

# Annual Report

July 2004 – June 2005

annual report



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# LETTER OF TRANSMITTAL

28 September 2005

**The Hon. Warren Truss MP**

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 2004 to 30 June 2005.

The report of operations and financial statements have been prepared in accordance with the *Air Services Act 1995* and the *Commonwealth Authorities and Companies Act 1997*.

Yours sincerely



**Nick Burton Taylor AM**

Chairman



# CHAIRMAN'S REPORT

**This is my first Airservices Australia annual report as Chairman since my appointment in January 2005 along with new Board directors David Forsyth, Christine Goode, Henk Meertens, Philippa Stone and Alice Williams.**

The international aviation environment improved during 2004–05. This was particularly the case in our part of the world, where passenger rates were up 19 per cent and Asian and Pacific operation airlines posted significant profits, in contrast to North American carriers, who lost several billion dollars.

Around 1.8 billion people flew worldwide last year, and some industry experts predict that air traffic volumes will double over the next 15 years. With demand for air travel increasing so rapidly, the challenge is out to air traffic services providers to support this growth with equally rapid technology development.

Airservices played its part in assisting the industry to carry those billions of passengers and more than 38 million tonnes of freight worldwide last year. We also provided air traffic services for some 12,000 registered general aviation aircraft flying in Australia.

Enormous changes and evolution are taking place in the industry since the inception of procedural, radio-based, air traffic control. The main challenge for Airservices is to be at the forefront of technology transfer while providing an affordable air traffic management service.

Because of deregulation, we also need to continue to operate within a commercial framework. To do this, we must meet the needs of our customers by constantly assessing the services we provide, and their supporting systems, for safety and operational efficiency.

In forward planning, we cannot ignore the reality that air traffic control costs a typical commercial airline between 3 per cent and 7 per cent of its operational costs. Airservices is fully cognisant of this, and it is heartening to report that our operating costs are significantly less than they were a decade ago. Specifically, while we are now processing 49 per cent more aircraft movements, our prices have been reduced over the decade by more than 30 per cent in real terms.

We were greatly honoured to be voted the world's best air traffic control provider for 2005 by the global airlines peak body, the International Air Transport Association. Airservices is the only air navigation service provider to have won the 'Eagle' award twice (the first time was in 1999). The award recognises our commitment to our customers for price certainty and cost reduction through flexible tracking, new routing arrangements and airspace harmonisation.

During the year, Chief Executive Officer Bernie Smith retired after four years in the position, and Board members Ronald Entsch and Kevin Gale completed their terms. Belinda Gibson and Martin Dolan resigned mid year.

I thank them and existing Board members, including Air Marshal Leslie Fisher (who acted as Chairman until January 2005), for their unwavering dedication to the corporation, particularly in 2004 during the difficult 10 month NAS deliberations.

I particularly wish to extend my thanks to Air Marshal Fisher for the energy and focus he has applied to the finalisation of the NAS end state and the extensive process of consultation and drive this has required.

At the same time, I welcome directors David Forsyth, Christine Goode, Henk Meertens, Philippa Stone and Alice Williams, who joined me on the Board in January.

A new Chief Executive Officer, Greg Russell, has been appointed to commence in July. I express my gratitude to acting CEO Hisham El-Ansary, management and staff for their professional contribution during 2004–05.



**Nick Burton Taylor AM**

Chairman

30 June 2005



# CEO'S REPORT

**Airservices Australia's major priorities for the year under review included the National Airspace System (NAS) Stage 2(b) and progressing the remaining elements of the NAS reform program, finalising long-term pricing arrangements for air traffic control and aviation rescue and fire fighting (ARFF) services, and the national rollout of the upper airspace aircraft tracking system—Automatic Dependent Surveillance – Broadcast (ADS–B).**

The commencement of a five-year contract to manage five towers for the United States Federal Aviation Administration was also a significant achievement.

## National Airspace System

The changes to NAS 2(b) involved changes to only about 10 per cent of Class E airspace, but introduced enhancements to air traffic control procedures around towered airports. Preparation of a five-year endstate NAS model continues. Keeping safety as the most important consideration, the corporation remains strongly committed to the government's aviation reform program. In June, we implemented further reforms relating to light aircraft and gliders, offering free services to Visual Flight Rules aircraft and greater airspace access for gliders.

## Technology leadership

Our major technological initiative—introduction of the radar-like ADS–B system across Australia—continues. Successful trials have been held in association with the airline industry. The Civil Aviation Safety Authority has recently authorised the introduction of five nautical mile minimum separation standards between ADS–B equipped aircraft, and the 28 ground stations required are currently being installed.

The system, providing almost nationwide air traffic surveillance capability above 30,000 feet, will be in operation in 2006.

Airservices Australia continues to lead the world in aspects of global navigation satellite systems. During the year, the International Civil Aviation Organisation released for comment to its member states the standards and recommended practices for the Airservices-designed Ground-based Regional Augmentation System (GRAS). The system is expected to be available globally to civil aviation users in 2006. In June 2005, we signed a contract with Honeywell International for the systems design and development of operational software, for delivery in 2007. The Board will consider the commercialisation of GRAS towards the end of 2005.

Aviation is moving closer to 'autonomous flight' or 'self-separation', in which all information is delivered to the cockpit of the aircraft. We will continue to assess the long-term implications of such changes for Airservices Australia.





## Operations

Major operational initiatives during 2004–05 included:

- establishing the Airspace and Environment Regulatory Unit on 1 July 2004, separating Airservices' regulatory airspace and environment functions from our operational and commercial activities
- progressing to substantial completion of the replacement of our satellite communications network, redesigning the Very High Frequency (VHF) air–ground, air–voice systems and the domestic and international High Frequency (HF) communications systems
- signing copyright data licensing and dealership agreements with European Aeronautical Group to improve the aeronautical information products and services available to the global aviation market
- delivering ARFF services at Sunshine Coast Airport, Maroochydore in October 2004 and at Townsville/Marshall Field (ex-Defence) in January 2005. A newly constructed fire station at Ayers Rock Airport, currently operating from temporary premises, will officially open in October 2005
- commencing on 1 January 2005, the delivery of a multi-million dollar contract between our United States subsidiary, Airservices Pacific Incorporated, and the US Federal Aviation Administration (FAA). This five-year contract, under which we provide air traffic control services at five tower locations in Hawaii, Guam and Saipan, has significantly raised our international business profile and credibility.

## Future pricing and investment

We received endorsement from the Australian Competition and Consumer Commission (ACCC) on our proposal for en route and terminal air traffic control charges. This has allowed us to establish prices and secure a great portion of our revenue stream over the next five years. The new prices, effective from 1 January 2005, will also bring price certainty for our customers. The corporation is soon to present further proposals to the ACCC on the structure of ARFF pricing, with an outcome expected later in 2005.

We have made strong progress towards implementing our significant five-year capital program. Over \$100 million was invested during the year on new infrastructure across all of our operations. In particular, we are upgrading and rationalising our telecommunications networks, enhancing our air traffic management software, TAAATS, and implementing new surveillance capabilities based on ADS–B technology. We also invested significantly in upgrading our ARFF infrastructure to ensure that we are able to continue to meet our obligations.

## Commercial revenue

Complementing our major contract with the US FAA and our 10-year contract to provide upper level airspace management on behalf of the Solomon Islands, 2004–05 saw increased activity on several multimillion dollar international projects. As a result we were able to generate some \$29.3 million in other commercial revenue.

Target customers included the Civil Aviation Administration of China, Indonesian aviation authorities and the Airports Authority of India. A number of major negotiations began with Pacific countries, including Papua New Guinea, Fiji and the Philippines.

In the domestic market, we signed contracts with a number of airport operators. The most significant projects involved:

- new runway lighting at Sydney international airport
- international flight inspection services at Australian airports
- ARFF services at Townsville airport
- facilities management at Oakey Base in Queensland, flightpath noise monitoring at Williamtown in New South Wales, and facilities management at Richmond Base, for Defence.

## Corporate governance

Following the completion of a fraud risk assessment, the Board endorsed a revised fraud control plan on 31 May 2005. The corporation maintains appropriate fraud prevention, detection, investigation, reporting and data collection procedures that comply with the Commonwealth Fraud Control Guidelines.

Airservices is committed to a strategy of continually striving for, and delivering, enhanced safety and performance outcomes. For human error management, the achievement of enhanced safety and performance outcomes is materially improved through the uninhibited reporting of all incidents and occurrences that compromise safety or performance within our operating environment.


## Our people—the future

Our fatigue risk management system for air traffic services shift workers was completed during the year, and became effective on 1 July 2005. The principal components of the system are policy, roster management, risk assessment, hazard control education and training, incident investigation and continuous review.

Negotiations began with unions and staff on new three-year certified agreements in February 2005, and by 30 June discussions had progressed satisfactorily. The intention is to finalise new, mutually rewarding agreements in the second half of 2005.

