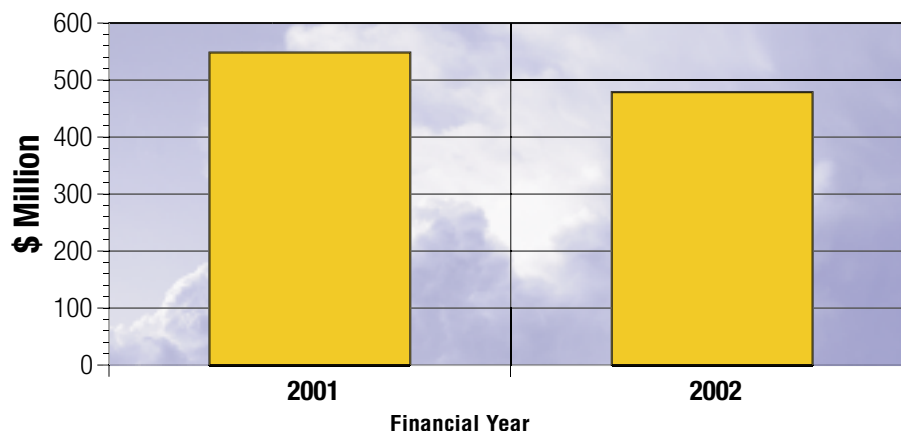
**Figure 11 Net profit after income tax**



### Revenue

Total revenue for the year was \$511.4 million. This was \$71.4 million below the previous year's total, largely as a consequence of the difficult trading conditions of 2001–02, which included the impacts of the terrorist attacks on the United States and the collapse of Ansett and its subsidiaries. Airways revenue fell to \$478.3 million, down by \$70.2 million compared to the previous year's total.

**Figure 12 Airways revenue**

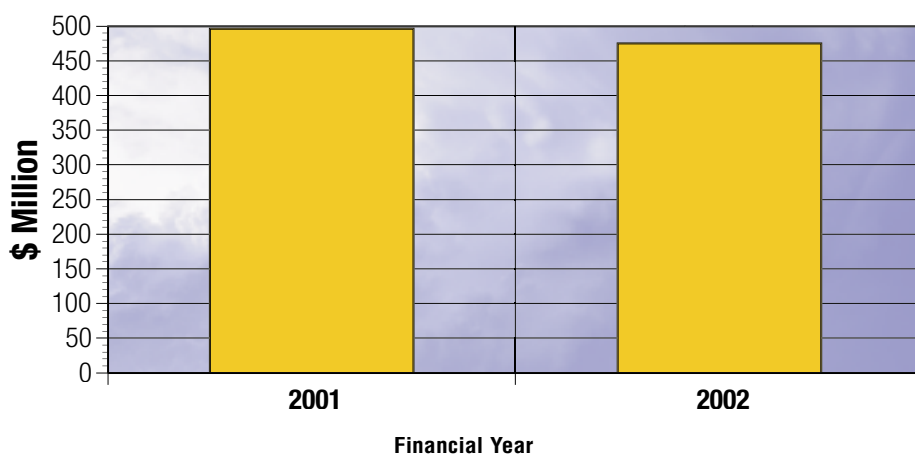


## Operating expenses

Operating expenses (including interest charges) decreased by \$20.8 million compared to last year's, which included the write-off of \$15.1 million for the Ansett group's debts.

The savings were achieved through implementation of a range of cost mitigation strategies which included reductions in non-essential travel, a mechanism for advancing staff leave, a 5 per cent voluntary one-year management pay reduction, a 10 per cent voluntary one-year directors' fee reduction, delayed recruitment and reductions in discretionary expenditure.

**Figure 13 Expenses from ordinary activities**



## Unfunded direct costs

Included in operating expenses are unfunded direct costs (excluding overheads and profit margins) of community service activities, totalling \$19.3 million. The community service activities funded by Airservices Australia included price capping for the provision of air traffic services at regional and general aviation aerodrome procedures airports, provision of aviation rescue and fire fighting services at Port Hedland and Karratha Airports, and environmental services (namely a noise and flight path monitoring system) and noise inquiry lines. A subsidy of \$7.0 million was contributed by the Commonwealth to fund the price capping.

## VISION AND CORPORATE OBJECTIVES

### Vision

To be the global leader in air traffic management and the provision of related information and safety services through:

- keeping safety first
- best practice environmental management
- the pursuit of operational excellence
- creating value for our stakeholders
- growing our business
- skilled and committed employees.

### Values

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

### Corporate objectives

From the vision a set of key result areas and corporate objectives were developed. These are shown in Table 1.

**Table 1 Corporate key result areas and objectives**

<b>KEY RESULT AREA</b>	<b>CORPORATE OBJECTIVE</b>
<b>SAFETY</b>	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.
<b>ENVIRONMENT</b>	To achieve environmental management standards which are recognised as best practice in the global aviation industry.
<b>OPERATIONAL EXCELLENCE</b>	To achieve sustainable competitive advantage through customer focused and efficient processes and systems and leadership in innovation and technology.
<b>CUSTOMERS AND MARKETS</b>	To maximise our domestic market share and extend market reach in our core businesses by delivering superior customer value.
<b>EMPLOYEES</b>	To achieve a skilled, motivated, flexible and customer focused workforce committed to continuous improvement in our business.
<b>OWNER</b>	To meet the Government's requirements for financial returns, increasing shareholder value and maintaining positive relationships with key industry, regulatory and community groups.

The following Report of Operations outlines the achievements made during the year against each of the key result areas and its supporting corporate objective.

### Key result area: 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.*

Airservices Australia's principal objective is to maintain world leading safety performance, as this is critical to our success in all areas of our business. Throughout financial year 2001–02, we continued to focus on safety as our highest priority, with the results of our efforts demonstrated by our continuously improving safety performance.

The number of non-compliance cases identified by CASA audits fell from 226 at the end of the 2000–01 financial year to 212 at the end of 2001–02. Additional effort will be put into this area in future to improve our performance. ATS attributed incident rates for 2001–02 in all categories met the target for the financial year despite the target being reduced each year by 2.5 per cent from the performances achieved in 1999–2000. The en route services incidents rates were 47 per cent under the target of 5.62 incidents per 100,000 jurisdiction tracks.

Significant effort was made to develop and utilise performance measures that assist operational areas to track their safety performance. Through the System Performance Measurement Project, we are continuing to refine the definition of performance parameters for software based air traffic control systems.

Work began on a new and expanded safety management training regime for internal staff and contractors to increase and reinforce safety awareness. In addition, greater emphasis was placed on disseminating the 'safety message' to all staff with the inclusion of a dedicated section on safety issues, 'Safety Net', in the internal staff newsletter Airspace.

In addition to improving the safety awareness of our staff, much effort has been spent on improving the exchange of safety related information between Airservices Australia and our airline customers. Letters of agreement between the organisation and airlines were expanded to cover 35 airlines; domestic airlines are now automatically notified via email in the event of a safety incident involving one of their aircraft.

Other achievements during the year included the following.

- Continuing development of the Airservices Australia Safety Management System to ensure that it is at world's best practice standard. Improvements to the system during the financial year included enhanc-

ing business continuity and contingency planning, improving risk identification and providing a comprehensive manual on surveillance activities within the organisation.

- Ensuring that the organisation met its agreement with CASA to be compliant with new CASA regulations by 30 June 2002. The Minister for Transport and Regional Services and the Governor-General signed the new regulations – governing the provision of air traffic, ARFF and engineering services – in June 2002.
- Undertaking a review of documentation to assess compliance needs against the National Operating Standard. The outcomes of this review process are currently being implemented.
- Initiating a widespread campaign to provide information to pilots on the dangers of unintentional violations of controlled airspace and runway incursions. The campaign, which encourages pilots to ask for assistance if in doubt about their position, was promoted to over 90,000 pilots, operators and other interested parties.
- Implementing a program to upgrade the levels of redundancy within the power supply system at the Sydney Terminal Control Unit (TCU). The system will be commissioned once the system integration and testing are finalised. The project is based on recommendations made by consultants Quiggin Cook and Associates in a review of the Sydney Power Supply System.
- Continuing active management of safety issues at Sydney Airport to address emerging and persistent safety issues through an ongoing series of meetings and forums with customers. This interaction included the biannual airside driver forums, designed to promote tarmac safety by improving communication between key user groups, and a survey of Sydney Airport users on the reasons behind, and possible remedies for, a 50 per cent increase in runway incursions.
- Commissioning a local risk assessment project with a view to raising staff members' awareness of their roles in managing risk. This involved identifying how the infrastructure that is critical to ATS delivery might be at risk, and formal procedures were put in place to ensure regular review of risks and contingencies, and to require the organisation to undertake regular simulation exercises.
- Implementing a program to examine the impact of human factors on safety in the maintenance of airways systems. The program aims to reduce the incidence of human error through implementation of appropriate procedures and checking mechanisms, and safety awareness training for staff.
- Developing a system performance measurement program using a set of mathematical models for measuring service reliability. The outputs from those models will provide a new basis for the safe and effective management of the airways systems.
- Upgrading the infrastructure support services areas of the organisation from the ISO 9001:1994 quality standard to the new ISO 9001:2000 quality standard. Certification is a major achievement and is recognition of the ongoing commitment by Airservices Australia to the provision of safe and efficient airways operations.

## Key result area: Environment

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

---

Airservices Australia continued to develop its Environment Management System (EMS) to improve its reporting and audit facilities. The system is closely aligned with international standard ISO 14001.

The EMS has the capacity to assess business risks and environmental impacts associated with air route design on a single electronic database. It is designed, through its business risk capability, to meet the ecologically sustainable development principles that require consideration of both long-term and short-term economic, environmental, social and equity considerations.

In the air traffic management area, initiatives are being applied that benefit the environment through reduced fuel usage and lower carbon emissions. The implementation of the following initiatives has been independently assessed as saving an estimated 6 per cent in fuel usage and approximately 750,000 tonnes of carbon dioxide emission every year.

- RVSM
- Central Traffic Management System
- MAESTRO (tactical sequencing of aircraft)
- Automatic Dependent Surveillance System
- User Preferred Routes
- Area Navigation Routes
- Global Navigation Satellite System
- Terminal Situational Awareness Display
- Future Air Navigation System
- Free Flight
- Continuous Descent Approaches

The organisation upgraded its environmental risk management software in an effort to improve its capacity to link incident reporting to the risk assessment process and to provide greater flexibility for users. A new facility enabling air route changes to be assessed in accordance with the *Environment Protection and Biodiversity Act 1999* was used during the year. In 2001–02 Airservices Australia assessed 82 air traffic proposals for business risk and environmental impact. None were found to be environmentally ‘significant’, as defined by the Act.



Other key achievements during the year included the following.

- Receiving the Tasmanian Award for Environmental Excellence in 2002. The award recognised our work with Tasmanian authorities in establishing facilities to protect the endangered Golden Bell Frog. We also received an environment award from the Tasmanian State Government in the Government Business Enterprise category for our ARFF operations in Hobart.
- Developing national operating standards to upgrade the existing environment management manual. Those standards will provide more precise guidelines to assist staff in achieving best practice environmental performance.
- Identifying, assessing for risk and mitigating 164 potential fuel spills during the year. Overall, some 655 environmental risks have been identified across the organisation, of which 13 are considered to be significant. Management plans are in place for each significant risk.
- Introducing RVSM over continental Australia on 1 November 2001. RVSM is a worldwide initiative promoted by the ICAO, aimed at making the use of airspace more efficient and significantly reducing fuel consumption, with the environment benefiting from a corresponding reduction of carbon dioxide emissions.
- Continuing the environmental audit program as part of the organisation's EMS. Environmental audits were conducted at selected fuel storage sites, and auditing will continue in 2002–03.
- Continuing cooperative arrangements with customers, stakeholders and ICAO. Airservices Australia is represented on the community environmental consultative committees at each of the major airports. Other committee members include airport owners, who normally chair the meetings, airline operators and community representatives. Airservices Australia representatives also meet directly with industry representatives on specific issues usually associated with noise mitigation. In 2001–02 we also provided expert representation on the ICAO Committee on Aviation Environmental Protection.
- Establishing a consultative committee working group as part of the Sydney Airspace Re-Design Project. The group's purpose is to examine implementation of the Trident and High and Wide approach flight paths proposed in the original LTOP document. The working group consists of representatives from Airservices Australia, CASA, the Department of Transport and Regional Services, Sydney Airports Corporation Limited, airlines and the community. The group will provide valuable information on options and measures that could be pursued to improve the environmental and operational effects of aircraft movements in the Sydney basin.
- Completing the Noise and Flight Path Monitoring System project for Canberra Airport in June 2002. The permanent monitoring unit was commissioned in the Queanbeyan area in New South Wales and portable units are utilised at other locations near to Canberra Airport, as required. The project was initiated to meet the requirements of the Ministerial Direction of 3 May 1999, which requires the organisation to 'install, maintain and operate noise and flight path monitoring systems at major Australian airports'.
- Maintaining a focus on the noise-sharing principles contained in the LTOP. Performances against LTOP targets are shown in the Corporate Scorecard section of this report.

## Key result area: Operational excellence

*To achieve sustainable competitive advantage through customer focused and efficient processes and systems and leadership in innovation and technology.*

In 2001–02 Airservices Australia continued to focus on operational excellence. The organisation embarked on a small scale operational deployment of ADS-B to gain air traffic control experience in its use and to demonstrate the benefits to aircraft operators. The ADS-B ground station was installed and has already demonstrated better than expected performance. Operational trials will begin in 2003. ADS-B is a new technology, which promises to provide radar like position information at a much lower cost than that of radar, which is currently used to provide air traffic controllers with a picture of aircraft positions. Wide scale deployment of ADS-B is expected to avoid the high cost of replacing the organisation's en route radars (due in 2008) and to provide radar like data over much broader areas.

The organisation also introduced the standard for RVSM across Australia on 1 November 2001. This new standard improves the efficient use of airspace by allowing equipped and approved aircraft to operate between Flight Levels 290 and 410 with vertical separation reduced from 2,000 to 1,000 feet. RVSM reduces the need for holding and circling of aircraft. It also allows pilots to fly at their preferred height, reducing the need to fly at lower altitudes and thus create more fuel burn. Australia is one of the first countries to implement RVSM over continental and oceanic airspace. RVSM will save the Australian aviation industry around \$21 million annually.

Airservices Australia began a technology upgrade program for The Australian Advanced Air Traffic System (TAAATS). The program will ensure that our air traffic management system remains at the leading edge of technology. It will also enable us to meet our customers' requirements for further efficiencies and new services. Testing is underway on the new network and processor equipment in the test and evaluation cell at Melbourne Airport, while preliminary cabling and rack mounting works have been completed in Melbourne and Brisbane.

In accordance with ministerial recommendations, Airservices Australia implemented the PRM for northerly arrivals at Sydney Airport on 6 June 2002. The PRM is a highly accurate radar system which improves air traffic control surveillance of aircraft arrivals on parallel runways and assists aircraft arriving during poor weather conditions. It is estimated that the PRM could reduce weather related delays to arrivals by up to 80 per cent. During the reporting period the PRM was used from a southerly direction seven times for a total of 10.35 hours.