My sincere thanks go to Airservices' dedicated employees, who continue to be motivated to keep our skies safe and work at the forefront of air navigation service innovation. With the long lead times involved in aviation and the rapid evolution of technology, we are all well aware that planning now is critical to meeting future demand. Improvements in our navigation, communication and surveillance systems enable us to provide the services expected by customers to improve safety and operational capability.

I also wish to express my thanks to Chairman, Nick Burton Taylor, and the directors for their strong support and encouragement of management as we seek to deliver on the requirements of our customers and owner.



**Hisham El-Ansary**

Acting Chief Executive Officer

30 June 2005



# CORPORATE OVERVIEW

## Annual reporting requirements and responsible minister

**Airservices Australia is accountable to the Australian Parliament and to the government through the Minister for Transport and Regional Services, the Hon. Warren Truss MP who took over the portfolio on 3 July 2005 from the Hon John Anderson MP.**

Under the *Air Services Act 1995* (Air Services Act) and section 9 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act), the corporation must provide an annual report for tabling in Parliament.

The directors of Airservices Australia are responsible for the preparation and content of this report, which has been prepared in accordance with the Air Services Act, the CAC Act and the Finance Minister's Orders.

## Enabling legislation, objectives and functions

Airservices Australia was established under the Air Services Act on 6 July 1995, with reporting and accountability arrangements set out in the CAC Act.

In 1997, Airservices Australia's status was amended to that of a Commonwealth authority. This had some minor implications for the application of the CAC Act and had an impact on the corporation's governance and operations. In 1999, the government announced its intention to further corporatise Airservices Australia. Securing the status and enhanced business opportunities of a Government Business Enterprise remains a high priority for the corporation.

Amendments to the Air Services Act in September 2003 broadened the corporation's powers and functions under section 8, enabling Airservices Australia to engage in a wider range of external and international business opportunities.

Under the Act, the corporation is responsible for:

- providing facilities to permit safe navigation of aircraft within Australian-administered airspace
- promoting and fostering civil aviation in Australia and overseas
- 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
  - air traffic services
  - an aeronautical information service
  - rescue and fire fighting services



- an aeronautical radio navigation service
- an aeronautical telecommunications service
- cooperating with the Australian Transport Safety Bureau in relation to the investigation of aircraft accidents and/or 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.

## Airservices Australia's aspiration, mission and values

<b>OUR ASPIRATION:</b>	empowering people to lead through excellence and innovation.
<b>OUR MISSION:</b>	<p>to be the preferred global partner for air traffic and related aviation services.</p> <p>We will achieve this through:</p> <ul style="list-style-type: none"><li>• keeping safety first</li><li>• being an employer and service provider of choice</li><li>• world best operations</li><li>• profitable growth of commercial activities</li><li>• responsible environmental management.</li></ul>
<b>OUR VALUES:</b>	in achieving our ambitious goals, we recognise the need for honesty, accountability and strong leadership to engender a spirit of unity and trust.

## Strategic intent

Airservices Australia's strategic intent, articulated in the corporation's 2005–10 Corporate Plan, is to:

- maintain and improve the safety and environment of the Australian air transport system
- be the preferred global partner for air traffic and related aviation services
- create value for our owner, our customers, our staff and other stakeholders.

Figure 1 shows the links between Airservices Australia's corporate objectives and strategies, and the results against key performance indicators detailed in the Report of Operations.

**FIGURE 1 PERFORMANCE FRAMEWORK**





## Principal activities

FIGURE 2 MAP OF FIR



**Airservices Australia is a government-owned body corporate. We are responsible for providing safe and environmentally sound air traffic management and related services to the aviation industry in the Australian Flight Information Region (FIR).**

The Australian Flight Information Region covers more than 11 per cent of the globe, and includes not only Australia's sovereign airspace but also international airspace over the Pacific and Indian oceans.

Airservices Australia delivers:

- 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 17 busiest international and domestic regular public transport airports
- design and management of airspace usage
- management of the Australian national air navigation infrastructure
- international and domestic aviation consultancy and project management services.

We service over three million aircraft movements each year, and maintain a \$414 million fixed asset base across 600 sites around Australia.

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

Airservices Australia is a world leader in the technological development of advanced, satellite-based communication, navigation and surveillance systems. Together with the International Civil Aviation Organization, and its counterparts in Asia and the Pacific, we share information and advances in aviation technology and work to maintain global aviation safety standards.

In Australia, we work closely with other government organisations concerned with aviation safety and regulation, such as the Department of Transport and Regional Services, the Civil Aviation Safety Authority, the Air Transport Safety Bureau and the Australian Maritime Safety Authority.

Further information about Airservices Australia can be found on our website:  
<http://www.airservicesaustralia.com>.

## Corporate structure

**Airservices Australia's current business structure is shown in Figure 3. The structure is based on four business groups, each of which has distinct responsibilities and business or profit centres. The four groups—Air Traffic Management, Airport Services, Infrastructure Support Services and the Airspace and Environment Regulatory Unit — are assisted by a Corporate Services group and Head Office. The managers of these groups, including Corporate Services and Head Office, form the Executive Committee.**

The Executive Committee advises the Chief Executive Officer (CEO) on the management of Airservices Australia and makes policy and strategy recommendations to the Board. In 2004–05, the members of the Executive Committee were:

- Mr Bernard Smith: Chief Executive Officer and Managing Director (to 20 January 2005)
- Mr Hisham El-Ansary: Chief Financial Officer and General Manager Corporate Services (to 20 January 2005); Acting Chief Executive Officer (from 20 January 2005)
- Mr Alan Barber: Acting Chief Financial Officer and General Manager Corporate Services (from 20 January 2005)
- Mr Andrew Fleming: General Manager Air Traffic Management
- Mr Brian Prendergast: General Manager Infrastructure Support Services
- Mr Alastair Hodgson: General Manager Airport Services
- Mr Ken McLean: General Manager Airspace and Environment Regulatory Unit



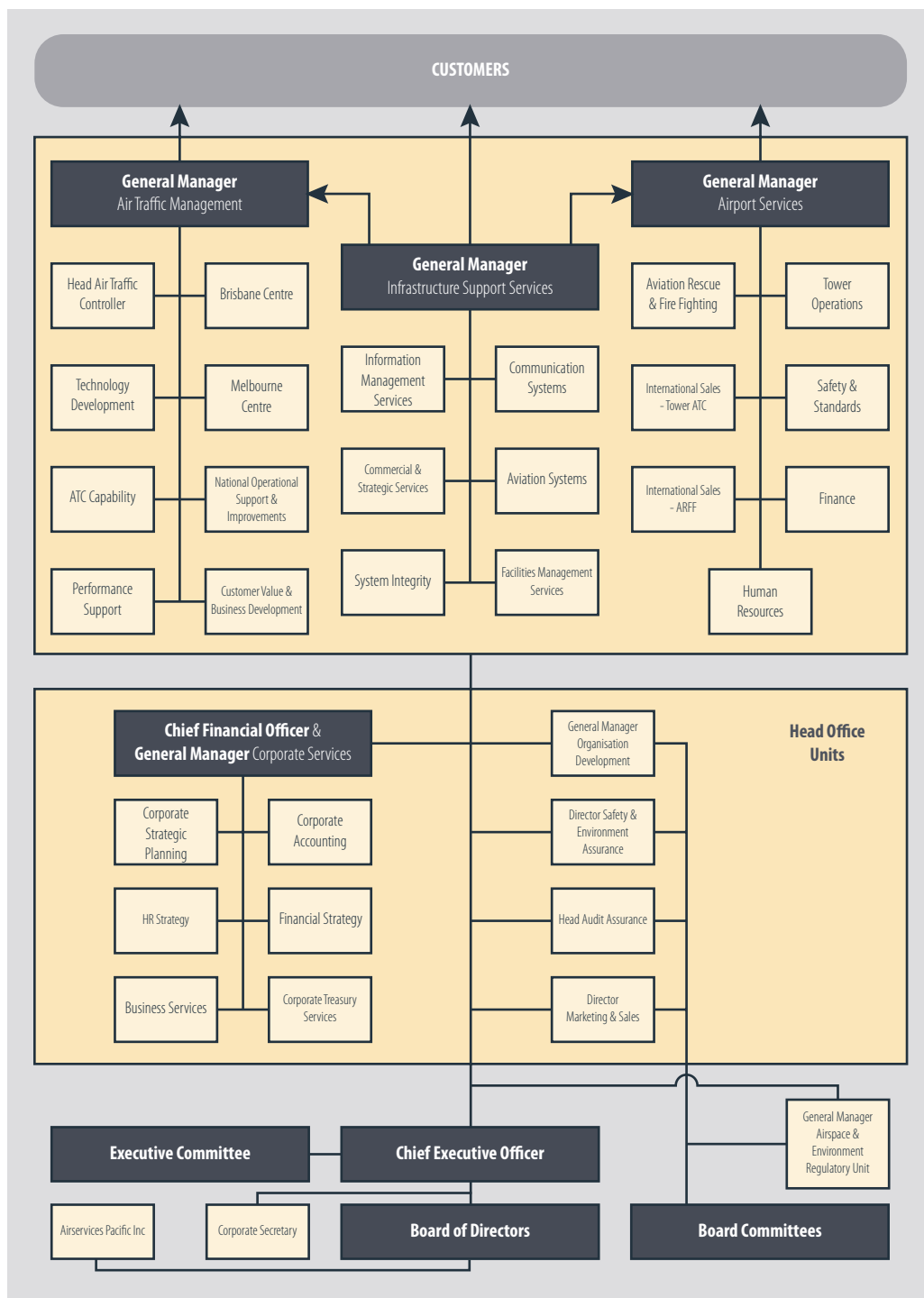
- Mr Tom Grant: General Manager Organisation Development; Corporate Secretary (to 29 June 2005)

The Director Safety and Environment Assurance, the Director Marketing and Sales and the Chief Internal Auditor are co-opted to the Executive Committee as required.

At 30 June 2005, Airservices Australia employed 3028 permanent staff across Australia. Our workforce includes specialists in air traffic control, aviation rescue and fire fighting, engineering, technical services, information technology, human resource management, communications, legal services, security, financial management and administration. Appendix 4 includes staffing statistics.



FIGURE 3 AIRSERVICES AUSTRALIA BUSINESS STRUCTURE AT 30 JUNE 2005





## Directorship and corporate governance

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

### *Board of Directors*

The Board is responsible for deciding the objectives, strategies and policies to be followed by Airservices Australia, and for ensuring that the corporation performs its functions properly, effectively and safely. The Board appoints and delegates responsibility for the management of the corporation to the CEO, who is also a director of the Board. At the end of the financial year, the Board comprised eight non-executive directors and one executive director.

The Board has five standing committees to increase its effectiveness. Meeting and membership information for each committee is shown in Appendix 1. Each committee listed below functions in accordance with a charter approved and reviewed annually by the Board.

The **Audit Committee** currently comprises three non-executive directors. 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. The committee also oversees enterprise risk management accountability.

The **Safety and Environment Committee** currently consists of four non-executive directors and the Board Chairman and CEO, who are ex-officio members. The committee reports to the Board on the management of the corporation's safety and environmental responsibilities.

The **Remuneration Committee** comprises the Board Chairman, as Committee Chairman, one non-executive Board member and the CEO. The committee recommends remuneration for the CEO and provides guidance to the CEO on the remuneration of Executive Committee members. In addition, the committee develops recommendations to the Board on CEO succession and monitors succession prospects for members of the Executive Committee.

The **Security Committee** comprises two non-executive directors and the CEO. Airservices Australia is responsible for protecting its people, facilities and operations from external physical, electronic and other possible threats. This committee monitors the corporation's development and implementation of strategies, policies and procedures to counter such threats.

The **New Business Committee** comprises the Board Chairman and the CEO, plus the Deputy Chairman in an ex-officio capacity for defence matters. The committee considers new business proposals and reviews the commercial integrity of proposals requiring urgent approval out of session. Where appropriate, the New Business Committee approves the execution by the CEO of contracts in excess of his \$5 million financial delegation.

## ***Ethical standards***

Airservices Australia promulgates information to staff on ethical standards through Board-endorsed policy, Chief Executive management instructions and other human resource instructions and procedures.

As a condition of their employment, all staff must comply with a comprehensive code of conduct while at work and as corporation representatives. Included in the code are guiding principles for the appropriate handling of conflicts of interest. Airservices Australia's Code of Conduct is available from the corporation's website or by request.

## ***Risk management***

Risk management is a key element of Airservices Australia's corporate governance framework. Risks to air safety, the environment, our people and business performance are actively identified, mitigated and managed.

The Board revised its risk management policy in July 2004, based on the Australian/New Zealand Risk Management Standard 4360 and the Committee of Sponsoring Organisations of the Treadway Commission Internal Control and Enterprise Risk Management Frameworks.

The Board sets the parameters for acceptable risk exposure and keeps the minister informed of our approach to risk management and key risks.

Risk management is a dynamic process in which our groups and business centres escalate emerging risk to the CEO in monthly business reports. The CEO, advised by the Executive Risk Management Committee, provides regular reports to the Board on significant risks to the achievement of the Corporate Plan objectives and how they are being managed. The Chief Financial Officer provides a quarterly report to the Board Audit Committee on initiatives to maintain and enhance the enterprise risk management system.

A project was established in late 2004 to design and implement an enterprise risk management framework encompassing existing risk management processes. The aim of the project is to ensure that risks are consistently analysed, prioritised and mitigated across the corporation, and that the most significant risks are communicated to senior management and the Board in a timely manner.

Additionally, the corporation implemented risk-based internal auditing during 2004–05 to provide improved assurance on the management of risks to senior management and the Board.

## ***Corporate planning***

As required by the CAC Act and the Air Services Act, Airservices Australia produces an annual corporate plan. The plan analyses our operating environment, outlines our corporate and

financial strategies, specifies the targets we want to achieve, and sets out the benchmarks and key performance indicators we use to measure our performance (see Figure 1).

Our 2005–10 Corporate Plan is available at our website: <http://www.airservicesaustralia.com/aboutus/corpdocuments/corporateplan.pdf>.



## **Airspace and Environment Regulatory Unit**

In April 2004, the government announced the transfer of the airspace management function from Airservices Australia to an Airspace Directorate in the Department of Transport and Regional Services (DOTARS).

In the interim, the Airspace and Environment Regulatory Unit (AERU) was established within Airservices Australia on 1 July 2004 to provide a clear separation of our regulatory and commercial functions. The unit is accountable for providing strategic airspace planning for Australian administered airspace.

During 2004–05, AERU developed a range of airspace planning processes that operate independently from other Airservices Australia business functions. This will facilitate the transfer of AERU functions to DOTARS. The unit has formally documented its management processes, consistent with ISO quality management standards.

AERU has formed and administers an industry airspace consultative forum to provide transparency in the development or amendment of policies, strategic planning material and regulation.

The unit began the first draft of the Australian Airspace Plan as a strategic framework for the development of Australian airspace in the short, medium and long term through to 2025. The plan defines airspace structure and requirements, and sets out concepts for the equitable and efficient future design and use of Australian managed airspace, consistent with safe operations.

AERU also planned and initiated the consolidation of the noise enquiry function into Sydney from five locations, allowing better quality and higher efficiency.

## **Standards of Service Charter**

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

The charter is available from our offices and from our website: <http://www.airservicesaustralia.com/profile/charter.pdf>.

# REVIEW OF OPERATIONS

## Operational results

### *Key result area: Safety*

**To maintain world leading safety performance by keeping safety first in the efficient delivery of all our services and by understanding and managing our risks.**

The Board Safety and Environment Committee regularly reports to the Airservices Australia Board on safety, and a senior management safety panel meets monthly to analyse safety performance. At the end of the financial year, the safety panel was considering a new set of key performance indicators that includes predictive measures. This work continues.

Management and staff safety management reviews are held twice a year in the major business centres, and twice-yearly safety forums are also held with the 28 domestic airlines with which we have agreements to exchange safety data. Further airlines have been added to the list of those participating. Our letters of agreement with existing airlines were all re-signed. The Airservices Australia Safety Plan has been distributed to internal and external stakeholders.

During 2004–05, we continued our regular meetings and forums with neighbouring countries on safety, cooperation and operational and technical support. Airservices Australia representatives attended the Near Pacific Safety Forum, AusIndo 21 and the AusPNG Safety Forum. We participated in the CANSO safety conference in South Africa in November 2004 to aid international benchmarking of safety performance, and coordinated a safety information exchange program with CANSO members.

We continue to chair the ICAO Separation and Airspace Safety Panel and the Regional Airspace Monitoring Advisory Group.

The refinement of Airservices Australia's Safety Management System (SMS) continued during 2004–05. Work continued during the year to ensure that the Airservices Australian SMS complies with the relevant Civil Aviation Safety Regulations (CASRs). After the Civil Aviation Safety Authority (CASA) published new SMS requirements for CASR Part 139H, we revised our SMS to ensure continuing compliance. We made further improvements to the presentation of the SMS, in print and online, to make the material more accessible and user friendly.

Refinements to our safety audit program for 2004–5, which included compliance auditing, were derived from systems analysis and field data. Our second annual Safety Climate Survey found a general improvement in safety. Results and presentations were provided to business centres.

We appointed a dedicated Safety Training and Education Manager in August 2004. Safety management training has now been extended to online hazard workshops, ATS incident investigation and a facilitators' workshop.



A corporate safety program in March 2005 stressed safety culture, and included briefings and workshops focusing on the causes of a mid-air collision in Germany. The Directorate of Safety and Environment Assurance (DSEA) ran a safety case workshop course every three weeks throughout the year.