The air traffic management benefits program continued to progress. The program provides an integrated approach to realising the efficiency benefits and value improvements to industry of our successful transition to TAAATS technology. Particular activities included:

- starting a program to implement a tactical flow management system (MAESTRO) in Melbourne and Brisbane as an enhancement to TAAATS
- starting a project to expand the Central Traffic Management System, currently used as a strategic demand management tool for the Sydney TCU, to the Brisbane and Melbourne centres
- completing standard departure clearance trials at Canberra and Maroochydore and preparing a post-implementation review
- developing a design master plan for new terminal areas, in concert with industry, as a means to standardise the design of standard arrivals and standard instrument departures
- introducing safety, efficiency and effectiveness performance indicators for air traffic control at the three major airports of Sydney, Melbourne and Brisbane
- initiating a process to determine whether the amount of holding fuel required to be carried by aircraft when excess traffic demand exists at major airports is still appropriate. This analysis led to a removal of traffic holding advisory notices for regular public transport aircraft at Adelaide, and a halving of the requirements for Melbourne and Brisbane. A smaller reduction was achieved for Sydney. It is anticipated that ongoing analysis will lead to further reductions.

Other key achievements during the year included the following.

- Designing, flight validating and publishing new GPS non-precision approach procedures for 39 additional aerodromes, bringing the total number of aerodromes with GPS procedures to 238. Those procedures are expected to significantly improve the safety of aircraft operations in instrument meteorological conditions for the approach and landing phase of flight. All new and revised procedures were assessed for compliance with environmental requirements and cleared for publication.
- Updating the National Contingency Plan in collaboration with our airline customers, the Department of Defence and CASA. The plan provides operational arrangements that will be enacted in the event of actions (including industrial actions) which may lead to curtailment or cessation of services.
- Continuing the installation of tower situational awareness displays at regional airports. This system enhances air traffic controllers' situational awareness, assists in traffic management and provides an aid for aircraft in an emergency.
- Playing a key role in the delivery of services at the Commonwealth Heads of Government Meeting held earlier this year. The model for delivery of services was developed under difficult circumstances created by the security issues resulting from the 11 September 2001 attacks in the United States.
- Commissioning of an Instrument Landing System (ILS) for Runway 03 at Perth Airport to provide an ILS approach for southern arrivals during winter storms. The ILS improves safety in conditions of reduced visibility and reduces the likelihood of missed approaches and aircraft holding, saving money and time for our customers.
- Receiving continued support from ICAO for the Airservices Australia-designed GRAS. The first draft of the standards and recommended practices was presented to the Global Navigation Satellite Systems

(GNSS) Panel during 2001–02. Individual nations, including the United States, have offered their GNSS staff to assist in the finalisation of these standards. Increasing national and international interest from airlines, airport owners and mining companies indicates that GRAS has commercial potential.

- Progressing the Information Management Transformation Program (IMTP). SAP – an integrated business information software suite – has been chosen as the software platform upon which the organisation will achieve this transformation. The applications being replaced by SAP include, but are not limited to, finance, human resources, payroll, procurement, asset management, projects and property management. The business blueprint, which is the detailed design of the organisation's business processes in the SAP environment, is a major component of work laying the foundation for the implementation of the SAP suite of software. The blueprint was completed in December 2001.

## **Key result area: Customers and markets**

*To maximise our domestic market share and extend market reach in our core businesses by delivering superior customer value.*

.....

Airservices Australia strives to deliver superior value to its customers. The results of the 2001 customer satisfaction survey confirmed that the organisation had improved its performance in this area. We achieved an average customer satisfaction index (CSI) of 4.0 (very satisfied) out of a maximum of 5.0. This compared to an average CSI of 3.6 in 2000. The 2001 survey also indicated that 82 per cent of customers were satisfied or very satisfied with our performance (up from 65 per cent in 2000). The survey also identified areas requiring improvement, such as the tower and TMA at Sydney Airport – issues in those areas are being addressed.

Consistent with the organisation's strategic priority to grow and diversify its revenues, the organisation pursued new business opportunities in non-monopoly areas throughout the financial year.

Overseas government and industry leaders continued to show interest in the organisation's capabilities. We hosted visits by members of the global aviation community from Japan, China, Singapore, Brazil, Nepal, Kiribati, Solomon Islands and Indonesia. In preparation for the Beijing Olympics in 2008, Chinese delegations made regular visits to our sites around the country, with Sydney operations being their main focus.

We provided consultancy, training and other services to a number of countries, including East Timor, Fiji, Taiwan, Papua New Guinea, Indonesia, Solomon Islands, Sweden, South Korea and the United States. Other business highlights were:

- aviation management and air traffic control training delivered by Airservices Australia in conjunction with Royal Melbourne Institute of Technology, to Papua New Guinea
- air traffic control training provided to the Indonesian Directorate General of Air Communications

- training, Eurocat system review and data management services, and the development of hardware and software maintenance manuals procedures, for Swedish Luftfartsverket
- Notice to Airman (NOTAM) services provided to the United Nations Transitional Administration in East Timor (UNTAET)
- installation of a non-directional beacon in Suai, East Timor, for UNTAET
- airspace management services provided to the Solomon Islands
- operational and safety case consultancy services for Airports Fiji Limited
- noise modelling services for the Brisbane Airports Corporation, Coffs Harbour City Council, the Department of Defence and Melbourne Airport
- consultancy engineering, technical support and installation services, in support of existing and new communication and navigation systems, provided to East Timor.

As part of Airservices Australia's goal of delivering superior value to customers, during 2001–02 we developed strategic partnering charters with major customer groups, articulating the philosophy, ethics, business practices and activities to be employed towards developing long-term strategic relationships. In addition, we developed customer relationship plans with key customer groups, incorporating feedback from the annual satisfaction survey results and including strategies for responding to customer issues and increasing customer satisfaction.

In addition, we appointed relationship managers for all our major aviation customers and industry players, including airlines, airports, air navigation service providers, suppliers and contractors and other major stakeholders. Relationship managers are responsible for developing and maintaining strong business relationships that will improve service delivery, contribute to the organisation's business objectives, and identify and communicate new business opportunities.

We also developed a dedicated customer contact team available via a centralised telephone number during business hours, with the flexibility to be available 24 hours a day, seven days a week in the event of ATS disruptions.

Our productive relationship with the Department of Defence continued to see progress made on the Australian Defence Support Initiative, which included:

- integrating the civil and military NOTAM and Briefing Offices, with Airservices Australia now providing this service under contract to the Department of Defence
- establishing contract arrangements for the provision of air traffic services at Royal Australian Air Force bases Richmond and Edinburgh, and some en route services out of Richmond
- evaluating with the Defence Materiel Organisation the benefits of including Airservices Australia's High Frequency (HF) radio requirements within the Defence HF Modernisation project
- developing an Aeronautical Fixed Telecommunications Network (AFTN) gateway system to provide customers with a low-cost tool to access the AFTN – the system is in use at the Dili, Suai and Baucau

airports in East Timor, and at airports at Diego Garcia, Indian Ocean; Honiara, Solomon Islands; Nauru, Pacific Ocean; and Port Vila, Vanuatu

- sponsoring the Australian Airports Association annual convention and technical workshop – Airservices Australia was promoted as the airport and infrastructure services solution for airport owners
- securing a live broadcast on the national television program *A Current Affair* from the Sydney air traffic control tower – the broadcast included a segment on Airservices Australia's operations; an estimated 1.5 million viewers watched the program
- participating in the first Joint Australia–China Working Group for Transport meeting in Beijing. A memorandum of cooperation with Aerothai, which is the company that manages civil aviation infrastructure for the Thai Government, was established during this meeting.

## Key result area: Employees

*To achieve a skilled, motivated, flexible and customer focused workforce committed to continuous improvement in our business.*

.....

Airservices Australia's greatest asset is its employees. In 2001–02 the organisation continued to implement several initiatives that aimed to increase the competencies and commitment of our employees.

However, despite best efforts we were unable to complete a new certified agreement with air traffic control union Civil Air during the year. In March 2002 the dispute with Civil Air and the United Firefighters Union resulted in industrial action on three occasions, affecting services to customers for about four hours on each occasion.

We continued to match the skills of employees to evolving business requirements through ongoing training and development. Staff completed various training programs to improve their skills. The major programs included:

- the team leader development program, designed to enhance the leadership skills and commercial acumen of middle management
- a program of ongoing refresher training, including training in In-flight Emergency Response, for air traffic controllers
- a training program in essential employee relations highlighting the provisions of the law, including the *Workplace Relations Act 1996*, the role of industrial tribunals and the effective use of negotiation to yield better results – other topics covered in the program included labour hire, use of contractors, discipline and termination procedures and trends in the Australian workforce
- training programs in professional selling, professional writing and negotiating skills.

Other key achievements during the year were as follows.

- Launching five new online air traffic control refresher training modules during the financial year, bringing the total number of online modules to 29. Response to online training was positive. The online refresher training centre averaged 3,500 visitors per month and a total customer base, excluding visits by external organisations, of approximately 1,200 civilian air traffic controllers.
- Conducting a skills inventory for all staff in October 2001. Data from the inventory will be used to identify staff with the skills required for special projects and also to identify any gaps in skills that need to be addressed.
- Launching an internal communication program. This involved promulgating Board and management expectations and strategic directions through avenues such as the CEO Weekly Bulletin – a desktop pop-up information screen and intranet (AvNet) website – and the internal bi-monthly magazine *Airspace*. The program also included a roadshow, hosted by members of the Executive Committee, at sites across Australia, explaining the organisation's strategic direction.
- Finalising a technical and engineering certified agreement which introduced a more commercially focused employment structure.
- Launching *The National Equity and Diversity Program 2001–2004* in August 2001. The program was developed by the National Equity and Diversity Council (see Appendix 5). Council members and equity and diversity champions attended the launch.
- Updating the elder care and child care guides during the year. Those guides were made available through our intranet to assist staff with family responsibilities.

## Key result area: Owner

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

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Airservices Australia continued to play a leading role in the AASMG. A strategic management framework involving air traffic management stakeholders was established to coordinate long-term planning and implementation of new and enhanced products for airspace users and to include stakeholders in product development. The AASMG published the *Australian Air Traffic Management Strategic Plan* (edition 1.01) in November 2001. The plan, which sets directions for the development of air traffic management services in Australian airspace, was developed in collaboration with all industry stakeholders.

Operating profit after tax decreased by 55.6 per cent compared to last year's total, dropping to \$24.8 million. This was a consequence of a \$71.4 million reduction in total revenue caused by the events

that occurred in the United States on 11 September 2001 and the collapse of Ansett. The full impact of this reduction in revenue on operating profits was mitigated through a successful cost containment strategy.

An after tax return to government of 9.9 per cent was achieved, which compares unfavourably to the 19.8 per cent provided for in the Corporate Plan 2001–06. This was a consequence of extraordinarily difficult trading conditions over the year.

Our success in mitigating the financial impact of the corporate failure of Ansett and the terrorist acts of 11 September 2001 was achieved through savings initiatives, including:

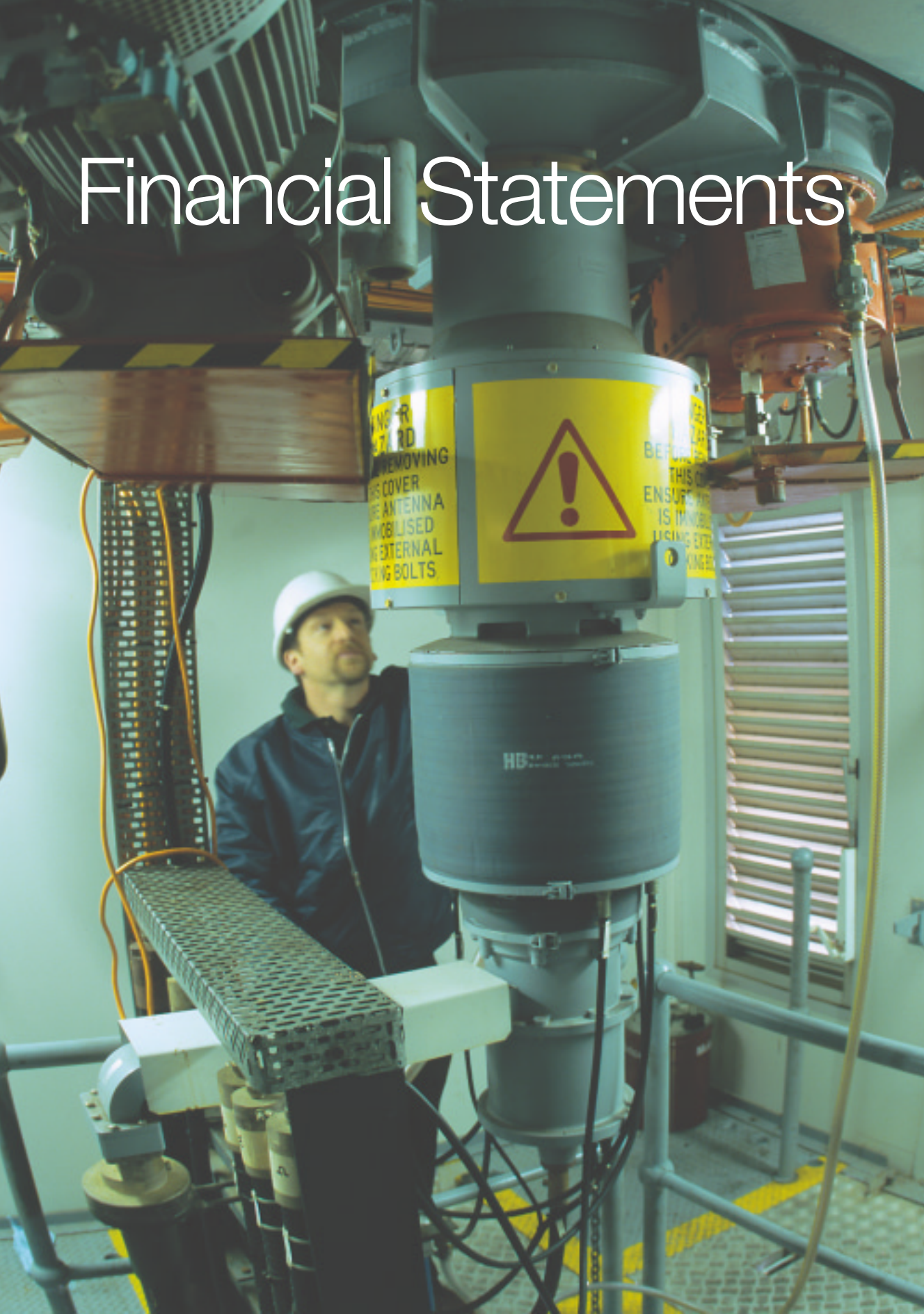
- increased leave programs, a one-off pay reduction for management and delayed recruitment
- review and curtailment of discretionary expenditures such as travel
- reassessment of the project program and realignment of priorities, taking into account the changed operational environment
- progressing a United States Qualified Technological Equipment cross-border lease transaction that is in the final stages of negotiation, which, subject to consideration by the Australian Taxation Office, will generate leasing benefits.