The Aviation Rescue and Fire Fighting (ARFF) business unit commissioned the first of 18 new Rosenbauer International ULF Mk 8 aviation fire vehicles, introduced improved lifesaving devices for use in aviation emergencies on water, and restructured fleet roles and positions to ensure efficient and effective management of resources. The unit now has approval to use hovercraft across difficult airport terrain, and has begun preliminary work to establish an accredited training structure for ARFF technical officers. ARFF also held a range of fire staff safety forums, distributed safety videos and continued the development of web-based programs.

Other significant events during the year included:

- publication of a new national operating standard on operational risk assessment
- review and updating of safety change management requirements
- Board endorsement of new safety consequence and likelihood risk criteria tables, with better descriptors to improve standardisation and understanding
- a continuing focus on the human-machine interface, including the completion in December 2004 of a specific review of TAAATS alerts and alarms
- implementation of a new version of the Airservices Australia hazard log software application in August 2004
- training for 13 ARFF staff as ISO 9000 auditors
- assistance to RailCorp (New South Wales) to develop its safety management framework and implement a safety change management program
- completion of the study of operations at Avalon Airport, reported in last year's annual report.

### ***Key performance indicators: Safety***

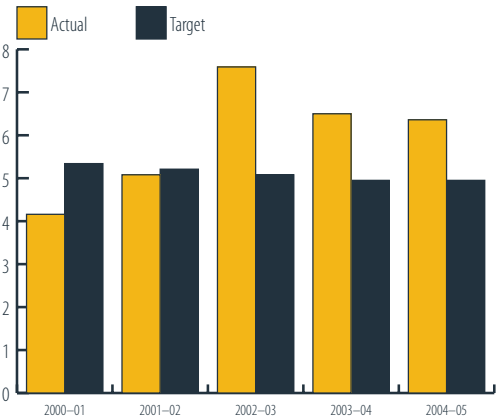
Airservices Australia's key performance indicators for safety measure the performance of the air traffic service (ATS) system against given levels of tower, terminal manoeuvring area and en route activity. An ATS incident is one judged to have posed a threat to safe operations.

Targets until 2003–04 were based on a 2.5 per cent annual reduction from baseline performance in 1999–2000. Targets for the planning period 2004 to 2008 will remain constant for tower and terminal manoeuvring area operations, and continue to reduce for en route operations.

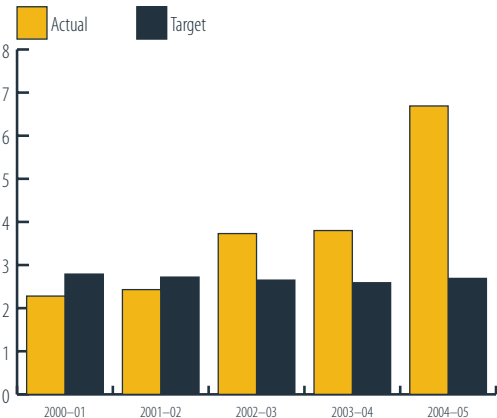
The corporation's safety performance was better than the set target for en route ATS incident rates in 2000–01, 2001–02 and 2002–03. Safety performance in terminal manoeuvring area and tower operations was also better than 2000–01 and 2001–02 targets, but did not meet the 2002–03 to 2004–05 targets.

Our improved reporting culture, which encourages greater disclosure by our staff, is partially responsible for the recent rise in terminal manoeuvring area incidents.

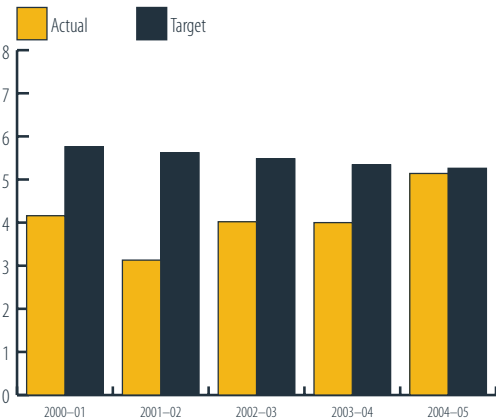
**TERMINAL MANOEUVRING AREA INCIDENTS,  
PER 100,000 MOVEMENTS**



**TOWER AIR TRAFFIC SERVICE INCIDENTS,  
PER 100,000 MOVEMENTS**



**EN ROUTE AIR TRAFFIC SERVICE INCIDENTS,  
PER 100,000 JURISDICTION TRACKS**







## ***Key result area: Environment***

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

The establishment of the Airspace and Environment Regulatory Unit (AERU) on 1 July 2004 separated our regulatory airspace and environment functions from our operational and commercial activities (see page 17). The corporation's efforts to develop best practice environmental management standards continue.

During 2004–05, we continued to work with aviation organisations, governments and the community to reduce the environmental impact of aircraft operations. We participated actively in airport consultative and environment committees, such as the bimonthly meetings to monitor implementation of the Long Term Operating Plan (LTOP) at Sydney Airport and the Melbourne Airport Major Tenants Environment Group. We worked with Brisbane Airport Corporation to identify environmental issues arising from the second runway project.

The minister commissioned an independent review of LTOP performance by Airplan and Airways Corporation of New Zealand. The final report, which was tabled at the March 2005 meeting of the Sydney Airport Community Forum, provided positive feedback and identified no specific deficiencies in our operational procedures. Some minor improvements to our procedures and reporting were recommended and will be pursued. The forum has asked the consultants to consider a schedule of additional works, which may provide further suggestions to improve the performance against the targets.

All new strategic partnering charter activities with industry groups and government organisations now incorporate environmental considerations and must assess the impact on the environment and what the outcome will be.

In May 2005, we chaired the inaugural joint aviation industry environment meeting, which also involved airlines, the Department of Defence and the Department of Transport and Regional Services (DOTARS). The meeting agreed to our proposal to establish an aviation environment working group under the umbrella of Australian Strategic Air Traffic Management Group (ASTRA). The group will develop and adopt methods to minimise environmental impacts, and to demonstrate improvements to government and the public. A website forum established by our ATM group and DSEA has been incorporated into the ASTRA framework as a means of discussing future environment challenges and determining appropriate actions and improvements.

Achievement of this initiative is also supported by the implementation of new environmental performance indicators. The indicators are based on aircraft noise near airports and engine emissions around airports and en route. Results are reported quarterly to the Board Safety and Environment Committee. Annual benchmarks will also be calculated. We intend to develop these metrics further, to increase their sensitivity while retaining their simplicity.

During the year, Airservices Australia continued to work on the longer term objectives of the Australian ATM Strategic Plan, aspects of which will have significant environmental benefits. Our

collaboration with Boeing on trials of tailored arrivals (reported last year), has been expanded to include Qantas and the Air Traffic Alliance (Airbus, Thales ATM and the European Aeronautic Defence and Space Company). Tailored arrivals use carefully calculated descent profiles to reduce fuel burn, emissions and noise. Phase 1 trials have been completed, and Phase 2 trials began in June 2005.

In January 2005, we met with key international airlines to establish business rules for 'flex tracks' between major international and major Australian airports. Flex tracks, which are calculated daily to provide the most efficient routes in upper wind conditions, were implemented on flights between Singapore and the Australian east coast on 27 June 2005. This is an extension of flex-tracking and user preferred routing across the Pacific and Indian oceans. Flex tracks enable the saving of both time and fuel, delivering both financial and environmental benefits.

During the year, Airservices Australia retained ISO certification for our Environmental Management System (EMS) based at the Gellibrand Hill radar site. Other work on our EMS included the finalisation of noise and emission metrics, the commencement of quarterly environmental reporting, and further upgrades to ARMS (the Airservices Risk Management System).

To minimise both environmental and business risks, we undertook environmental risk assessments of 106 proposed ATM changes, 37 proposed changes to on-ground operations and 40 changes to current on-ground operations.

We have identified environmental hazards and conservation values (such as heritage values and endangered species) at the sites we manage, and documented them in site manifests. Work began on the development of a Heritage Strategy, to be finalised later in 2005, and on a conservation agreement with the Department of Environment and Heritage for our Llandilo site in western Sydney.

During 2004–05, we focused strongly on environmental management training. Over 280 staff members participated in face-to-face training during the year, and about 700 completed online refresher training. We also upgraded environmental competency requirements and our on-ground and ATM environment training modules, and trialled a new environmental training package for senior management.

Our staff made presentations at such forums as the IATA/CANSO Aviation Environment Summit in Geneva, the Environment Institute of Australia and New Zealand conference in Christchurch, the EMS for Commonwealth Agencies forum, and to the CSIRO.