Other key achievements during the year were as follows.

- Establishing a task force to assist the Department of Transport and Regional Services to corporatise Airservices Australia – a process which, at the end of the reporting period, was due for consideration by the Parliament and a matter of government priority.
- Chairing the Sixth Working Group of the ICAO Air Traffic Management Concept of Operations Panel in St Petersburg, Russia. ICAO tasked this group with delivering a forward thinking concept of how air traffic management will operate in 20 to 25 years. Airservices Australia's contribution has been significant, with work done on the *Australian Air Traffic Management Strategic Plan* now incorporated into the ICAO framework. Another significant outcome was the in-principle adoption of a safety management philosophy and framework based entirely on contemporary Australian processes.
- Airservices Australia maintained its AAA/Stable/A1+ ratings.



# Financial Statements



# Financial Statements

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## 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 2002. The financial statements comprise:

- Statement by Directors;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; 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 the 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 Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of Airservices Australia's financial position, its financial performance 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) 6202 7300 Fax (02) 6201 7777

**Audit Opinion**

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of Airservices Australia as at 30 June 2002, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Trevor Burgess  
Group Executive Director

Delegate of the Auditor-General

Canberra  
26 August 2002

## STATEMENT BY DIRECTORS

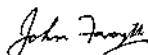
In accordance with a resolution of the Board of Airservices Australia, we state:

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 financial performance for the year ended 30 June 2002, the financial position as at 30 June 2002, the cash flows for the year ended 30 June 2002, the commitments as at 30 June 2002, the contingencies as at 30 June 2002, 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

John P C Forsyth  
Chairman



B R Smith  
Managing Director



Dated at Canberra this 23 day of August 2002

# STATEMENT OF FINANCIAL PERFORMANCE

## FOR THE YEAR ENDED 30 JUNE 2002

		NOTES	
		2002	2001
		\$'000	\$'000
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Airways revenues		<b>478,293</b>	548,540
Government subsidy		<b>7,000</b>	7,000
Proceeds from disposal of assets	2	<b>3,858</b>	5,233
Interest revenue	2	<b>5,455</b>	5,150
Other revenue		<b>16,791</b>	16,865
<b>TOTAL REVENUES FROM ORDINARY ACTIVITIES</b>		<b>511,397</b>	582,788
<b>EXPENSES FROM ORDINARY ACTIVITIES *</b>			
Employees		<b>299,669</b>	318,032
Suppliers		<b>95,807</b>	106,452
Written-down value of disposed assets	2	<b>3,672</b>	5,003
Depreciation	2	<b>54,657</b>	59,385
Borrowing costs including interest	2	<b>6,375</b>	7,221
Bad debts - Ansett Group	2	<b>15,099</b>	-
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<b>475,279</b>	496,093
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE</b>			
<b>INCOME TAX</b>			
		<b>36,118</b>	86,695
Income tax attributable to profit from ordinary activities	3	<b>11,269</b>	30,744
<b>NET PROFIT AFTER INCOME TAX</b>		<b>24,849</b>	55,951

\* Included in the Expenses from Ordinary Activities is \$19.314m in direct costs for Community Service Activities (2001 \$18.373m) funded by Airservices Australia and charged to operations during the year to meet the specific requirements of the Government. If appropriate corporate overheads and profit margins were included, this would increase to \$25.809m (2001 \$23.277m). The Government contributed a subsidy of \$7.000m (2001 \$7.000m) towards these costs. (refer Note 2b).

*The Statement of Financial Performance is to be read in conjunction with the notes to and forming part of the financial statements.*

# STATEMENT OF FINANCIAL POSITION

**AS AT 30 JUNE 2002**

		NOTES	
		2002	2001
		\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash		<b>140,079</b>	108,627
Receivables	5	<b>48,690</b>	57,808
Other	6	<b>22,273</b>	25,461
<b>TOTAL CURRENT ASSETS</b>		<b>211,042</b>	191,896
<b>NON-CURRENT ASSETS</b>			
Land and buildings	7	<b>73,390</b>	72,186
Infrastructure, plant and equipment	7	<b>252,412</b>	275,301
Other	6	<b>48,099</b>	52,257
<b>TOTAL NON-CURRENT ASSETS</b>		<b>373,901</b>	399,744
<b>TOTAL ASSETS</b>		<b>584,943</b>	591,640
<b>CURRENT LIABILITIES</b>			
Borrowings	8	-	99,973
Provisions and payables	9	<b>108,616</b>	150,745
<b>TOTAL CURRENT LIABILITIES</b>		<b>108,616</b>	250,718
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	8	<b>100,209</b>	-
Provisions	9	<b>117,537</b>	95,790
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>217,746</b>	95,790
<b>TOTAL LIABILITIES</b>		<b>326,362</b>	346,508
<b>NET ASSETS</b>		<b>258,581</b>	245,132
<b>SHAREHOLDER'S EQUITY</b>			
Capital	10	<b>342,190</b>	342,190
Accumulated losses	10	<b>(83,609)</b>	(97,058)
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>258,581</b>	245,132

*The Statement of Financial Performance 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 2002

NOTES

		2002 \$'000	2001 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of goods and services tax)		540,532	623,048
Receipts from government		7,000	7,000
Interest received		4,550	4,723
Payments to suppliers and employees (inclusive of goods and services tax)		(435,302)	(512,937)
Interest and other financing costs paid		(9,294)	(7,157)
Income tax paid		(31,084)	(13,029)
Net cash provided by operating activities	19	76,402	101,648
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		3,858	5,233
Payment for property, plant and equipment		(36,644)	(19,077)
Net cash used in investing activities		(32,786)	(13,844)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings – non government		169,236	-
Repayment of borrowings – non government		(170,000)	-
Dividends paid	4	(11,400)	(22,100)
Capital repaid		-	(25,000)
Net cash used in financing activities		(12,164)	(47,100)
Net increase in cash held		31,452	40,704
Cash at the beginning of the financial year		108,627	67,923
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	19	<b>140,079</b>	<b>108,627</b>

*The Statement of Financial Performance is to be read in conjunction with the notes to and forming part of the financial statements.*



## SCHEDULE OF COMMITMENTS & CONTINGENCIES

**AS AT 30 JUNE 2002**

	NOTES	
	2002	2001
	\$'000	\$'000
<b>COMMITMENTS</b>		
<b>CAPITAL COMMITMENTS</b>		
Infrastructure, plant and equipment	44,217	4,572
<b>TOTAL CAPITAL COMMITMENTS</b>	44,217	4,572
<b>OTHER COMMITMENTS</b>		
Operating leases	90,022	89,489
Project commitments	9,835	3,231
Research and development	2,375	-
Other commitments	26,976	27,348
<b>TOTAL OTHER COMMITMENTS</b>	129,208	120,068
<b>COMMITMENTS RECEIVABLE</b>	(12,342)	(11,142)
<b>NET COMMITMENTS</b>	161,083	113,498
<b>MATURITY</b>		
Not later than one year	64,001	25,926
Later than one year but not later than two years	27,417	18,854
Later than two years but not later than five years	32,983	32,590
Later than five years	36,682	36,128
<b>NET COMMITMENTS</b>	161,083	113,498
<b>CONTINGENCIES</b>		

There are no material contingent liabilities as at 30 June 2002.

*The Statement of Financial Performance is to be read in conjunction with the notes to and forming part of the financial statements.*

**FOR THE YEAR ENDED 30 JUNE 2002**

**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 2002.

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 7.

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

Property, plant and equipment, excluding software, was progressively valued 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.

**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 Australia, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

**Depreciation**

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

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

**Spare parts**

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.

**FOR THE YEAR ENDED 30 JUNE 2002****1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.****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 Australia 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 Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Commitments & Contingencies and the notes to and forming part of the financial statements relate to the prior year's financial statements.

**g. Superannuation**

Contributions to defined benefit superannuation schemes maintained by Airservices Australia 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.

The amount charged to the Statement of Financial Performance in respect of superannuation represents the contributions made to the superannuation fund. Superannuation contributions are made in the period that they fall due.

**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 Statement of Financial Performance 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 the 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

**FOR THE YEAR ENDED 30 JUNE 2002**

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.**

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 Statement of Financial Performance. 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. Employee Entitlements**

**Wages and Salaries and Annual Leave**

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### NOTES

	2002 \$'000	2001 \$'000
<b>2 PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>a</b> Profit from Ordinary Activities before income tax is arrived at after the following items of revenue and expenditure:		
<b>Revenue</b>		
Interest received or due and receivable		
- Investments	4,137	5,099
- Deposits	29	43
- Other	1,289	8
Total interest received or due and receivable	5,455	5,150
<b>Expenditure</b>		
Operating lease charges	18,202	17,864
Borrowing costs including interest paid/payable		
- Loans	5,948	7,032
- Overdrafts	19	21
- Other borrowing costs	408	168
Total borrowing costs including interest paid/payable	6,375	7,221
Depreciation of property, plant and equipment	7(a) 54,657	59,385
Write downs to recoverable amounts	7(a) -	2,582
Increase/(decrease) in doubtful debts provision	(1,470)	1,124
Bad debts written off - Ansett Group	15,099	-
Bad debts written off - other	1,076	583
Total bad and doubtful debt expenses	14,705	1,707
<b>Gains from sale of non-current assets</b>		
- Proceeds from disposal of assets	3,858	5,233
- Written-down value of disposed assets	3,672	5,003
Net gain from sale of non-current assets	186	230

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

	2002 \$'000	2001 \$'000
<b>2 PROFIT FROM ORDINARY ACTIVITIES continued</b>		
<b>b Community Service Activities</b>		
The community service activities funded by Airservices Australia and charged to operations during the year to meet the specific requirements of the Government, considered by the Board to be non-commercial in nature, include:		
Shortfall in the recovery of the costs at general aviation and regional airports where price capping is maintained.	13,877	11,912
Shortfall in recovery of the costs for aviation rescue and fire fighting services at Port Hedland and Karratha	758	330
Provision for environmental information (reports, statistics and maps) by:		
- Environmental Services Branch	1,709	1,686
- Noise and Flight Path Monitoring System	1,760	1,159
Sydney Olympics	-	1,458
Noise inquiry lines	1,210	1,435
Legal settlements in relation to predecessor organisation	-	393
<b>Total community service activities</b>	<b>19,314</b>	<b>18,373</b>

Included in the Expenses from Ordinary Activities is \$19.314m in direct costs for Community Service Activities (2001 \$18.373m) funded by Airservices Australia and charged to operations during the year to meet the specific requirements of the Government. If appropriate corporate overheads and profit margins were included, this would increase to \$25.809m (2001 \$23.277m). The Government contributed a subsidy of \$7.000m (2001 \$7.000m) towards the costs at general aviation and regional airports where price capping is maintained.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2002

	2002	2001
	\$'000	\$'000

#### 3 INCOME TAX

- a The prima facie tax on profit from ordinary activities is reconciled to the income tax provided in the financial statements as follows:

Profit from ordinary activities before income tax	<b>36,118</b>	86,695
Prima facie income tax expense at 30% (2001 34%)	<b>10,835</b>	29,476
Tax effect of permanent and other differences:		
- Litigation adjustment	-	(275)
- Provision for Taxation Laws Amendment Act (No. 1)	<b>314</b>	(387)
- Other non-deductible expenditure	<b>226</b>	186
- Research and development tax incentive	<b>(106)</b>	(111)
Under/(over) provision for income tax applicable to prior years	-	1,855
<b>Income tax attributable to profit from ordinary activities</b>	<b>11,269</b>	30,744

#### 4 DIVIDENDS

No interim dividend for the 6 months ending 31 December 2001 was paid (2001 \$13.600m).

A final dividend of \$11.400m for the 12 months ending 30 June 2001 was paid in February 2002 (2001 \$8.500m).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

	2002 \$'000	2001 \$'000
<b>5 RECEIVABLES</b>		
Current		
Trade debtors	46,826	55,690
Less: provision for doubtful debts	(3,652)	(5,122)
	43,174	50,568
Sundry debtors	4,611	6,160
Accrued revenue and interest	905	1,080
<b>Total Current Receivables</b>	<b>48,690</b>	<b>57,808</b>
<b>Aged analysis of trade debtors</b>		
Up to 30 days outstanding	42,223	49,137
31 to 60 days outstanding	2,459	4,072
61 to 90 days outstanding	439	534
Over 90 days outstanding	1,705	1,947
	46,826	55,690
<b>6 OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	3,222	12,112
Asset held for resale	6,654	6,654
Consumable spares - at cost	757	1,234
Inventories		
- at cost	422	393
- Less provision for obsolescence	(29)	-
	393	393
Future Income Tax Benefits		
- attributable to timing differences	11,247	5,068
<b>Total Current Other Assets</b>	<b>22,273</b>	<b>25,461</b>
<b>Non-Current</b>		
Consumable spares		
- at cost	3,015	2,818
- Less provision for obsolescence	(3,015)	(1,739)
	-	1,079
Future Income Tax Benefits		
- attributable to timing differences	48,099	51,178
<b>Total Non-Current Other Assets</b>	<b>48,099</b>	<b>52,257</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### 7 PROPERTY, PLANT AND EQUIPMENT

#### a Aggregate Property, Plant and Equipment

Item	Land	Buildings	Total land & buildings	Infrastructure, plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross value - 1 July 2001</b>	<b>9,008</b>	<b>72,387</b>	<b>81,395</b>	<b>379,375</b>	<b>460,770</b>
Additions	-	6,144	6,144	30,500	36,644
Recoverable Amount Write-Downs	-	-	-	-	-
Disposals	(170)	(166)	(336)	(8,120)	(8,456)
<b>Gross value - 30 June 2002</b>	<b>8,838</b>	<b>78,365</b>	<b>87,203</b>	<b>401,755</b>	<b>488,958</b>
<b>Accumulated depreciation - 1 July 2001</b>	<b>-</b>	<b>(9,209)</b>	<b>(9,209)</b>	<b>(104,074)</b>	<b>(113,283)</b>
Depreciation charged	-	(4,701)	(4,701)	(49,956)	(54,657)
Disposals	-	97	97	4,687	4,784
<b>Accumulated depreciation - 30 June 2002</b>	<b>-</b>	<b>(13,813)</b>	<b>(13,813)</b>	<b>(149,343)</b>	<b>(163,156)</b>
<b>Net book value - 30 June 2002</b>	<b>8,838</b>	<b>64,552</b>	<b>73,390</b>	<b>252,412</b>	<b>325,802</b>
Net book value - 30 June 2001	9,008	63,178	72,186	275,301	347,487

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### 7 **PROPERTY, PLANT AND EQUIPMENT** *continued*