Other achievements during 2004–05 included:

- efficient air traffic and airspace management, which saved an estimated 910,000 tonnes of carbon dioxide during 2004
- installation of noise and flight path monitoring services at Williamstown RAAF base
- incorporation of an online environmental legal database into the EMS, giving staff access to plain language explanations of legal requirements



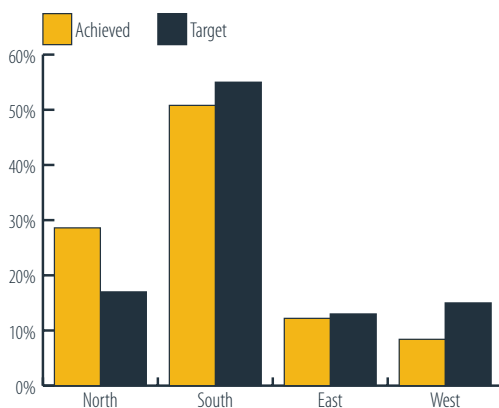
- a review of wastewater treatment processes for ARFF training grounds to identify treatment options that meet trade standards, and upgrades at a number of grounds
- continuing replacements of underground fuel tanks with more environmentally friendly above ground storage
- expansion of the tree planting program to ensure that the car fleet remains carbon neutral, and four ARFF stations are now operating as carbon neutral.

### ***Key performance indicators: Environment***

Airservices Australia's key environmental performance indicator measures performance against the Sydney Airport Long Term Operating Plan (LTOP), which includes noise sharing principles. LTOP targets are shown in the table below and reflect achievements as close to targets as possible, given weather conditions, prevailing winds and traffic volumes.

Performance in 2004–05 did not change significantly from the previous year.

#### **SYDNEY AIRPORT LONG TERM OPERATING PLAN: RUNWAY END IMPACTS, JULY 2004 TO JUNE 2005**



### ***Key result area: Operational excellence***

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

Enhancements to the National Airspace System Stage 2b were safely implemented in November 2004. United States 'flight following' procedures were introduced in June 2005.

During the year, we began setting up Australia's network of Automatic Dependent Surveillance—Broadcast (ADS-B) ground stations. When the network is complete early in 2006,

ADS-B will allow high quality surveillance of suitably equipped aircraft in upper airspace (above 30,000 feet) over the entire continent.

We are working with the industry and the Civil Aviation Safety Authority (CASA) towards mandatory ADS-B in certain airspace from 2009. CASA published a regulatory change discussion paper for comment late in 2004, and a notice of proposed rule making is expected in 2006. With ASTRA and Access Economics, we developed a cross-industry business case and cost-benefit analysis for mandatory ADS-B in Australia, changes to navigation equipment of smaller aircraft and extended comprehensive surveillance coverage. Subject to government consideration, this could extend ADS-B into lower airspace.

CASA has approved a five nautical mile separation standard for aircraft operating in the Burnett Basin trial whose positions are derived from ADS-B. This is a significant milestone in our objective to introduce ADS-B surveillance nationally.

Thirty nautical mile lateral and longitudinal (30/30) separation minima began over the Pacific in January 2005. This world first resulted from an initiative of the Informal South Pacific ATS Coordination Group (ISPACG), of which Airservices Australia is a member and co-chair. In February and March, we hosted ISPACG meetings to review 30/30 implementation across Brisbane Eastern Oceanic and Auckland Oceanic airspace, and the Nadi and Nauru Flight Information Regions.

During the year, Airservices Australia developed descriptors of the likely ATM operating environment in 2010. Work in 2005-06 will deal with the environment as projected for 2015 and 2020. The aim is to position us for further development in line with international strategic planning, including aircraft self-separation and user preferred trajectories. We are also working on a research and development agreement with the United States National Aeronautical and Space Administration to this end.

We began Phase 1 of a two-phase development program for the Airservices Australia-designed ground-based regional augmentation system (GRAS). Phase 1 is expected to be complete by October 2005, when a decision whether to move to Phase 2 will be made.

We obtained in-principle agreement for cross-industry and international participation in a phased implementation of a fully ICAO-compliant satellite-based landing system at Sydney and possibly Cairns. Initial installation of the system, which will support Qantas and Continental Micronesia B-737 and A-380 operations, is planned for late 2005.

Strategy 5 of the Australian ATM Strategic Plan calls for the development of a decision information network, including an integrated information exchange, to provide timely and high-quality operational information to all users. We have worked on this project through ASTRA, and published a 'concept of operations' in November 2004 based on stakeholders' input. If fully implemented, this concept will ensure that operational and commercial decision-making is based on the most up-to-date information.

The modernisation of the Airservices Australia's HF air-ground-air communication system is almost complete, with equipment undergoing final testing. New facilities, controlled from



Brisbane Flight Information Centre, have been established at Port Hedland, Darwin, Townsville, Alice Springs, Perth and Broken Hill.

Equipment is now being delivered for the replacement of our VHF air–ground–air facilities throughout the country, and has been installed and commissioned in Melbourne and Sydney. Installation will be completed in 2006.

Phase 1 (the pilot network) in the replacement of the current satellite communications network has been installed and is operational. Phases 2 and 3 will be completed by the end of 2006.

In a four-year, \$23 million project, we have accepted tenders to replace 61 non-directional and 27 VHF Omni Range beacons, which are essential elements in the backup network of navigation aids for approach and landing. We have also begun a four to five year project to renew 14 instrument landing systems, in order to maintain existing national capability beyond 2020.

Other events during 2004–05 included:

- capacity balancing introduced at Melbourne Airport
- Adelaide Route Review Stage 1 changes successfully implemented, simplifying terminal area route structure and introducing new routes in the en route area
- revised airspace boundaries introduced in the Perth area
- appointment of a project manager for the National Towers Upgrade Program, and a request for tender for advanced surface movement guidance and control systems at Melbourne, Brisbane and Sydney.

### ***Key performance indicators: Operational excellence***

Airservices Australia uses three main key performance indicators to measure operational excellence.

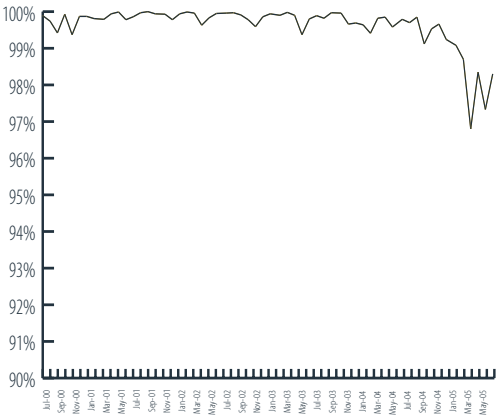
ARFF operational preparedness is measured by the ability to provide required levels of service, specified in CASA regulations, within specified times. The target is 100 per cent.

The effectiveness of corrective maintenance of airways system equipment is measured as a percentage of restoration times met. Performance has exceeded targets for this measure since 2000–01 but is slightly down from the 98 per cent achieved in the previous two years. From 2003–04, the target has been held constant at 95 per cent, because costs outweigh benefits beyond this level.

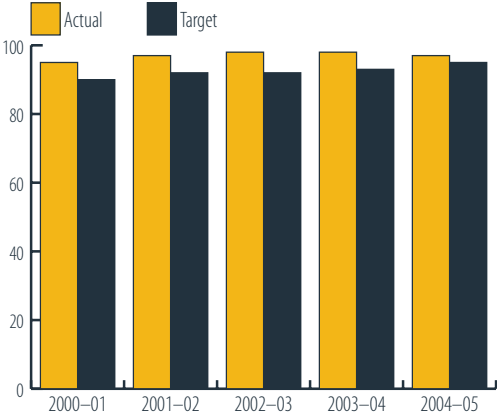
The numbers of senior management event notifications (referred to as ‘service failure notifications’ in previous annual reports) for air traffic management facilities indicate system performance in three categories: Category 1 events involve a loss of life (we have always achieved our target of zero); Category 2 events could have led to a loss of life (target zero, exceeded only once); and Category 3 events have other potentially serious operational consequences. All notifications are investigated, and appropriate corrective action is taken.

All technical staff participated in a human error management program in early 2003. The years since have shown a significant reduction.

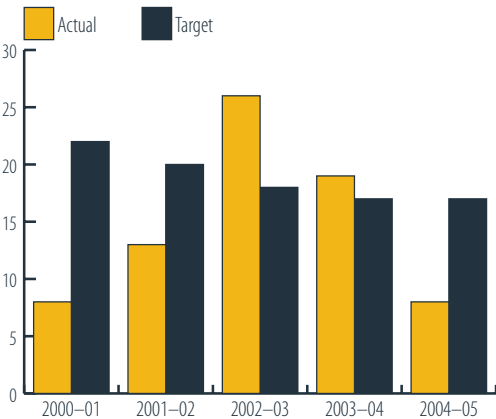
AVIATION RESCUE AND FIRE FIGHTING OPERATIONAL PREPAREDNESS, PER CENT



CORRECTIVE MAINTENANCE: RESTORATION TIMES MET, PER CENT



SENIOR MANAGEMENT EVENT NOTIFICATIONS, CATEGORY 3





## ***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.**

During 2004–05, Airservices Australia obtained a final decision from the Australian Competition and Consumer Commission on our pricing proposal. This enables us to establish prices and secure the greater part of our revenue stream over the next five years for en route and terminal services, and brings price certainty to the industry. The new prices came into effect on 1 January 2005.