#### **b Reconciliation of assets held at valuation**

Item	Land	Buildings	Total land & buildings	Infrastructure, plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2002</b>					
At Cost	-	6,443	6,443	96,094	102,537
At Independent Valuation June 2002	1,037	32,910	33,947	151,966	185,913
At Independent Valuation June 2001	365	528	893	45,473	46,366
At Directors' Valuation June 2000	7,436	38,484	45,920	108,222	154,142
Less Accumulated Depreciation	-	(13,813)	(13,813)	(149,343)	(163,156)
<b>Net book value</b>	<b>8,838</b>	<b>64,552</b>	<b>73,390</b>	<b>252,412</b>	<b>325,802</b>
<b>As at 30 June 2001</b>					
At Cost	-	1,494	1,494	113,842	115,336
At Independent Valuation June 2001	365	27,431	27,796	50,766	78,562
At Directors' Valuation June 2000	8,643	43,462	52,105	214,767	266,872
Less Accumulated Depreciation	-	(9,209)	(9,209)	(104,074)	(113,283)
<b>Net book value</b>	<b>9,008</b>	<b>63,178</b>	<b>72,186</b>	<b>275,301</b>	<b>347,487</b>

#### **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 2002 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 2002

	2002 \$'000	2001 \$'000
<b>8 BORROWINGS</b>		
<b>Current</b>		
Unsecured loans		
- Bank loans – bonds	-	99,973
<b>Total Current Borrowings</b>	-	99,973
<b>Non-Current</b>		
Unsecured loans		
- Bank loans - bonds <sup>(1)</sup>	100,209	-
<b>Total Non-Current Borrowings</b>	100,209	-
<b>Maturity Schedule</b>		
Total amount of loans payable within:		
- Not later than 1 year	-	99,973
- Later than 1 year but not later than 2 years	-	-
- Later than 2 years but not later than 5 years	100,209	-
<b>Total Borrowings</b>	100,209	99,973

<sup>(1)</sup> This represents a new medium term bond facility which matures in November 2006. This replaces the previous medium term bond facility which matured in November 2001.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

	2002 \$'000	2001 \$'000
<b>9 PROVISIONS AND PAYABLES</b>		
<b>Current Payables</b>		
Suppliers		
- Trade creditors	8,527	7,903
Employees		
- Salaries and wages	12,091	7,904
- Superannuation	1,437	1,378
Revenue received in advance	1,966	2,054
Other accrued expenses		
- Interest payable	896	4,606
- Goods and services tax	5,755	6,554
- Other	21,730	19,962
<b>Total Current Payables</b>	<b>52,402</b>	<b>50,361</b>
<b>Current Provisions</b>		
Employee entitlements		
- Long service leave	5,861	14,172
- Annual recreation leave	30,855	34,535
- Workers' compensation <sup>(1)</sup>	454	490
- Separations and redundancies	8,689	28,953
Taxation	7,795	20,276
Litigation and legal costs	2,560	1,958
<b>Total Current Provisions</b>	<b>56,214</b>	<b>100,384</b>
<b>Total Current Provisions and Payables</b>	<b>108,616</b>	<b>150,745</b>
<b>Non-Current Provisions</b>		
Employee entitlements		
- Long service leave	74,688	67,325
- Separations and redundancies	38,314	24,512
- Workers' compensation <sup>(1)</sup>	4,535	3,953
<b>Total Non-Current Provisions</b>	<b>117,537</b>	<b>95,790</b>

<sup>(1)</sup> These provisions represent Airservices Australia's 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 2002

#### 10 SHAREHOLDER'S EQUITY

Item	Capital \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance - 1 July 2001</b>	342,190	(97,058)	245,132
Net profit after income tax	-	24,849	24,849
Dividends paid	-	(11,400)	(11,400)
<b>Balance - 30 June 2002</b>	<b>342,190</b>	<b>(83,609)</b>	<b>258,581</b>

#### 11 SEGMENT REPORTING

Airservices Australia operates predominantly in the Australian Aviation Industry.

	2002 \$'000	2001 \$'000
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#### 12 STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Bank overdraft	5,000	5,000
Total credit facilities	5,000	5,000
Amount utilised	-	-
Unused credit facility	5,000	5,000
Loan facilities		
- Commercial Paper	300,000	300,000
- Domestic bond	100,000	-
- Standby / Money Market Line	50,000	50,000
- Eurobond	-	100,000
Total loan facilities	450,000	450,000
Amount utilised	(100,209)	(99,973)
Unused loan facility	349,791	350,027

**13 SUPERANNUATION COMMITMENTS**

Airservices Australia makes contributions to AvSuper (sponsored by Airservices Australia) 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 Australia's rates of contribution for CSS and PSS members are determined by ComSuper. Total contributions made by Airservices Australia for CSS and PSS members to ComSuper during the period were \$12.418m (2001 \$12.683m) and \$0.036m (2001 \$0.044m) respectively.

AvSuper provides the normal range of employer sponsored benefits i.e. retirements, resignation, retrenchment, death and disablement. In addition to an accumulation fund, AvSuper operates 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 2001 was presented by CHR Consulting on 19 October 2001. Information relating to AvSuper based on the latest actuarial assessment and the financial report of AvSuper for year ended 30 June 2001 is set out below:

	<b>As at 30 June 2001 \$'000</b>
Present value of employees' accrued benefits	456,644
Net market value of assets held by AvSuper to meet future benefit payments	541,088
Surplus of net market value of assets over accrued benefits	84,444
Vested benefits	486,552
Employer contributions to AvSuper for the year ended 30 June 2002	26,232

AvSuper is scheduled to have its next full actuarial review on or before 1 July 2004. 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 2002

	2002 \$	2001 \$
<b>14 REMUNERATION OF AUDITORS</b>		
Auditing services provided by the Australian National Audit Office	<b>176,000</b>	153,000
Audit services for Airservices Australia are provided by the Australian National Audit Office and are subcontracted to PricewaterhouseCoopers.		
Assurance services provided by PricewaterhouseCoopers	<b>15,800</b>	3,100
Other Services provided by PricewaterhouseCoopers Consulting		
- Information Management Transformation Program		
• Quality Assurance	<b>264,335</b>	142,353
• Secondment of PricewaterhouseCoopers Contractor	<b>423,734</b>	419,523
- Other services	<b>18,750</b>	-
	<b>722,619</b>	564,976

### 15 REMUNERATION OF DIRECTORS

Amounts received, or due and receivable, by Directors **287,250** 293,770

Certain amounts paid to Directors relate to previous financial years. The remuneration of the Chief Executive Officer and the Chief Financial Officer (who is also an Executive Director) is disclosed with the remuneration of executives in note 16 and is not included in director's remuneration.

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

			2002 Number	2001 Number
	\$	\$		
10,000	-	19,999	<b>1</b>	1
20,000	-	29,999	<b>1</b>	2
30,000	-	39,999	<b>2</b>	1
40,000	-	49,999	-	2
50,000	-	59,999	<b>2</b>	-
70,000	-	79,999	<b>1</b>	-
100,000	-	109,999	-	1

**FOR THE YEAR ENDED 30 JUNE 2002**

**16 REMUNERATION OF EXECUTIVES**

Executive remuneration payments include base salary, pay at risk, fringe benefits tax and in respect of 2000/01 only - termination payments, contract related payments and currency protection payments. Remuneration received by the Executive managers, whose remuneration was at least \$100,000, totalled \$1,887,808 (2001 \$3,182,839). Within executive remuneration for the year ended 30 June 2001, payments on termination amounted to \$1,614,227 including \$539,897 in contract related repatriation and currency protection payments and \$508,621 in fringe benefits tax payments.

Executive managers are those who are concerned with, or take part in, the management of Airservices Australia. Executive manager's remuneration includes the remuneration of the Chief Executive Officer and Chief Financial Officer.

The numbers of Executive managers whose total remuneration falls within the specified bands are set out below. Some entries in the banding table relate to part year only.

			<b>2002</b>	2001
	\$	\$	<b>Number</b>	Number
110,000	-	119,999	-	1
240,000	-	249,999	<b>1</b>	-
260,000	-	269,999	<b>1</b>	-
270,000	-	279,999	-	1
280,000	-	289,999	<b>2</b>	-
310,000	-	319,999	-	1
320,000	-	329,999	<b>1</b>	-
440,000	-	449,999	-	1
480,000	-	489,999	<b>1</b>	-
590,000	-	599,999 <sup>(1)</sup>	-	1
1,440,000	-	1,449,999 <sup>(2)</sup>	-	1

<sup>(1)</sup> includes payments on termination of \$393,029

<sup>(2)</sup> includes payments on termination of \$1,221,198



## FOR THE YEAR ENDED 30 JUNE 2002

### 17 RELATED PARTY TRANSACTIONS

#### **Directors**

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

<b>Chairman</b>	John P C Forsyth
<b>Deputy Chairman</b>	Air Marshal Leslie Fisher AO (Retd)
<b>Chief Executive Officer</b>	Bernard R Smith
<b>Executive Director</b>	Hisham El-Ansary (appointed 1 April 2002)
<b>Non-Executive Directors</b>	Ronald Entsch
	Kevin Gale
	Belinda Gibson
	Captain David Shrubbs
	Dr Ian Blackburne (resigned 31 October 2001)

#### **Transactions with related parties**

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

Certain director-related entities have transactions with Airservices Australia 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 Australia 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 publication amendment services and air navigation services were provided to Airwing Services Pty. Ltd. and Eurocopter International Pacific Ltd, companies of which Mr J P C Forsyth is a director, at the rates set out in Airservices Australia's price lists its Standard Contract Terms for facilities and services.
- The Chief Executive Officer purchased services from Airservices Australia at the rates set out in the Standard Contract Terms for facilities and services.
- Legal services amounting to \$445,022 (2001 \$39,783) have been provided to Airservices Australia by Mallesons Stephen Jaques, a firm that is a member of the panel of legal advisors to Airservices Australia and in which Ms Belinda Gibson is a partner.
- Copies of the publication "*Bushies – A History of Bush Pilots – Air Queensland*" authored by Mr Ronald Entsch were purchased for resale by Airservices Australia Publications Centre at a cost of \$1,866.
- Employer superannuation contributions were made to AvSuper Pty. Ltd., a superannuation fund, of which Mr Ronald Entsch was appointed by the Airservices Australia Board as a trustee director and of which Mr Hisham El-Ansary is a director.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2002

#### 18 FINANCIAL INSTRUMENTS

##### Financial Instruments

Airservices Australia is exposed to financial risks arising from movements in interest rates and foreign exchange rates. Airservices Australia uses derivative financial instruments to minimise the impact of adverse movement in rates within the framework of a comprehensive set of risk management policies approved by the Directors. 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 Australia, together with effective interest rates at balance date.

2002	Notes	Average Interest rate	Floating Interest rate	Fixed interest maturing in			Non interest bearing	Total
				1 year or less	1 to 5 years	More than 5 years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Cash and deposits		4.684%	140,032	-	-	-	47	140,079
Receivables	5	-	-	-	-	-	48,690	48,690
<b>Total</b>			140,032	-	-	-	48,737	188,769
<b>Financial liabilities</b>								
Trade and other creditors	9	-	-	-	-	-	52,402	52,402
Bank loans - bonds	8	6.485%	-	-	100,209	-	-	100,209
Interest rate swaps <sup>(1)</sup>		-	100,000	-	(100,000)	-	-	-
Interest rate swaps <sup>(1)</sup>		-	(70,000)	-	70,000	-	-	-
<b>Total</b>			30,000	-	70,209	-	52,402	152,611
<b>Net Financial Assets / (Liabilities)</b>								
			110,032	-	(70,209)	-	(3,665)	36,158

<sup>(1)</sup> Notional principal amounts

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### 18 FINANCIAL INSTRUMENTS continued

2001	Notes	Average Interest rate	Floating Interest rate	Fixed interest maturing in			Non interest bearing	Total
				1 year or less	1 to 5 years	More than 5 years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Cash and deposits		5.066%	108,566	-	-	-	61	108,627
Receivables	5	-	-	-	-	-	57,808	57,808
<b>Total</b>			108,566	-	-	-	57,869	166,435
<b>Financial liabilities</b>								
Trade and other creditors	9		-	-	-	-	50,361	50,361
Bank loans - bonds	8	7.375%	-	99,973	-	-	-	99,973
<b>Total</b>			-	99,973	-	-	50,361	150,334
<b>Net Financial Assets / (Liabilities)</b>			108,566	(99,973)	-	-	7,508	16,101

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### NOTES

	2002	2001
	\$	\$

## 18 FINANCIAL INSTRUMENTS continued

### Reconciliation of net financial assets/(liabilities) to net assets

Net financial assets/(liabilities) as above		<b>36,158</b>	16,101
Other current assets	6	<b>22,273</b>	25,461
Non-current assets	6,7	<b>373,901</b>	399,744
Current provisions	9	<b>(56,214)</b>	(100,384)
Non-Current provisions	9	<b>(117,537)</b>	(95,790)
Net assets as per statement of financial position		<b>258,581</b>	245,132

### Forward Exchange Contracts

Forward exchange contracts are used to hedge Airservices Australia's exposure to foreign currency exchange rate risk. This arises primarily from committed transactions relating to capital expenditure program undertakings up to 12 months ahead, asset sales and revenue earned from international activities. At balance date, the details of outstanding contracts are (Australian dollar equivalents):

Sell US Dollars	Buy Australian Dollars		Average Exchange Rate	
	2002	2001	2002	2001
	\$'000	\$'000	\$US/\$1	\$US/\$1

### Maturity

3 months or less	9,221	8,201	0.5401	0.5136
------------------	-------	-------	--------	--------

Buy US Dollars	Sell Australian Dollars		Average Exchange Rate	
	2002	2001	2002	2001
	\$'000	\$'000	\$US/\$1	\$US/\$1

### Maturity

3 months or less	2,922	-	0.5653	-
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Buy EUROS	Sell Australian Dollars		Average Exchange Rate	
	2002	2001	2002	2001
	\$'000	\$'000	\$US/\$1	\$US/\$1

### Maturity

3 months or less	1,357	-	0.5866	-
Greater than 3 months but less than 1 year	3,613	-	0.5896	-

### 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 Australia enters into financial derivative contracts with counterparties with Standard and Poors' rating of at least AA-.

## FOR THE YEAR ENDED 30 JUNE 2002

### 18 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.

	2002		2001	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Financial assets</b>				
Forward exchange contracts	-	139	-	63
Other assets	188,769	188,769	166,435	166,435
	188,769	188,908	166,435	166,498
<b>Financial liabilities</b>				
Interest rate swaps	-	(1,543)	-	-
Short term debt	-	-	99,973	99,548
Long term debt	100,209	101,561	-	-
Other liabilities	52,402	52,402	50,361	50,361
	152,611	152,420	150,334	149,909

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.

#### Interest rate swap agreements

The net fair value of interest rate swap contracts is determined as the difference in present value, discounted using current market rates, of the future interest cash flows.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

	2002	2001
	\$	\$

### 19 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:

Cash, advances and cash on call	140,079	108,627
Total Cash	140,079	108,627

#### Reconciliation of net profit after income tax to net cash provided by operating activities

Net profit after income tax	24,849	55,951
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#### Adjustments for non-cash income and expense items

Depreciation	54,657	59,385
Amortisation of repairable spares	-	1,560
Recoverable amount write-downs	-	2,582
Net profit on sale of property, plant and equipment	(186)	(230)
Assets transferred to items held for resale	-	6,654
Amortisation of discount on borrowings	791	72
Premium on issue of new borrowings	209	-

#### Changes in assets

(Increase)/decrease in accounts receivable	10,588	2,831
(Increase)/decrease in inventories and spares	1,556	392
(Increase)/decrease in assets held for resale	-	(6,654)
(Increase)/decrease in prepayments	8,890	(2,286)
(Increase)/decrease in future income tax benefit	(3,100)	16,675

#### Changes in liabilities

Increase/(decrease) in employee entitlements and related payables	(6,298)	(39,417)
Increase/(decrease) in doubtful debts	(1,470)	1,124
Increase/(decrease) in legal provisions	602	1,532
Increase/(decrease) in income tax payable	(12,481)	1,116
Increase/(decrease) in creditors and accruals	(2,205)	361

Net cash provided by operating activities	76,402	101,648
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**FOR THE YEAR ENDED 30 JUNE 2002**

**20 MONIES HELD IN TRUST**

Airservices Australia has been contracted by the Solomon Islands Civil Aviation Authority to provide airspace management and accounts receivable services. The contract requires Airservices Australia to retain cash received and to remit funds at a later date to the Solomon Islands on the instruction of their contract manager. At balance date, the money held in trust totalled \$0.264m (2001 \$0.386m).

**21 ECONOMIC DEPENDANCY**

Airservices Australia is dependant on activity in the Aviation Industry, of which the Qantas Group is the dominant operator, representing approximately 55% of flights by aircraft greater than 5.7 tonnes.

# Appendices





## APPENDIX 1

### Board meetings and committees

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#### Members

Board members for the period 1 July 2001 to 30 June 2002 were:

John Forsyth (Chairman)

Air Marshal Les Fisher AO (Retired) (Deputy Chairman)

Ronald Entsch

Kevin Gale

Captain David Shrubbs

Belinda Gibson

Ian Blackburne (resigned 31 October 2001)

Bernie Smith

Hisham El-Ansary (term started 1 April 2002)

#### Meetings

The Board met 12 times during the year at the venues shown below. Two extraordinary meetings were conducted via a telephone hook-up: one on 13 August 2001 and one on 27 March 2002.

27 July 2001	Canberra
24 August 2001	Canberra
21 September 2001	Canberra
28 October 2001	Canberra
23 November 2001	Perth
25 January 2002	Canberra
22 February 2002	Canberra
22 March 2002	Melbourne
19 April 2002	Cairns
24 May 2002	Canberra

## Committees

The memberships and activities of the committees assisting the Board in 2001–02 were as follows.

### Audit Committee

*Ronald Entsch (Chairman), Belinda Gibson, Ian Blackburne (resigned 31 October 2001), John Forsyth (ex-officio member)*

The Audit Committee met four times: three meetings were held in Canberra and one in Sydney.

### Safety and Environment Committee

*Les Fisher (Chairman), Ronald Entsch, Kevin Gale, David Shrubbs, John Forsyth (ex-officio member), Bernard Smith (ex-officio member)*

The Safety and Environment Committee met 10 times: nine meetings were held in Canberra and one in Sydney.

### Remuneration Committee

*John Forsyth (Chairman), Ronald Entsch, Bernard Smith*

The Remuneration Committee met four times: three meetings were held in Canberra and one in Cairns.

### Security Committee

*Les Fisher (Chairman), Bernie Smith*

The Security Committee met five times: all meetings were held in Canberra.

**Table 2 Directors' meetings attendance**

<b>Name</b>	<b>Airservices Board</b>		<b>Audit Committee</b>		<b>Safety &amp; Environment Committee</b>		<b>Remuneration Committee</b>		<b>Security Committee</b>	
	Mtgs during term	Attended	Mtgs during term	Attended	Mtgs during term	Attended	Mtgs during term	Attended	Mtgs during term	Attended
John Forsyth	12	11	(ex officio)		(ex officio)		4	4	N/A	
Les Fisher	12	11	N/A		10	10		1*	5	5
Ian Blackburne	5	4	1	-		1*		N/A		N/A
Ronald Entsch	12	12	4	4	10	9	4	4		N/A
Kevin Gale	12	12		N/A	10	10		N/A		N/A
Belinda Gibson	12	12	4	4		2*		N/A		N/A
David Shrubbs	12	12		N/A	10	10		N/A		N/A
Bernard Smith <sup>(a)</sup>	12	10		N/A	(ex officio)		4	4	5	5
Hisham El-Ansary	2	2		N/A		N/A		N/A		N/A

(a) Mr Tom Grant attended two board meetings as acting chief executive officer: one on 22 March 2002 in Melbourne, and one extraordinary meeting on 27 March 2002 by telephone hook-up.

Notes: The abbreviation 'n/a' means 'not applicable'.

Committee attendances marked with \* were attendances by a non-member.

**Table 3 Total meetings, 2001–02**

Type of meeting	Total number of meetings held
Board	12
Safety and Environment Committee	10
Audit Committee	4
Remuneration Committee	4
Security Committee	5

## APPENDIX 2

### Board members' biographies

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#### **John P C Forsyth Chairman**



John Forsyth, holder of a Private Pilot Licence (Helicopter) since 1991, is Chairman of the Dymocks Group of companies, with interests in book and coffee retailing, property investment and farming. As well as being involved with Dymocks, Mr Forsyth is Chairman of Eurocopter International Pacific. Eurocopter is the largest manufacturer of civil and military helicopters in the world and is a subsidiary of the giant European aerospace conglomerate EADS. Mr Forsyth is also Chairman of SmartTrans Holdings, a Western Australian based technology company engaged in vehicle route optimisation and satellite vertical tracking. SmartTrans Holdings also has mining interests in Western Australia and Queensland.

#### **Air Marshal Les Fisher AO (Retired) Deputy Chairman**



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

#### **Hisham El-Ansary**



Hisham El-Ansary was appointed Airservices Australia's Chief Financial Officer and General Manager Corporate Services in March 2001. Mr El-Ansary has some 20 years experience in finance and accounting and has held a number of senior financial management positions. His most recent appointment prior to joining Airservices Australia in 1995 was as National Finance Manager of Australian Construction Services (ACS), an organisation providing consultancy services in the areas of architecture, engineering and project management. ACS has since been acquired by Gutteridge Haskins and Davey Proprietary Limited.

Mr El-Ansary's professional qualifications include a Master of Business Administration and a Bachelor of Economics from the Australian National University. He is a Fellow of Certified Practising Accountants Australia and an Associate Fellow of the Australian Institute of Management. He is also a director of AvSuper Proprietary Limited, Airservices Australia's staff superannuation fund.

## Ronald Hugh Entsch



Ronald Entsch has had a distinguished career in aviation, including 37 years experience gained from 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 Mr Entsch held senior positions, including those of State Manager, Queensland, and General Manager Operations at Melbourne Head Office. He became responsible for the day-to-day running of the airline and remained so until his retirement in 1996.

Mr Entsch's professional qualifications include a Master of Business Administration. He has extensive experience in industry affairs and is Adjunct Professor of Aviation Management at Griffith University and a Fellow of the Royal Aeronautical Society.

## 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 holds 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 has had wide experience as an operating and check controller and extensive management experience up to the level of Senior Supervisor, Air Traffic Control, New South Wales 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 and helicopter lanes throughout the Sydney metropolitan area; and in the restructuring of Pacific Ocean and Tasman Sea air routes.

## Belinda Gibson



Belinda Gibson is a partner of the national legal firm Mallesons Stephen Jaques, specialising in corporate law. Ms Gibson is Partner in Charge of the Sydney office, responsible for overseeing administration of that office.

Ms Gibson has extensive experience negotiating corporate acquisitions, commercial transactions and joint venture arrangements in Australia and offshore. She advises some of the firm's major clients in the chemicals, airlines, tourism, technology and financial services industries, and in that role oversees all aspects of the legal service provided and gives strategic commercial advice on a wide variety of issues.

Ms Gibson has a Bachelor of Economics and Laws from Sydney University and a Master of Laws from Cambridge University.

### **Captain David Shrubb**



Captain David Shrubb has extensive aviation experience, including 37 years with Qantas.

Captain Shrubb has almost 21,000 accident free flying hours, more than 2,000 hours in supervising training and checking in Qantas simulators, extensive experience in aircraft command – with seven years on Boeing 707s, 14 years on 747s and seven years on 744s – a Commercial Pilot Licence, a Senior Commercial Pilot Licence, a Flight Navigator Licence and a First Class Airline Transport Licence. He spent 10 years as a supervisory pilot in the Qantas Flight Training Department and has been Chairman of the Overseas Branch of the Australian Federation of Air Pilots and the President of the Australian Federation of Air Pilots.

### **Bernard Ross Smith**



Bernard Smith was appointed Chief Executive Officer of Airservices Australia on 6 November 2000.

Mr Smith joined Airservices Australia in 1998 as Chief Operating Officer to head the organisation's Air Traffic Services business. Prior to becoming Chief Operating Officer at Airservices Australia, Mr Smith was Managing Director and Chief Executive Officer of Kinetik Energy and Westar, two trading companies that resulted from the privatisation of Victoria's Gas and Fuel Corporation. His previous positions included Chief Executive Officer, Hazelwood Power and General Manager Maintenance and Engineering at Australian Airlines.

## APPENDIX 3

### Project summaries

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This appendix provides a brief description of the purpose and composition of each of the major projects in the Project Expenditure Program, highlighting the outcomes and achievements of the 2001–02 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

The following projects began before the 2001–02 financial year and continued into the year.

#### Information Management Transformation Program

*Approved budget \$39.94 million (to cover the specification of requirements, selection and acquisition of software, preparation of the design for using the software, and implementation)*

*Estimated completion: late 2003*

The IMTP evolved out of the Business Transformation Project BT09 – Information Management Strategy, which produced its final report in November 1999.

The program, which will deliver the defined elements that make up Airservices Australia's agreed information management strategy, began in February 2000. SAP software was selected as the backbone of the new business information systems being acquired and implemented through IMTP. The program will rebuild Airservices Australia's overarching information management governance standards and policies, system applications and enabling infrastructure.

In order to mitigate and manage risk and to introduce the new capability into Airservices Australia at an acceptable and manageable rate the IMTP implementation will be a staged process. A benefits realisation plan forms part of the program.

#### Rationalisation of Satellite Bandwidth

*Approved budget: \$2.20 million (plus a contingency fund of \$0.30 million)*

*Completed: September 2001*

The Rationalisation of Satellite Bandwidth project reduced leased bandwidth requirements and resulted in the construction of a national Asynchronous Transfer Mode (ATM) network via the Optus ATM service. The renegotiated contract with Optus covering satellite and air traffic management ATM services represented a saving of \$6 million on the original satellite contract. In addition, implementing the ATM network provided sufficient capacity to enable around \$1 million of services to be transferred from other leased services onto the network, leading to the cancellation of those leased services.



The satellite component of the project was completed in April 2001, and the ATM network component was completed in September 2001. The project was completed under budget, with an actual cost of \$1.93 million. We were able to negotiate access to existing ducts on all the major airports in Australia so the \$0.3 million contingency fund to provide new ducts was not required. In addition to providing significant savings, modernising the network has provided increased flexibility and responsiveness.

### **Perth Airport – Runway 03 Instrument Landing System Installation**

*Approved budget: \$1.8 million*

*Completed: June 2002*

The installation of an ILS for Runway 03 at Perth Airport provides an ILS for southern approaching aircraft during winter storms, improving safety in conditions of reduced visibility. The ILS reduces the likelihood of missed approaches and aircraft holding, saving money and time for our customers. The ILS was commissioned on 18 June 2002; the project came in under budget by \$150,000.

### **Australian Transport Safety Training College – Ferranti Simulator Upgrade**

*Approved budget: \$1.84 million*

*Estimated completion: August 2002*

Work has begun to upgrade the existing Ferranti air traffic control simulator, which is an important component of air traffic control training at the Airservices Australia College in Melbourne.

The upgrade will translate existing software code into a modern supportable language, rehost the software on a modern personal computer system and modify the displays to provide full functionality in terms of TAAATS. Without this change, Airservices Australia would not be able to provide cost-effective ab initio training to meet internal needs or to compete for work generating external revenue.

### **Operational Data Warehouse**

*Approved budget: \$2.58 million*

*Estimated completion: November 2002*

The Operational Data Warehouse project will deliver a system to extract operational data from TAAATS (Eurocat) and non-Eurocat air traffic control towers, validate the data, then store them in a more accessible and functional hardware/software environment.

The project aims to improve the efficiency of data capture for chargeable events, increase automation for charging purposes, provide a database of flight and other operational data and generate a range of statistical reports.

The data warehouse will improve business intelligence and provide analysis tools that will allow a better and more efficient service to industry. The system will be able to be modified to allow changed or new data to be loaded into the database.

Airservices Australia and the industry will benefit from the program through improved flight data capture which will reduce invoicing errors and improve our responsiveness. It will also enable us to customise services to better meet industry needs.

## **Ground based Regional Augmentation System**

*Approved budget: \$3.7 million (revised)*

*Estimated completion: June 2003*

In 2001–02, Airservices Australia continued to develop the international Standards and Recommended Practices for the Airservices Australia-designed GRAS. The standards were listed for endorsement at the fourth meeting of the ICAO Global Navigation Satellite Systems Panel in March 2003. Validation of the standards and backup modes of operation will continue into financial year 2002–03.

## **Sydney Airport Power Supply System Project**

*Approved budget: \$2.5 million*

*Estimate completion: October 2002*

The Sydney Airport Power Supply System Project was undertaken in response to two incidents involving power supply systems at Sydney Airport during the lead-up to the 2000 Olympic Games. The project encompasses three essential areas of activity:

- the testing and review of existing procedures and systems
- the development of a philosophy for the future design, operation and maintenance of Airservices Australia's power supply systems
- the upgrading of the existing power supply system to the TCU, the control tower and the Terminal Approach Radar (TAR) installations.

The upgrade will result in a world class, state of the art power supply. This system will be configured into a duplicated, redundant, parallel uninterruptible power supply (UPS) system at both the TCU and the tower, with an upgrade to improve the security of supply at the TAR site. The level of redundancy achieved will allow maintenance activities to be undertaken without reducing the integrity of the UPS system. The emphasis of the design has been on maintainability and security. Uniform and standardised documentation will be developed across all sites affected.

As a result of the successful conclusion of the project, the Sydney TCU power supply will have an availability level equal to those of the TAAATS centres in both Melbourne and Brisbane. Other benefits of this project will include a reduction in maintenance costs due to standardisation of equipment and a reduction in the spare parts inventory.

## **Low Level Airspace Management Project**

*Approved budget: not applicable*

*Estimated completion: cancelled March 2002*

The Low Level Airspace Management Project involved the removal of directed traffic information from Class G airspace and the introduction of Class E airspace over continental Australia. The project was suspended in December 2001 and cancelled in March 2002 following the Government's endorsement of the National Airspace System.

## **Alan Woods Building Refurbishment Project**

*Approved budget: \$7.35 million*

*Completed: January 2002*

In May 2000 the Airservices Australia Board approved a Canberra office accommodation strategy with associated project expenditure of \$7.35 million. The proposal involved the consolidation of Canberra Head Office functions into the Alan Woods Building, the reduction of average gross space utilisation, and the subleasing of surplus space. The project was brought in on time and budget – average gross utilisation of floor space was reduced by 30 per cent, leases on 3,345 square metres of externally leased premises were terminated and 2,268 square metres of surplus space were generated within the Alan Woods Building, of which 2,240 square metres has been subleased to the National Occupational Health and Safety Commission.