The corporation currently manages the upper airspace in the Honiara and Nauru Flight Information Regions. We expect a decision from the Papua New Guinea Government early in 2005–06 on our proposal to manage upper airspace in the Moresby FIR for three years while the PNG Civil Aviation Authority rebuilds its air traffic management capability. Discussions are continuing with Fiji, Kiribati and New Zealand on possible cooperative airspace management arrangements.

To protect and improve Airservices Australia's intellectual property, we signed copyright data licensing and dealership agreements with the European Aeronautical Group during the year. All but two redistributors of our aviation data have signed licences requiring quality control and payment of licence fees. We are involved in litigation with one redistributor to secure a legal declaration of our copyright in the Australian Integrated Aeronautical Information Package. The case is expected to be resolved in the 2005–06 financial year.

An audit of our intellectual property was scheduled for early 2005, but has been postponed until late 2005 because of resource constraints in the Office of Legal Counsel as a result of NAS implementation.

We are working to develop a commercial relationship with Honeywell to exploit our and Honeywell's intellectual property in GBAS (ground-based augmentation systems) and GRAS (ground-based regional augmentation systems). The form of the relationship is yet to be finalised and some preliminary developmental work has been undertaken.

In support of the 'southern hemisphere strategy' outlined in our corporate plan, we joined the IATA Partnership Programme in the airport development service area. As a result of a February 2005 workshop in Singapore, both organisations have agreed to work together to speed the implementation of CNS/ATM (communication, navigation and surveillance / air traffic management) infrastructure and services in the Asia-Pacific region.

The Integrated Operating Concept (IOC) Joint Report was signed off by the Airservices CEO and the Chief of Air Force in May 2005 and presented to the responsible ministers. The IOC is a long-term plan for civil-military airspace sharing. We have a strategic partnering charter in place with the RAAF as the central vehicle for managing the IOC implementation.

Infrastructure Support Services group won a major airport development project in the Philippines. The contract is currently being finalised and will include the provision and installation of communications, navigation and meteorology facilities. Progress has also been made in developing safety management activities in India.

During 2004–05, we grew our other commercial revenues by winning and implementing a number of other significant external contracts, including for:

- provision, through our US-based subsidiary Airservices Pacific Incorporated, of air traffic control services to the United States Federal Aviation Administration at five tower locations in Hawaii, Guam and Saipan
- supply of a receiver autonomous integrity monitoring prediction service to Japan Airlines—this service helps pilots’ pre-flight planning by predicting the availability of GPS signals for non-precision approaches to Pacific island destinations and emergency diversion airfields
- delivery of noise and flight path monitoring services for the Department of Defence at the Williamstown RAAF base
- consultancy and training services for Taiwan’s Civil Aeronautics Administration
- supply of national in-service logistic support for RAAF instrument landing systems for at least five years
- the installation of runway guard lights at Sydney Airport
- ARFF services at Townsville/ Marshall Field airport for the RAAF, at Yulara in the Northern Territory and at Sunshine Coast Airport, Maroochydore
- airport capacity modelling for Mumbai International Airport
- provision of various CNS/ATM consultancies
- capacity modelling and training projects in China, Taiwan, Sweden, Algeria and Mexico.



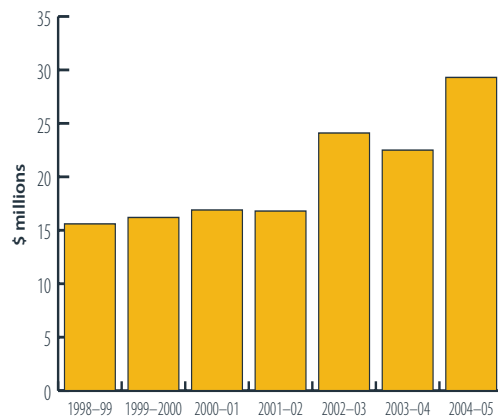


## Key performance indicators: Customers and markets

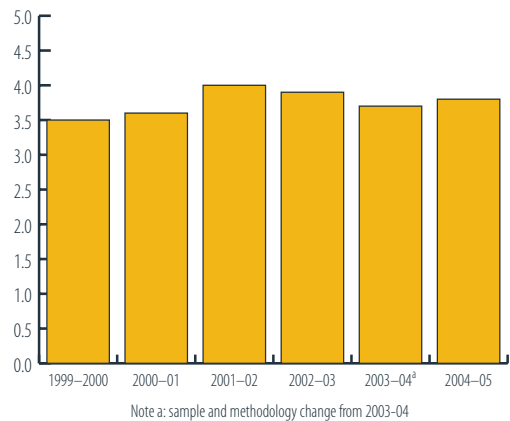
The corporation's outcome for other commercial (non-monopoly) revenue rose by \$6.8 million, or 30 per cent, from 2003–04. This is mainly attributable to our success in winning contracts, including providing air traffic control services at five United States towers for the Federal Aviation Administration, environment monitoring services and airport lighting installation.

Customer satisfaction is measured in an annual survey. Our 2004–05 result of 3.8 out of five reflects our continuing effort to consult and engage with the industry more deeply over the past year. For 2005–06, we have set a stretch target of 4.0 for all customer groups.

### OTHER COMMERCIAL REVENUE



### CUSTOMER SATISFACTION



## ***Key result area: Employees***

### **To achieve a skilled, motivated, flexible and customer focused workforce committed to continuous improvement and innovation.**

The succession planning initiative reported in the 2003–04 annual report has been completed. All three main business groups now have plans in place for short-term replacements in key positions, and for the development of longer term ‘true’ successors.

To ensure that we retain key staff and nurture, develop and promote a pool of high-potential staff, the plans include the identification of functional and cross-functional roles, training initiatives, staff rotation, individual assessments and development plans, project-based activities to build business experience and leadership skills, external programs, and secondment opportunities.

Executive succession planning is reviewed regularly, most recently in June 2005. In addition, each business group or unit has also planned succession down to the fourth level to cover all critical roles. Successors have been identified and on-the-job training has begun.

We have considered measures to retain ‘gold collar’ staff beyond their planned retirement dates, such as offsetting effects of superannuation, making work more flexible, and encouraging part-time or periodic work (including project work).

In response to the parliamentary report *Beyond the Midnight Oil: Managing Fatigue in Transport*, Airservices Australia developed an Air Traffic Services Fatigue Risk Management System to manage fatigue as an OHS hazard. The system will be implemented from 1 July 2005. Extensive fatigue risk training has been conducted and will continue into 2005–06. Ongoing reviews indicate that this initiative is having a positive impact. Additional fatigue management reports on ARFF and Infrastructure Support Services are currently being examined to determine the best way to manage fatigue in those areas.

We made significant progress towards introducing a program to improve the management of problematic substance use, as foreshadowed in last year’s annual report. The corporation engaged Health Services Australia to conduct pre-employment drug and alcohol screening, and we continued to roll out staff awareness training. The program is scheduled to be in place by late 2005.

The corporation is currently negotiating the successor to the 2002–05 certified agreement with relevant unions. Our aim is to achieve consolidation of employee entitlements, better adaptation to changing business needs, and remuneration aligned with improved organisational performance.

A key feature will be arrangements allowing managers and employees to agree on changes to various working conditions (such as working hours, part-time employment and transfer payments). All employees were briefed and given opportunities to question and contribute to the agreement, and significant progress had been made by the end of the financial year.

The review of working conditions for professional officers (arising from the 2002–2005 certified agreement) was completed and endorsed by the relevant staff organisation. The key outcome



was a new classification system for these staff and changes to their conditions, including a performance management and pay system. Australian Workplace Agreements have been drafted for some employees, strengthening direct relationships between managers and workers and making working conditions more flexible.

Airservices Australia's normal business planning processes provide for extensive staff input. Most business units hold staff meetings weekly, to keep the expectations of staff and the corporation aligned, and hold one-on-one staff meetings at least quarterly.

All managers are required to work to achieve staff satisfaction. Frequent site visits and briefings by the general manager and other senior managers also provide staff with information on business plans, and give them opportunities to comment and question managers on the reasons for business decisions.

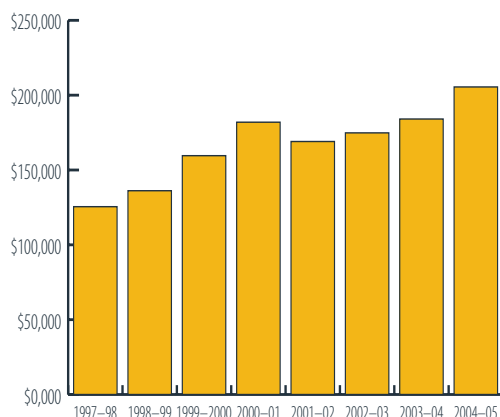
### ***Key performance indicators: Employees***

Airservices Australia now measures and reports on the level of our employees' engagement with their work. The employee engagement index is determined from our annual employee opinion survey. Results for 2005 showed an increase to 33 per cent from 32 per cent in 2004. The benchmark is 27 per cent, which is the average result for organisations in Australia that use this measure. Our 2005–06 target is 35 per cent.

The results indicate relatively average engagement scores overall with over half the respondents indicating favourable ratings for their satisfaction, motivation and advocacy of the organisation's service and as an employer. Of note is the higher percentage indicating favourable ratings for their commitment to Airservices Australia.

Airways revenue per employee increased from the previous year to \$205,491.

#### **AIRWAYS REVENUE PER EMPLOYEE**



## ***Key result area: Owner***

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

Following a review of location-specific pricing for tower services and a subsequent submission to the Australian Competition and Consumer Commission (ACCC), Airservices Australia received approval for long-term (five-year) pricing on future en route and terminal ATC services, effective from 1 January 2005. The corporation also presented proposals to the ACCC for future funding of ARFF services, with an outcome expected later in 2005.

We significantly developed the corporation's risk management system during 2004–05.

Key achievements included:

- revision of the Board Risk Management Policy (July 2004)
- revised reporting from the CEO to the Board on significant risks to the achievement of the corporation's objectives and how they are being managed
- revised reporting from the Chief Financial Officer to the Board Audit Committee on initiatives to improve the corporation's risk management system (from September 2004)
- the establishment of an Executive Risk Management Committee (October 2004)
- the establishment of Board risk tolerance levels (from November 2004)
- implementation of an inaugural risk-based internal audit program
- substantial progress towards the development of a new enterprise risk management framework based on consistent analysis, prioritisation, treatment and reporting on risks against the Board-endorsed risk tolerance.

To develop and communicate the Board's risk/return guidelines for safety systems, commercial operations, new business, applied R&D and security, as required in the corporate plan, the focus during the year was on establishing agreed risk tolerances for the corporation.

Following an initial paper in November 2004, the Board took note of revised safety risk criteria in May 2005. Consolidated risk criteria for all other risk processes are due to be submitted to the Board in early 2005–06.

To deliver the key business initiative in Airservices Australia's corporate plan to keep policies updated in the corporation's corporate governance framework, a process has been established whereby corporate policies are considered by the Board, incorporated in the governance framework and returned to the author for inclusion on AvNet, Airservices Australia's intranet.

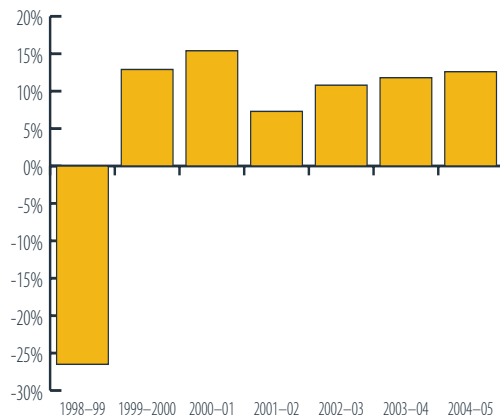
To monitor and improve the effectiveness of our stakeholder relationship management, the Organisation Development Unit has put in place a more appropriate skills mix to develop and improve the corporation's relationship with its owner, the Australian Government. This includes processes to enhance communication with the minister's office and to assess the health of our relationship.



### ***Key performance indicator: Owner***

Earnings before interest and tax, including significant items, as a percentage of revenue increased to 12.6 per cent from 11.8 per cent last year. This was mainly due to growth in airways activity.

#### **EARNINGS BEFORE INTEREST AND TAX AS A PERCENTAGE OF TOTAL REVENUE**



## **Ministerial directions**

The minister made two formal directions to Airservices Australia during 2004-05. The directions, and directions from previous years, are listed in Appendix 2.

## **Stakeholder involvement and consultation**

During 2004-05, Airservices Australia consulted widely with stakeholders in Australia and overseas. Consultations took place with governments, airline operators, aerodrome operators, regulators, corporation staff and the community.

## **Financial results**

Our after tax return on average equity of 28.4 per cent, well above the target provided for in the Corporate Plan 2004-09, was achieved in improving trading conditions. Operating profit after tax increased by 25.1 per cent compared to last year's result, rising to \$58.2 million. During the year, the corporation paid to the government \$30.3 million in dividends.

## ***Revenue***

Total revenue for the year was \$690.7 million, compared to \$615.5 million in the previous year. Airways revenue grew by 14.4 per cent across the year, with sales of \$614.4 million. A revaluation of our property, plant and equipment resulted in \$16.1 million being recorded as revenue, as required under applicable accounting standards.

## ***Operating expenses***

Overall operating expenses (including interest charges) increased by \$61.7 million compared to 2003–04. Expenses for staffing increased by \$47.3 million, mainly due to provisions for eligible termination payments related to restructuring initiatives, actuarial adjustments relating to employee provisions, staff pay rises and an increase in staff numbers. There was also an increase in the written-down value of disposed assets of \$13.6 million, which was mainly attributable to the sale of land, which had a written-down value of \$15 million. Note, however, that proceeds were also \$15 million. Therefore, there is no net impact on profit for the year.

## **Significant changes in the state of affairs during the financial year**

### ***Changes to legislation***

No legislative changes during 2004–05 had an effect on the operations of the corporation.

### ***Regulatory changes***

No regulatory changes during the year affected our operations.

# Financial Statements

financial statements



# FINANCIAL STATEMENTS

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## INDEPENDENT AUDIT REPORT

To the Minister for Transport and Regional Services

### Scope

#### *The financial statements and directors' responsibility*

The financial statements comprise:

- Statement by the Directors and Chief Financial Officer;
- Statements of Financial Performance, Financial Position and Cash Flow;
- Schedule of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of Airservices Australia for the year ended 30 June 2005.

The directors of Airservices Australia are responsible for preparing the financial statements that give a true and fair view of the financial position and performance of Airservices Australia, and that comply with accounting standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*. The directors of Airservices Australia are also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

### *Audit approach*

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including accounting standards and other mandatory

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financial reporting requirements in Australia, a view which is consistent with my understanding of Airservices Australia's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors of Airservices Australia.

#### ***Independence***

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

#### **Audit Opinion**

In my opinion, the financial statements of Airservices Australia:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (b) give a true and fair view of Airservices Australia's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
  - (i) the matters required by the Finance Minister's Orders; and
  - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



John Jones  
Executive Director

Delegate of the Auditor-General

Canberra  
31 August 2005

## Statement by Directors and Chief Financial Officer

FOR THE YEAR ENDED 30 JUNE 2005

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

In our opinion:

- (a) the financial statements and notes 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 2005, the financial position as at 30 June 2005, the cash flows for the year ended 30 June 2005, the commitments as at 30 June 2005, the contingencies as at 30 June 2005, and other matters required under the Commonwealth Authorities and Companies Act 1997;
- (b) there are reasonable grounds to believe that Airservices Australia will be able to pay its debts as and when they fall due.



Nick Burton Taylor AM  
Chairman



Greg Russell  
Chief Executive Officer



Hisham El-Ansary  
Chief Financial Officer

Canberra,  August 2005

		NOTES	
		2005	2004
		\$'000	\$'000
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Airways revenues		614,417	537,290
Proceeds from disposal of assets	2a	21,756	8,131
Interest revenue	2a	2,166	3,836
Other commercial revenue		29,299	22,507
Cross-border transaction guarantee fee	2d	-	14,656
Government subsidy		7,000	7,000
Reversals of previous asset class write-downs	2d	16,106	15,914
Reversal of prior year provision	2d	-	6,125
<b>TOTAL REVENUES FROM ORDINARY ACTIVITIES</b>		<b>690,744</b>	<b>615,459</b>
Employees	2e	413,535	366,278
Suppliers		101,617	92,175
Written-down value of disposed assets	2a	22,382	8,805
Depreciation	8a	64,362	72,204
Borrowing costs	2a	6,300	7,065
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<b>608,196</b>	<b>546,527</b>
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX</b>		<b>82,548</b>	<b>68,932</b>
Income tax expense relating to ordinary activities	3	24,313	22,368
<b>NET PROFIT AFTER INCOME TAX</b>		<b>58,235</b>	<b>46,564</b>

		NOTES	
		2005	2004
		\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash	20	43,532	33,314
Receivables	6	64,663	62,283
Other	7	15,269	27,887
<b>TOTAL CURRENT ASSETS</b>		<b>123,464</b>	<b>123,484</b>
<b>NON-CURRENT ASSETS</b>			
Land and buildings	8	109,936	99,183
Infrastructure, plant and equipment	8	303,677	265,743
Other	7	63,983	56,374
<b>TOTAL NON-CURRENT ASSETS</b>		<b>477,596</b>	<b>421,300</b>
<b>TOTAL ASSETS</b>		<b>601,060</b>	<b>544,784</b>
<b>CURRENT LIABILITIES</b>			
Provisions and payables	9	126,503	116,598
<b>TOTAL CURRENT LIABILITIES</b>		<b>126,503</b>	<b>116,598</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities	10	100,067	100,114
Provisions	9	155,535	137,052
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>255,602</b>	<b>237,166</b>
<b>TOTAL LIABILITIES</b>		<b>382,105</b>	<b>353,764</b>
<b>NET ASSETS</b>		<b>218,955</b>	<b>191,020</b>
<b>SHAREHOLDER'S EQUITY</b>			
Capital	11	222,190	222,190
Asset revaluation reserve	11	18,691	18,691
Accumulated losses	11	(21,926)	(49,861)
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>218,955</b>	<b>191,020</b>