## **New projects**

The following projects started in 2001–02.

### **Aeronautical Telecommunication Network Routers**

*Estimated budget: \$2.0 million*

*Estimated completion: 2003–04*

The Aeronautical Telecommunication Network Routers project will provide routers as part of the global ICAO Aeronautical Telecommunication Network (ATN) that will connect Australia with all air traffic management providers, airlines and aircraft equipped with ATN around the world. Australia has been nominated to become one of the eight backbone router sites to support the main flow of ATN traffic within the Asia Pacific region.

The ICAO Asia Pacific Regional Plan indicates that the ATN should be implemented by 2005 to support ATN ground systems such as the Air Traffic Services Message Handling System and future ATN air–ground applications such as automatic dependent surveillance, controller–pilot data link communication and flight information services in the region.

A business case is being prepared for the project. In order to provide the subsidiary network needed to support the ATN between key sites, such as Brisbane and Melbourne, the project will require access to the infrastructure that is being implemented by the Data Networks Replacement Project. The main network component of the Data Networks Replacement Project is due to be available by April 2003.

### **Data Networks Replacement Project**

*Estimated budget: \$7.8 million*

*Estimated completion: March 2004*

The Data Networks Replacement Project will replace both the corporate data network and the packet switched network with a secure network dedicated to the carriage of critical air traffic management applications such as Eurocat.

The project will provide a separate secure general purpose network to meet all other corporate and operational communication requirements, managed by a common network management system. The tender evaluation assessment was completed in May 2002 and the project is expected to be completed by March 2004.

## **Obsolete Microwave Links**

*Estimated budget: \$3.6 million*

*Estimated completion: 2004–05*

Progress on the Obsolete Microwave Links project is related to decisions on the High Frequency (HF) and very High Frequency (VHF) system upgrade projects. No progress was made on the Obsolete Microwave Links project in 2001–02. The total budget for the project remains unchanged. However, project expenditure was suspended until financial years 2003–04 and 2004–05.

## **Eurocat Hardware and Operating System Renewals**

*Approved budget: \$25.1 million*

*Estimated completion: August 2003*

The Eurocat Hardware and Operating System Renewals project is an investment program aimed at sustaining and adding new capabilities to the Eurocat Air Situational Display system, to maintain Airservices Australia's present position at the forefront of the world's ATS providers.

The project, which began in 2001–02, will replace most of the processors in TAAATS with modern, improved performance equivalent units during the next two financial years and will upgrade operating systems to latest releases.

## **Ongoing Functional Changes to Eurocat**

*Approved budget: \$16.4 million (five-year budget)*

*Estimated completion: ongoing*

Ongoing functional changes to Eurocat will be required over the life of the system. Our current expectation is that two major software releases, spaced approximately six months apart, will be made each year to enable appropriate testing and training. The strategic objectives are to:

- ensure compliance with the *Australian Air Traffic Management Strategic Plan*
- enable responses to stakeholder issues
- reduce Airservices Australia's costs through improved functional efficiency.

The supporting business case for this proposal will be developed in accordance with the *Australian Air Traffic Management Strategic Plan*.

## **MAESTRO Tactical Flow Management System**

*Approved budget: \$5.8 million*

*Estimated completion: June 2003*

The MAESTRO Tactical Flow Management System project covers the purchase and implementation of integrated traffic flow management systems for flights arriving at Melbourne and Brisbane airports. The system will be delivered in financial year 2002–03.

The project will facilitate improved situational awareness for air traffic controllers and pilots, and reduce the workload of terminal flow controllers.

Airservices Australia's customers will benefit from the project through both our improved ability to predict arrival times accurately and the fuel savings that will result from a reduced need for aircraft holding patterns.

Commissioning of the MAESTRO Tactical Flow Management System is being coordinated with the Eurocat hardware upgrade project.

## **Renewal of Voice Switch and Control System Hardware**

*Approved budget: \$4.6 million*

*Estimated completion: 2004–05*

The replacement of hardware components of the Voice Switch and Control System (VSCS) for the TAAATS centres and TCUs is required to address system integrity issues. Obsolescence of certain VSCS modules and repeated failures of some components is leading to reliability problems, service interruptions, and problems in sourcing repairs and spare parts.

Elements to be replaced or upgraded include VSCS hubs, workstation components and workstation touch screens. The renewals or replacements will resolve problems of system reliability and reduce the risk of interruptions to air–ground and intercom/hotline communications.

The project has been deferred following discussions with the supplier about support strategies.

## **Incorporation of Satphone into VSCS and TAAATS**

*Approved budget: \$2.5 million*

*Estimated completion: 2003–04*

The VSCS Satphone project will facilitate direct satellite air–ground communications between pilots and air traffic controllers to reduce reliance on HF and third-party communications. The system will use satellite telephony principles (Satphone) and will be integrated into the VSCS and the Air Situational Display (Eurocat) to minimise air traffic control workload and to co-locate all communications equipment and channels.

Initially the VSCS Satphone will be trialled on international routes, but proof of concept could then lead to its extension to providing more effective communications for domestic aircraft outside the range of VHF coverage.

The primary project tasks are to ensure system security and to develop a method of automatically creating links on the air traffic controller's VSCS panel to enable Satphone communications with aircraft moving through space.

An equally important aspect of the work will be to document and resolve any interdependencies between satellite air–ground voice and air–ground data links to reduce overall risk exposure if the system becomes used widely.

To the aviation industry, the operational proof of the benefits of air–ground communications via Satphones could result in changes to regulations that require international aircraft to carry a second HF radio set.

Installation of the Satphone on domestic aircraft could potentially lead to more efficient and modern air traffic services.

Changes to operational communications media will be the subject of a detailed safety case to be undertaken in consultation with CASA.

### **The Australian Advanced Air Traffic System Primary Situational Display Upgrade**

*Approved budget: \$13.3 million*

*Estimated completion: 2004–05*

Over a three-year period TAAATS controller screens will be replaced with Liquid Crystal Display (LCD) screens.

As LCD screens have much lower maintenance costs than the types of screen they will be replacing, their introduction will result in savings of approximately \$0.9 million over the expected 10-year life of the new equipment. The replacement screens will also alleviate the occupational health and safety (OHS) issues raised by operators in regard to their use of existing screens.

### **Future Charging System**

*Approved budget: \$2.1 million*

*Estimated completion: 2002–03*

The Future Charging System project will develop a software application to itemise and calculate billable flight data from the Operational Data Warehouse for use in the air traffic services billing module of the SAP integrated business information software suite.

The system will introduce more flexible capability to handle new and changed product definitions and will be integrated with other new business information systems adopted through the IMTP.

## 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 JUL 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 3<sup>rd</sup> 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 18<sup>th</sup> day of March 1999.



JOHN ANDERSON

COMMONWEALTH OF AUSTRALIA

**AIR SERVICES ACT 1996**  
**SUBSECTION 16(1)**

**DIRECTION**

**WHEREAS:**

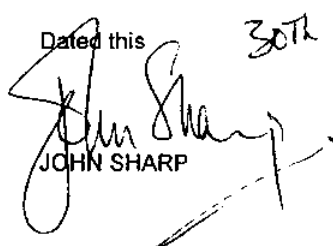
1. On 20 March 1996, I directed Airservices Australia to report to me by 16 December 1996 on a proposed long term operating plan for Sydney (Kingsford Smith) Airport (the Airport) and associated airspace based on four principles specified in that direction;
2. On 16 December 1996, in response to that 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.

## **ATTACHMENT A**

### **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.

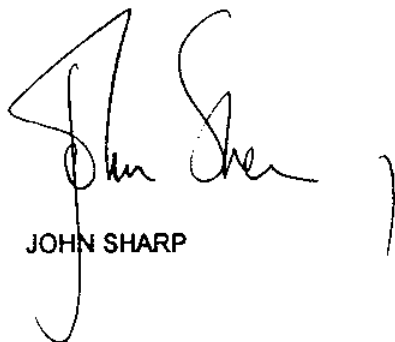
Dated this

TWENTY NINTH

day of

MAY

1996.



JOHN SHARP



**COMMONWEALTH OF AUSTRALIA**

**AIR SERVICES ACT 1995**

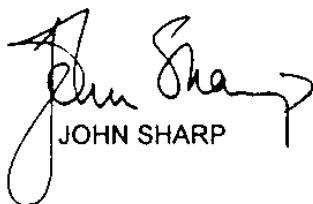
**DIRECTION**

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

COMMONWEALTH OF AUSTRALIA

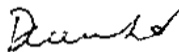
*AIR SERVICES ACT 1995*

**DIRECTION PURSUANT TO SECTION 16 CONCERNING THE  
APPLICATION OF ENROUTE CHARGES APPLIED BY AIRSERVICES  
AUSTRALIA TO AIRCRAFT WITH A MAXIMUM TAKE OFF WEIGHT OF  
LESS THAN OR EQUAL TO FIFTEEN TONNES**

I, JOHN DUNCAN ANDERSON, Minister for Transport and Regional Services,  
pursuant to subsection 16(1) of the *Air Services Act 1995* (the Act), **DIRECT**  
Airservices Australia, for the purposes of subparagraph 8(1)(b)(i) of the Act, to  
undertake the activities specified in the attached Schedule.

Date:

24



2001



JOHN ANDERSON

## **SCHEDULE**

### **ACTIVITIES TO BE PERFORMED BY AIRSERVICES AUSTRALIA UNDER SUBPARAGRAPH 8(1)(b)(i) OF THE *AIR SERVICES ACT 1995*.**

- (i) Airservices Australia is to develop, implement and administer changes to its invoicing mechanism for enroute services in order to include advice to eligible aircraft operators, consistent with clauses (ii), (iii) (iv) and (v) below, that they will be reimbursed by the Department of Transport and Regional Services (the Department) for their enroute charges in relation to services provided by Airservices Australia.
- (ii) A list of eligible operators is specified at Attachment A, which may be amended from time to time by the Department of Transport and Regional Services (DoTRS), in consultation with Airservices Australia, to reflect changes in the industry. The Department will provide written advice to Airservices Australia regarding amendments to the Attachment.
- (iii) Airservices Australia will provide advice regarding the reimbursement of enroute charges to operators of aircraft of less than or equal to fifteen tonnes maximum take off weight (MTOW). Such operators must hold a Civil Aviation Safety Authority (CASA) Air Operators Certificate (AOC) certified for provision of Regular Public Transport (RPT) operations. Operators of aeromedical services are also to be advised that their enroute charges will be reimbursed by the Department.
- (iv) Operators conducting charter services only will not be eligible for reimbursement and should not receive such advice.
- (v) The revised invoicing mechanism is to take effect from 1 January 2002.
- (vi) Airservices Australia is to provide a duplicate invoice to the Department of Transport and Regional Services at the time it dispatches its charging invoice to eligible operators.
- (vii) Airservices Australia will advise the Department regarding
  - those aircraft operators who have an existing Light Aircraft Option (LAO) payment contract with Airservices Australia, which incorporates a component for enroute charges; and
  - the amount of the pro-rata enroute component of the LAO which would have applied for the period from 1 January 2002 until the expiry of the current LAO contract.

- (viii) On renewal of any LAO payment contract, Airservices Australia is to advise the Department of the amount of the enroute charge eligible aircraft operators specified at Attachment A are liable to pay, so that they be reimbursed this amount by the Department. Airservices Australia will include advice on the contract with the operator that the cost of the enroute component of the LAO charges will be reimbursed by the Department.
- (ix) The administrative arrangements enabling Airservices Australia to provide advice to eligible operators, as required by this Direction, are to be reflected in a Letter of Agreement between Airservices and DoTRS.

**ENROUTE CHARGE EXEMPTION**

Proposal to reduce the operating costs of eligible Regular Public Transport operators by offsetting enroute air traffic control charges levied by Airservices Australia. The Department of Transport and Regional Services will undertake this by reimbursing eligible operators the cost of their enroute charges – to apply only to those airlines operating aircraft of less than or equal to 15 tonnes maximum take off weight (MTOW).

**List of Eligible Airlines**

Aboriginal Air Services Pty Ltd	Northwest Regional (and Broome Airlines)
Aeropelican	O'Connor Airlines
Air Link (NSW)	Qantas Airways Ltd
Air Facilities	Regional Pacific Airlines
Airlines of South Australia	Royal Flying Doctor Service
Airnorth Regional	Queensland Ambulance Service
Ambulance Service of NSW	Skippers Aviation
Anindilyakawa Air	Skytrans
Broome Airlines (and Northwest Regional)	Sunshine Express
Cape York Air	Sunstate
Eastland Air	Tasair
Emu Airways	Western Airlines
Flight West Airlines	
Golden Eagle Aviation	
Hazelton Airlines	
Island Airlines Tasmania	
Kendell Airlines	
King Island Airlines	
Macair Airlines	
Maroomba Airlines	

15/01/02

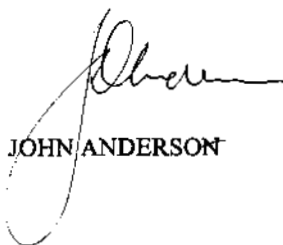
**COMMONWEALTH OF AUSTRALIA**

***AIR SERVICES ACT 1995***  
**SUBSECTION 16(1)**

**DIRECTION**

I, John Duncan Anderson, Minister for Transport and Regional Services, under subsection 16(1) of the *Air Services Act 1995*, DIRECT Airservices Australia, when considering whether to introduce the Precision Runway Monitor for landings from the north at Sydney Airport, to take into account those recommendations made by the Minister for the Environment and Heritage in his determination of 12 July 2001, in so far as they relate to Airservices' areas of responsibility. A copy of the determination is provided in the Schedule to this Instrument.

Dated this 14<sup>th</sup> day of March 2002



JOHN ANDERSON

ENVIRONMENT PROTECTION (IMPACT OF PROPOSALS) ACT 1974

ADMINISTRATIVE PROCEDURES

DETERMINATION AND RECOMMENDATIONS  
IN REGARD TO THE PROPOSAL BY AIRSERVICES AUSTRALIA  
TO INTRODUCE THE PRECISION RUNWAY MONITOR  
FOR APPROACHES BY AIRCRAFT FROM THE NORTH  
TO SYDNEY (KINGSFORD SMITH) AIRPORT.

Pursuant to paragraph 3.1.1(b) of the Administrative Procedures of the *Environment Protection (Impact of Proposals) Act 1974*, I, Robert Murray Hill, Minister for the Environment and Heritage, having taken into account the requirements of the Administrative Procedures, determine 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 by Airservices Australia to introduce the precision runway monitor for approaches by aircraft from the north to Sydney (Kingsford Smith) Airport.

Recommendations

These recommendations are provided pursuant to paragraph 3.1.4 of the Administrative Procedures.

1. If the decision is to approve the future use of the precision runway monitor for approaches by aircraft from the north to Sydney (Kingsford Smith) Airport:
  - (1) the precision runway monitor should not be introduced unless procedures to limit the northward extension of flight tracks and to minimise the distance that aircraft are required to fly at an altitude of 3,000 feet during its use are also implemented. Any procedures adopted should provide for a spread of aircraft tracks on the down-wind and base legs consistent with the Government's noise sharing policies;
  - (2) recognising that these alternatives within the proposal were not tested during the trial of the precision runway monitor, noise exposure across the base leg during operations where the precision runway monitor is used should be monitored during at least the first six months of any such operations using methodology consistent with that used during the trial. Details of the methodology used, the conduct of the monitoring and the results of the monitoring should be reported to Environment Australia and made public;
  - (3) the times when the precision runway monitor is available for use should be limited through legislation or regulation to those proposed by Airservices Australia in its Notice of Intention.
2. Whether the precision runway monitor is approved for long-term use or not:

- (1) the maximum use should be made of continuous descent approach procedures at Sydney Airport as a noise mitigation measure;
- (2) other opportunities to mitigate aircraft noise over Sydney should be examined and adopted where practicable, including measures to reduce the need for air traffic controllers to manage speed control in the circuit area such as by linking en-route scheduling with separation in the circuit area, limiting access by aircraft not having adequate on-board flight management systems and adjusting the mix of traffic using the main runway.
- (3) the established aircraft noise monitoring program should be extended to monitor aircraft noise in areas to the north of the harbour most affected by aircraft noise. Data on noise levels measured and any usage of the precision runway monitor should be reported monthly and annually in the *Sydney Airport Operational Statistics*.


3. Conclusions (l) to (n) inclusive of the Inquiry into a Precision Runway Monitor for Sydney Airport should be adopted. They are:

"While not directly arising from consideration of the environmental aspects of the PRM proposal, consideration of the potential impact of PRM on LTOP and the Government's noise sharing policies leads to the following conclusions

- (l) Airservices Australia should be directed to continue to seek ways to move towards achieving the LTOP mode-sharing targets, with or without PRM.
- (m) Consideration should be given to an overall review of airspace management in the Sydney Basin, in order to maximise the capacity to implement LTOP and to design better approach paths to Sydney Airport from the north.
- (n) Consideration should be given to ways of limiting the growth in demand for movements at Sydney Airport, in order to protect the viability of LTOP."

Robert Hill

/ 2001



24-7-01



COMMONWEALTH OF AUSTRALIA

*AIR SERVICES ACT 1995*

DIRECTION UNDER SUBSECTION 16(1)

Whereas:

1. Airservices Australia proposed to introduce the precision runway monitor (PRM) for approaches by aircraft from the north to Sydney (Kingsford Smith) Airport, and
2. A Commission of Inquiry under the *Environment Protection (Impact of Proposals) Act 1974* (EPIP Act) was undertaken into the proposal, and
3. Senator Hill, the then Minister for the Environment and Heritage determined that "neither an environmental impact statement nor a public environment report is required" and, under paragraph 3.1.4 of the Administrative Procedures approved under the EPIP Act, recommended (amongst other things) that if the decision is to approve the future use of PRM for approaches by aircraft from the north to Sydney (Kingsford Smith) Airport "the times when the precision runway monitor is available for use should be limited through legislation or regulation to those proposed by Airservices Australia in its Notice of Intention" and
4. Airservices Australia decided to introduce PRM in the future for approaches by aircraft from the north to Sydney (Kingsford Smith) Airport.

I, JOHN DUNCAN ANDERSON, Minister for Transport and Regional Services, under subsection 16(1) of the *Air Services Act 1995*, **DIRECT** Airservices Australia to limit the days and hours on which PRM is to be used for such approaches as follows:

Monday to Friday	7.00am to 11.00am 3.00pm to 8.00pm
Saturday	7.00am to 11.00am
Sunday	3.00pm to 8.00pm

Dated this 14<sup>th</sup> day of May 2002

  
JOHN ANDERSON



### Staff resources and statutory information

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#### **Occupational Health and Safety**

In accordance with section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, the following report provides information on Occupational Health & Safety (OHS) matters for Airservices Australia in 2001–02.

##### **Senior management commitment**

To demonstrate Airservices Australia's senior management commitment, Mr Hisham El-Ansary, Chief Financial Officer and General Manager, Corporate Services, accepted the role of Airservices Australia's OHS Sponsor.

##### **National Consultative Council occupational health and safety subcommittee**

The OHS subcommittee of the National Consultative Council, composed of Airservices Australia management and union representatives, met twice in 2001–02. The OHS Steering Committee, an Airservices Australia management level committee, met three times.

##### **Occupational health and safety incidents**

An electronic incident reporting process designed to streamline internal and external incident reporting was successfully introduced across the organisation in 2001–02.

In accordance with section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, 21 dangerous occurrences, 12 serious personal injuries and four incapacities were reported.

##### **Election of health and safety representatives**

The 2002 election/selection process for health and safety representatives was completed in June. Airservices Australia has 74 designated work groups and 95 health and safety representatives and deputies.

##### **Workers compensation**

Airservices Australia's workers compensation premium for 2001–02 was set at 0.71 per cent. The Commonwealth average was 1.02 per cent.

In 2001–02 workers compensation premiums were costed to business centres. The devolution of costs model takes into consideration a percentage of each business centre's wages, salaries and claims history when premium costs are allocated.

## **Occupational Health and Safety Management System**

Airservices Australia's revised OHS policy and its Occupational Health and Safety Management System (OHSMS) – a software system that provides a 'one stop shop' of relevant information and guidance material – were released in August 2001 and March 2002 respectively.

The OHSMS aligns business centres' OHS initiatives within a standardised framework. The system is designed to allow business centres the freedom to integrate the OHSMS requirements with their existing OHS initiatives.

## **Comcare planned investigation**

Airservices Australia was subject to a planned investigation. Investigations were carried out at: Aviation Rescue and Fire Fighting, Sydney Airport; Facilities Management Services, Cairns Airport; Melbourne Centre Operations, Melbourne Airport; and Adelaide Tower, Adelaide Airport.

## **Comcare reactive investigations**

Comcare carried out three reactive investigations in 2001–02, in: Alice Springs Aviation Rescue and Fire Fighting, Perth Aviation Rescue and Fire Fighting and Melbourne Facilities Management Services.

# **Equity and diversity**

## **The National Equity and Diversity Program 2001–2004**

The *National Equity and Diversity Program 2001–2004* is a document that strongly acknowledges social justice and ethical considerations. These key values are vital in reducing harassment and discrimination in the workplace and ensuring that members of all target groups are part of our overall business and planning processes.

This new, third program identifies project goals around key areas, detailing what we will do to achieve the following outcomes:

- absence of discrimination and harassment
- leadership
- staff diversity
- flexibility at work
- advantage with age
- legislative compliance.

During 2001–02, the organisation began to implement the *National Equity and Diversity Program 2001–2004*, which is sponsored by a senior manager, Mr Andrew Fleming, General Manager Air Traffic Management.

The Equity and Diversity Annual Report to the Minister for Transport and Regional Services for the reporting period 2001–02 will be submitted on 30 September 2002.

## Highlights of the equity and diversity program

The Airservices Australia Mentoring Program was successfully introduced in 2001 as a pilot program involving eight pairs of mentors and mentees and was evaluated in May 2002. The Executive has agreed that the Mentoring Program should be extended to a wider audience.

The online equity and diversity (E&D) training program continued to be successful in Airservices Australia. Some 28 staff have completed the online E&D training program.

Airservices Australia encouraged staff to celebrate Harmony Day, named in honour of cultural diversity, in March 2002. Harmony Day kits were sent out to business units. A number of business units in Infrastructure Support Services and Air Traffic Management Group celebrated diversity by asking staff to bring in morning and afternoon teas representing the cuisines of different cultures.

In 2001–02 the E&D homepage on the Airservices Australia intranet, AvNet, was regularly updated with relevant information for all staff and managers. In February 2002 a report on the number of staff hits to the most popular E&D sites was presented to the E&D Council (see Glossary). The report recorded 466 hits over a four-week period in February 2002.

Airservices Australia participated in the fifth annual 'Work Life Initiative – the Way Ahead' benchmarking survey in April 2002. The survey assessed our work and family policies and reported positively on our performance. A key issue which came out of this year's report was that organisations need to ensure that all staff have a reasonable work–life balance.

## Statistics on harassment

Airservices Australia's 39 E&D Contact Officers provide quarterly statistics on E&D enquiries and harassment and discrimination complaints within their areas. Reports are presented at the E&D Council meetings. Comparable statistics for the last two years are shown in Table 3.

**Table 3 Harassment and discrimination complaints**

	2000–01	2001–02
Staff number	2,861	2,798
Enquiries	56	42
Informal complaints	13	12
Formal complaints	2	2

## Commonwealth Disability Strategy

Under the Commonwealth Disability Strategy, Airservices Australia fulfils provider and employer roles.

In its provider role, Airservices Australia deals with the aviation industry and individual aviation customers, including members of the Australian community.

Airservices Australia is required to provide services to continually improve its performance in meeting the needs of customers with disabilities. The *National Equity and Diversity Program 2001–2004* identified outcomes for 2001–02 that have been implemented to ensure that Airservices Australia's corporate information is available in a variety of formats for people with disabilities. Airservices Australia has a Standards of Service Charter (see Appendix 9) that establishes standards of service for all customers, including those with disabilities. It also provides options for seeking redress to customers who believe those standards are not being met.

In its employer role, Airservices Australia aims to eliminate disability discrimination in the workplace through the E&D program. During 2001–02, the following actions and strategies were implemented:

- annual access audits were conducted in Canberra, Brisbane and Melbourne
- a number of modifications were made to improve general building access
- corporate information was produced in text and/or large print format to suit people with vision problems.

## Protective security

The final recommendations of a major external review of protective security management were implemented in financial year 2001–02. The Enterprise Security Working Group was formed and began its organisation-wide role in managing protective security outcomes, including the development of risk registers and action plans. Protective security risk outcomes also improved after the Risk Management Committee, formed this year, began further integrating security risk management within the business-wide risk management framework.

Following the 11 September 2001 terrorist attacks in the United States, reviews of the security alert system and the national access control system were initiated.

Airservices Australia used the experience it gained during the Sydney 2000 Olympic Games to plan and deliver support to the Commonwealth Heads of Government Meeting held in Coolumb, Queensland in March 2002. Airservices Australia staff worked closely with law enforcement agencies and Australian Defence Force personnel, elements of which were located within Brisbane Centre Operations and the Maroochydyore control tower.

A number of major protective security audits were completed in 2001–02. A logical security audit of the general computing network was completed, as was an Australian National Audit Office protective security audit of Airservices Australia facilities in Canberra, Sydney, Melbourne and Brisbane. The results will be released in 2002–03 and reported on in next year's annual report.

## Privacy

In 2001–02, privacy information on Airservices Australia's internet and intranet sites was reviewed with a view to improving the utility of information available to staff and the public. Procedures for the handling of privacy information were also reviewed and amended. Airservices Australia staff also attended privacy contact officer forums conducted by the Privacy Commissioner.

## Fraud control

Work began in 2001–02 on the development of revised fraud risk assessments and a fraud control plan to reflect statutory requirements and the new Commonwealth Fraud Control Guidelines released in May 2002.

## 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 the rules and practices which they use in making decisions which affect the public.

### FOI Act section 8 statement

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

1. Airservices Australia's organisation and functions
2. FOI procedures and initial contact point
3. Consultative arrangements
4. FOI activity for financial year 2001–02
5. Ombudsman activity for financial year 2001–02
6. Categories of documents held by Airservices Australia
7. Categories of documents available for purchase.

#### 1. Airservices Australia's organisation and functions

Airservices Australia's organisation and functions are presented in the Corporate Profile chapter of this report. Airservices Australia maintains an internet site at <[www.airservices.gov.au](http://www.airservices.gov.au)> which describes Airservices Australia and its functions and provides access to documents which are usually available on request (for example, airport movement statistics, operational information for Sydney Airport, pricing information, and press releases). In addition, the site also provides access to the information on Airservices Australia's Publications Centre site, which includes pricing information on documentation available for purchase.

#### 2. FOI procedures and initial contact point

Airservices Australia's CEO holds the powers to grant or refuse access under the FOI Act to any document held by Airservices Australia and has authorised certain officers to exercise those powers. However, Airservices Australia has centralised its FOI activity, with the function being managed from the Office of Legal Counsel. Acting under authorisation from the CEO, the Coordinator FOI and Inquiries, in consultation with relevant business centre managers, is responsible for managing all FOI requests to Airservices Australia for access to its documents. The Coordinator FOI and Inquiries has the power to impose charges on applicants and make initial decisions on access.

Airservices Australia usually provides copies of documents in response to requests. However, in some circumstances, arrangements can be made to provide access to records for viewing only.

A request under the FOI Act must be in writing, must include the \$30 application fee and must provide 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 waived.

To assist in quickly identifying the requested documents, applicants should provide as much information as possible about the individual document(s) or category of documents to which they are seeking access. We also advise applicants to provide a telephone number on which they can be called if we need to clarify a request.

Applicants are encouraged to contact the Coordinator FOI and Inquiries by telephone (see details below) if they have any queries or concerns in relation to a request for access to documents held by Airservices Australia.

The address for lodging requests for access is:

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

### **3. Consultative arrangements**

Airservices Australia 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 Australia maintains a number of avenues for consultation with the general public which include:

- consultative committees
- the internet site <[www.airservices.gov.au](http://www.airservices.gov.au)>
- airport community consultative committees
- written communication channels to the Minister, the Board, the CEO, members of the Executive and/or business centre managers
- telephone inquiry services
- industry briefings
- locally advertised public meetings and pilot briefings.

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

- ICAO Regional Core Planning Group
- ICAO air transport panels



- ICAO Legal Panel
- ICAO technical committees
- ICAO air navigation commission panels and study groups
- regional planning groups
- National Association of Testing Authorities
- Air Coordinating Committee and its sub-committees
- ICAO committees on promulgation of technical standards and recommended practices
- International Air Transport Association
- Joint Airservices Australia–Department of Defence working parties/committees
- Sydney Airport Long Term Operating Plan Implementation and Monitoring Committee
- Central Traffic Management System Steering Group
- Regional Airspace Users Advisory Committee
- Australian Firefighters Council.

#### **4. FOI activity for financial year 2001–02**

In 2001–02, Airservices Australia received 20 new requests under the FOI Act for access to documents, and completed four requests carried over from the previous financial year. Of those requests, full access was provided in response to four requests and part access in response to 12 requests. Access was refused in one case and six requests were withdrawn. One request was outstanding at 30 June 2002.

The table below provides statistical information on Airservices Australia's FOI activity for financial year 2001–02.

**Table 4 FOI activity, 2001–02**

Activity	Numbers
<b>Requests</b>	
On hand at 1 July 2001	4
New requests received	20
Total requests handled	24
Total requests completed	23
Outstanding at 30 June 2002	1
<b>Action on requests</b>	
Access in full	4
Access in part	12
Access refused	1
Access transferred in full	—
Request withdrawn	6
Total requests completed	23
Total outstanding requests at 30 June 2002	1
<b>Response times</b>	
0–30 days	23
31–60 days	—
61–90 days	—
90+ days	—
<b>Internal review</b>	
Requests received	2
Decision affirmed	2
Decision amended	—
<b>Review by Administrative Appeals Tribunal</b>	—
Applications received	

## **5. Ombudsman activity for financial year 2001–02**

In financial year 2001–02, Airservices Australia responded to nine formal requests from the Office of the Commonwealth Ombudsman, and provided information on an informal basis on a number of issues.

## **6. Categories of documents held by Airservices Australia**

The categories of documents listed below are held by Airservices Australia Head Office or regionally located offices or in an approved off-site secure storage area. Documents are maintained in various forms including paper file records; microfiche records; computer records; charts; and compact disk, cassette, audio and digital tapes.

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

- financial planning and pricing records and associated documentation
- taxation working documents
- Treasury records
- insurance files
- corporate property files, policy documents and database records
- contracts and agreements
- procurement guidelines
- contract precedent documentation
- financial statements and working papers
- financial reporting documentation
- financial reports
- financial systems instruction and training manuals
- budget reports, general ledger records, procedures and manuals
- project records, including financial data, approvals, briefs, plans, designs and commissioning reports
- financial records – including database-held data
- business transformation records
- Board records, including submissions, minutes and action records
- management meeting records, including submissions, records and minutes
- workplace agreements
- Corporate Plan
- service charter documentation

- 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 Australia and its operations, including financial and resource management records, internal operating procedures, policy and procedures manuals, instructions, circulars and newsletters
- employee file and database held records
- project, task and/or issue-specific 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
- FOI activity records
- OHS records
- corporate plans
- E&D records
- compensation records
- media reports and press releases
- Year 2000 project status documents
- aeronautical information circulars and publications
- training records

- project management policy, manuals, processes and procedures
- project records, including schedules, contracts and financial records
- tenders/bids/submissions for external works
- original contract documents
- contract precedent database documents
- service agreements
- communications systems related documents including systems handbooks, aeronautical engineering instructions, drawings, reports, configuration documents and policy documents
- policy and procedures manuals – both personnel and operational
- communications, surveillance, navigation, testing and maintenance systems engineering and technical related documents, specifications, instructions, manuals, standards, procedures, reports, maintenance records, plans and asset records
- memoranda of understanding and letters of agreement with various bodies, both within Australia and internationally
- radar tapes and analyses 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, concepts (including associated documents) and indices
- quarterly reports of noise measurements made by the 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 the 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
- 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
- ARFF general bulletins and operational bulletins
- ARFF policy and procedures documentation
- policy documents related to recruitment, OHS, hazardous materials, and fire safety policy
- Australian fire fighting 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 ARFF systems, including ALARMON and DATACHEM
- ARFF Total Quality Management Manual
- various publications available for public sale through Airservices Australia's Publications Centre
- operational documents and aeronautical charts for pilot navigation and flight planning
- pilot education material
- internal staff publications, including *Airspace*, E&D newsletters, bulletin boards and other publications
- aeronautical information publications and operational charts, including en route information and world aeronautical charts.

## **7. Categories of documents available for purchase**

Airservices Australia has a wide range of documents available for purchase from its Publications Centre in Melbourne. The collection of documents includes publications produced within Airservices Australia and from sources external to Airservices Australia. The categories of documents available are as follows.

### **A. Airservices Australia and Civil Aviation Safety Authority products**

This category includes:

- Airservices Australia and CASA regulatory and operational documents
- logbooks – aircraft
- logbooks – pilot, operational notes, and syllabus.

### **B. Aviation reference products**

This category includes:

- aerodrome reference books
- Air Transport Pilot Licence training manuals
- engineering reference books
- general reference books
- GPS titles
- helicopter reference books
- human performance factor books
- Jeppeson products
- meteorology reference books
- navigation products
- Private Pilot Licence/Commercial Pilot Licence training manuals
- sample pilot exams
- 'Practical Flying' series
- videos
- world aeronautical charts
- chart packages.

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

Address: Level 4, Alan Woods Building  
25 Constitution Avenue  
Canberra ACT 2600

Mail: Locked Bag 8500  
Canberra ACT 2601

Telephone: 1300 306 630 or (02) 6268 5500

Facsimile: (02) 6268 5111

Internet/email: [publications.centre@airservices.gov.au](mailto:publications.centre@airservices.gov.au)

## Superannuation

Airservices Australia's 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 and dated 30 June 1994. An accumulated superannuation option was introduced in November 1997 to complement the defined benefit scheme offered by AvSuper Proprietary Limited.



## Staffing statistics

The following tables provide details of Airservices Australia's staffing profile in 2001–02.

**Table 5 Total number of employees by classification and state, 2001–02**

Job type	ACT	NSW	NT	Qld	SA	Tas	Vic	WA	Total
<b>Clerical Administration</b>	111	23	1	53	5	–	39	3	235
<b>Airways System Data Officer</b>	1	8	–	38	–	–	37	–	84
<b>Air Traffic Controller</b>	13	145	5	379	50	10	308	51	961
<b>Air Traffic Controller (Trainee)</b>	1	6	–	1	–	–	38	–	46
<b>ATS Support Specialist</b>	14	6	–	13	2	–	20	–	55
<b>Engineer</b>	2	–	–	3	–	–	4	–	9
<b>Aviation Fire Fighter</b>	19	62	54	149	33	35	63	62	477
<b>Flight Info Services Officer</b>	–	–	–	42	–	–	–	–	42
<b>Flight Data Coordinator</b>	–	–	–	14	–	–	14	–	28
<b>Flight Services Officer</b>	–	–	–	52	–	–	–	–	52
<b>ITO*</b>	16	3	–	1	–	–	3	–	23
<b>Management</b>	158	25	4	59	1	1	43	6	297
<b>Senior Engineer</b>	17	2	–	8	–	–	7	–	34
<b>Senior ITO</b>	15	–	–	1	–	–	2	–	18
<b>Senior Technical</b>	10	8	1	23	2	1	12	4	61
<b>Technical Officer</b>	17	62	15	129	28	6	88	31	376
<b>Total</b>	<b>394</b>	<b>350</b>	<b>80</b>	<b>965</b>	<b>121</b>	<b>53</b>	<b>678</b>	<b>157</b>	<b>2,798</b>

\* Information Technology Officer.

**Table 6 Total number of employees by classification and gender, 2001–02**

<b>Job type</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
<b>Clerical Administration</b>	154	81	235
<b>Airways System Data Officer</b>	16	68	84
<b>Air Traffic Controller</b>	82	879	961
<b>Air Traffic Controller (Trainee)</b>	12	34	46
<b>ATS Support Specialist</b>	4	51	55
<b>Engineer</b>	1	8	9
<b>Aviation Fire Fighter</b>	3	474	477
<b>Flight Info Services Officer</b>	8	34	42
<b>Flight Data Coordinator</b>	6	22	28
<b>Flight Services Officer</b>	7	45	52
<b>ITO</b>	5	18	23
<b>Management</b>	34	263	297
<b>Senior Engineer</b>	–	34	34
<b>Senior ITO</b>	1	17	18
<b>Senior Technical</b>	–	61	61
<b>Technical Officer</b>	2	374	376
<b>Total</b>	<b>335</b>	<b>2463</b>	<b>2,798</b>

**Table 7 Total number of employees by state and gender, 2001–02**

<b>Gender</b>	<b>ACT</b>	<b>NSW</b>	<b>NT</b>	<b>Qld</b>	<b>SA</b>	<b>Tas</b>	<b>Vic</b>	<b>WA</b>	<b>Total</b>
<b>Female</b>	103	35	2	97	4	1	90	3	334
<b>Male</b>	291	315	78	866	117	52	590	154	2,464
<b>Total</b>	<b>394</b>	<b>350</b>	<b>80</b>	<b>963</b>	<b>121</b>	<b>53</b>	<b>680</b>	<b>157</b>	<b>2,798</b>

## APPENDIX 6

### Judicial decisions and reviews by outside bodies

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#### **Judicial decisions**

There were no judicial decisions or decisions of administrative tribunals during 2001–02 that have had, or may have, a significant impact on the operations of Airservices Australia.

#### **Reports**

Airservices Australia did not receive any reports on its operations from the Auditor-General, a parliamentary committee or the Commonwealth Ombudsman, other than those which appear in Appendix 5, during 2001–02.

## APPENDIX 7

### Indemnities and insurance premiums for officers

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In 2001–02 Airservices Australia held a Directors and Officers Liability insurance policy. It is a condition of this policy that the nature of the liability indemnified, the limits of liability, and the premium payable not be disclosed to third parties except to the extent that:

- (a) Airservices Australia is required to do so by law; or
- (b) the insurer consents in writing to such disclosure.

## APPENDIX 8

### Noise complaints statistics

The following table gives comparative statistics on noise complaints made by telephone, by region, for the last two years.

**Table 8 Number of telephone complaints about noise, 2001–02**

Airport	Complaints		Percentage change	Comments
	2000–01	2001–02		
Sydney	36,796	11,959	68.0 decrease	The number of complainants also decreased by 55.8 per cent to 1,419 for this period
Melbourne (including Moorabbin, Essendon)	320	290	9.4 decrease	No specific trends
Canberra	304	69	77.0 decrease	Decrease due primarily to Canberra International Airport local action with assistance from Airservices Australia
Tasmania	28	47	67.8 increase	No specific reason for increase
Brisbane (including Coolangatta)	5,114	6,459	26.3 increase	5,241 from one household
Cairns	—	49	—	Data provided by Cairns Port Authority – not previously available
Adelaide (including Parafield)	202	190	6.0 decrease	24 from three households
Perth (including Jandakot)	663	465	29.8 decrease	Only 2–3 per cent from same callers

### Standards of Service Charter

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Airservices Australia's Standards of Service Charter establishes the standards of service you can expect from Airservices Australia and the options available to you if you believe these standards are not being met.

#### **Our vision**

To be the global leader in air traffic management and the provision of related information and safety services through:

- keeping safety first
- best practice environmental management
- the pursuit of operational excellence
- creating value for our stakeholders
- growing our business
- skilled and committed employees.

#### **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, and
- environmental regulation and monitoring.

These services are provided from facilities at all major Australian airports and from two purpose-built centres adjoining the Brisbane and Melbourne airports. A system of navigation aids across Australia is also maintained by Airservices Australia. The services are delivered by three operating groups: Air Traffic Management, Airport Services and Infrastructure Support Services.

## Our commitment to service

In achieving our goals, we recognise the need for honesty and accountability. In serving you, and in exercising our legislative powers and functions we will:

- pursue safety as our highest priority
- protect the environment as far as practicable
- perform our functions and deliver our services consistent with our international aviation obligations and in accordance with civil aviation standards and recommended practices, and
- consult with key stakeholders about our service delivery and investment priorities.

## Our service standards

- You will be treated with courtesy and our staff will provide all necessary assistance.
- Every inquiry 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, faxed or emailed 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.
- Technical and operational information will be timely and accurate and provide sources of additional information as appropriate.
- Airservices Australia staff will be kept up to date with the direction 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.

## How to make a complaint

If you are not satisfied with our services or any matter related to our service provision, you can use any of the following methods to make your complaint.

- Attempt to resolve the particular problem with the staff member you are dealing with.
- If you are not satisfied with the outcome talk to the staff member's manager.
- If the above methods are not appropriate, write, fax, email or telephone the manager in charge at the respective location.
- If this is impractical or undesirable, write to or telephone the relevant General Manager who will respond as soon as practicable.
- If you are still not satisfied with how your complaint has been handled you can write to the Commonwealth Ombudsman at GPO Box 594, Canberra ACT 2601.

## Feedback

We welcome your feedback, whether it be negative or positive. If you wish to make a comment or suggestion about our service or an issue, please contact us by phone, mail or fax (see contact details below). Your suggestions can help us to provide a better service to you.

## Further information

For further information contact:

The Manager, Corporate Communication

Telephone: (02) 6268 4479

Facsimile: (02) 6268 5688

### **write to:**

The Chief Executive Officer

Airservices Australia

GPO Box 367

Canberra ACT 2601

visit the Airservices Australia website: <[www.airservices.gov.au](http://www.airservices.gov.au)>

### **or visit the Head Office:**

Alan Woods Building

25 Constitution Avenue

Canberra ACT 2601

Telephone: 1300 301 120

Facsimile: (02) 6268 5683



## APPENDIX 10

### Glossary of terms

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AASMG	Australian Air Traffic Management Strategic Management Group
ACS	Australian Construction Services
ADS-B	Automatic Dependent Surveillance – Broadcast
AFTN	Aeronautical Fixed Telecommunications Network
Airspace	Airservices Australia's internal staff newsletter
ARFF	Aviation Rescue and Fire Fighting
ATM	Asynchronous Transfer Mode ( 'air traffic management' also known as ATM is spelt out in full in this publication)
ATN	Aeronautical Telecommunication Network
ATS	Air Traffic Service
AvNet	Airservices Australia's intranet
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CASA	Civil Aviation Safety Authority
CEO	Chief Executive Officer
Class E airspace	Airspace in which Instrument Flight Rules (IFR) and Visual Flight Rules (VFR) flights are permitted; IFR flights are provided with air traffic control service and are separated from other IFR flights; and all flights receive traffic information as far as is practical.
Class G airspace	Airspace in which IFR and VFR flights are permitted and receive flight information service if requested. IFR flights receive directed traffic information.
CTMS	Central Traffic Management System
DNRP	Data Network Replacement Project
E&D	equity and diversity
EADS	European Aeronautical Defence and Space Company
EBIT	earnings before interest and tax
EMS	Environment Management System
Equity and Diversity Council	An Airservices Australia council established to facilitate the achievement of Airservices Australia's equity and diversity objectives.

Eurocat	Thales ATM (commercial organisation) air traffic management automation product used by Airservices Australia
FMS	Facilities Management Services
FOI Act	<i>Freedom of Information Act 1982</i>
GNSS	Global Navigation Satellite Systems
GPS	Global Positioning System
GRAS	Ground - based Regional Augmentation System
HF	High Frequency
ICAO	International Civil Aviation Organization
IFR	Instrument Flight Rules – flights conducted in circumstances other than for Visual Flight Rules (VFR)
ILS	Instrument Landing System
IMTP	Information Management Transformation Program
ISO	International Organization for Standardization
ITO	Information Technology Officer
KPI	key performance indicator
LCD	Liquid Crystal Display
LTOP	Sydney Airport Long Term Operating Plan
MAESTRO	tactical sequencing of aircraft flow system
MP	Member of Parliament
NOTAM	Notice to Airmen services
OHS	occupational health and safety
OHSMS	Occupational Health and Safety Management System
PRM	Precision Runway Monitor
RVSM	Reduced Vertical Separation Minima
SAP	Systems, Applications and Products in data processing (a commercial brand)
Satphone	satellite telephony
TAAATS	The Australian Advanced Air Traffic System
TAR	Terminal Approach Radar
TCU	Terminal Control Unit
UNTAET	United Nations Transitional Administration in East Timor
VHF	Very High Frequency
VFR	Visual Flight Rules – applied in visual meteorological conditions. Flight navigation is generally by visual reference to the ground or water.
VSCS	Voice Switch and Control System

# APPENDIX 11

## Compliance Index

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