# STATEMENT OF CASH FLOWS | For the year ended 30 June 2005

NOTES

		2005 \$'000	2004 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of goods and services tax)		702,765	603,419
Receipts from government		7,000	7,000
Interest received		2,210	4,094
Payments to suppliers and employees (inclusive of goods and services tax)		(549,288)	(519,875)
Interest and other financing costs paid		(6,343)	(7,198)
Income tax paid		(33,889)	(32,769)
Net cash provided by operating activities	20	122,455	54,671
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from cross-border transaction		-	14,656
Proceeds from sale of assets held for resale		15,709	-
Proceeds from sale of property, plant and equipment		6,047	8,131
Purchase of property, plant and equipment		(103,693)	(66,165)
Net cash used in investing activities		(81,937)	(43,378)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	4	(30,300)	(30,600)
Capital repaid		-	(70,000)
Net cash used in financing activities		(30,300)	(100,600)
Net increase/(decrease) in cash held		10,218	(89,307)
Cash at the beginning of the financial year		33,314	122,621
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	20	<b>43,532</b>	<b>33,314</b>

	2005 \$'000	2004 \$'000
<b>COMMITMENTS</b>		
<b>CAPITAL COMMITMENTS</b>		
Infrastructure, plant and equipment	67,364	67,280
	67,364	67,280
<b>OTHER COMMITMENTS</b>		
Operating leases	108,665	86,392
Project commitments	-	98
Other commitments	36,678	28,419
	145,343	114,909
<b>COMMITMENTS RECEIVABLE</b>	(24,255)	(11,441)
<b>TOTAL NET COMMITMENTS</b>	188,452	170,748
<b>OPERATING LEASES MATURITY</b>		
Not later than one year	18,094	17,993
Later than one year but not later than five years	58,984	40,713
Later than five years	31,587	27,686
<b>TOTAL OPERATING LEASES</b>	108,665	86,392
<b>TOTAL NET COMMITMENTS MATURITY</b>		
Not later than one year	78,284	72,206
Later than one year but not later than five years	77,988	69,719
Later than five years	32,180	28,823
<b>TOTAL NET COMMITMENTS</b>	188,452	170,748

**CONTINGENCIES**

There are no material contingent liabilities as at 30 June 2005 (30 June 2004: nil).



# 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

## a. Basis of Accounting

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report. The statements have been prepared in accordance with Finance Minister's Orders (being the Commonwealth Authorities and Companies Order (Financial Statements for reporting periods ending on or after 30 June 2005)), Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and Urgent Issues Group Abstracts.

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

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

## b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Airservices Australia as at 30 June 2005 and the results of all controlled entities for the year then ended. Airservices Australia and its controlled entity together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, results are included in the consolidated statements of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are for that part of the year during which control existed.

Airservices Australia obtained 100% control in Airservices Pacific Incorporated on 10 December 2004. The parent entity and consolidated entity's results are not considered materially different for the period ended 30 June 2005 and therefore the parent entity results are not separately disclosed in this financial report. Refer to Note 5 for additional detail on the transactions between Airservices Australia and the subsidiary.



## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### c. Foreign Currency Translation

Transactions in foreign currencies are initially recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Transactions of the overseas subsidiary, Airservices Pacific Incorporated (API), are recorded in United States dollars.

As at the reporting date the assets and liabilities of API are translated into Australian dollars at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation are taken directly to profit or loss.

### d. 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.

Assets purchased by Airservices Australia are initially recorded 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 is revalued on a class by class basis, ensuring at least one third of assets are valued this financial year. Revaluation increments and decrements are accounted for separately for each class of assets. Revaluations are undertaken on a fair value basis and are conducted by an independent qualified valuer.

#### *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.



**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***d. Property, Plant and Equipment (continued)***

***Depreciation***

Property, plant and equipment, excluding freehold land, are depreciated 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
Software	3–10 years

***Spares***

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

**e. 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.

**f. 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.

**g. 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.

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### h. Revenue

#### *Services*

Revenue is recognised when the services are rendered. The prices charged for regulated services are in accordance with a five year pricing agreement negotiated with customers and endorsed by the Australian Competition and Consumer Commission in December 2004.

#### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

#### *Interest*

Revenue is recognised as the interest accrues using the simple interest method.

### i. Dividends

Provision is made for the amount of any dividend approved by the Minister for Department of Transport and Regional Services, prior to the end of the financial year.

### j. Comparatives

Comparatives in the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Commitments and Contingencies and the notes to the financial statements relate to the prior year's financial statements. Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

### k. Superannuation

Contributions to defined benefit superannuation schemes maintained by Airservices Australia are expensed in the year they are paid or become payable. Under current Australian Accounting Standards, no amount is recognised in the financial statements in respect of the net surplus or deficit in each scheme (also see note 23).

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 year that they fall due.



## **1** *STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

### **l. 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.

### **m. 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.

### **n. Recoverable Amount of Non-Current Assets**

Non-current assets measured at other than fair value are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining recoverable amount, the expected net cash inflows have been discounted to their present value using a market-determined risk adjusted discount rate.

### **o. 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 year it becomes due and is recorded as part of current payables.

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### p. Employee Benefits

#### *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 pay rates which will be applicable when paid, 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 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 within the provision for separations and redundancies in accordance with the Airservices Australia Certified Agreement 2002–2005, 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.



## 2 PROFIT FROM ORDINARY ACTIVITIES

	2005 \$'000	2004 \$'000
<b>a Profit from Ordinary Activities before income tax is arrived at after including the following items of revenue and expenditure:</b>		
<b>Revenue</b>		
Interest received or due and receivable		
- Investments	1,877	3,598
- Deposits	92	60
- Other	197	178
Total interest received or due and receivable	2,166	3,836
<b>Expenditure</b>		
Borrowing costs		
- Loans	6,253	6,933
- Overdrafts	5	32
- Other	42	100
Total borrowing costs	6,300	7,065
Decrease in doubtful debts provision	(300)	(908)
Bad debts written off	829	1,177
Total bad and doubtful debt expenses	529	269
Operating lease charges	18,432	19,495
Amortisation of premium on borrowings	(47)	(48)
Net foreign exchange loss	4	90
<b>Gain from sale of assets held for resale</b>		
- Proceeds from disposal of assets	15,709	-
- Written-down value of disposed assets	(15,632)	-
Net gain from sale of assets held for resale	77	-
<b>Gain/(loss) from sale/(write-off) of non-current assets</b>		
- Proceeds from disposal of assets	6,047	8,131
- Written-down value of disposed assets	(6,356)	(7,352)
Net gain/(loss) from sale of non-current assets	(309)	779
Written down value of scrapped assets	(394)	(1,453)
Net (loss) from sale/write-off of non-current assets	(703)	(674)

## 2 PROFIT FROM ORDINARY ACTIVITIES (continued)

### b. Supplementary Analysis of the Statement of Financial Performance for the year ended 30 June 2005

2005

	Airways Activities	Other Commercial Activities	Total Commercial Activities	Community Service Activities	Total Ordinary Activities
	\$'000	\$'000	\$'000	\$'000	\$'000
Airways revenue	603,924	-	603,924	10,493	614,417
Other commercial revenue	-	29,299	29,299	-	29,299
<b>Total sales revenue</b>	<b>603,924</b>	<b>29,299</b>	<b>633,223</b>	<b>10,493</b>	<b>643,716</b>
Government subsidy	-	-	-	7,000	7,000
Proceeds from asset sales	21,756	-	21,756	-	21,756
Interest revenue	2,166	-	2,166	-	2,166
Reversal of previous asset class write-downs	16,106	-	16,106	-	16,106
<b>Total revenue</b>	<b>643,952</b>	<b>29,299</b>	<b>673,251</b>	<b>17,493</b>	<b>690,744</b>
<b>Total expenses</b>	<b>544,648</b>	<b>30,801<sup>1</sup></b>	<b>575,449</b>	<b>32,747</b>	<b>608,196</b>
<b>Net profit before tax</b>	<b>99,304</b>	<b>(1,502)</b>	<b>97,802</b>	<b>(15,254)</b>	<b>82,548</b>
<b>Income tax expense</b>	<b>29,248</b>	<b>(442)</b>	<b>28,806</b>	<b>(4,493)</b>	<b>24,313</b>
<b>Net profit after tax</b>	<b>70,056</b>	<b>(1,060)</b>	<b>68,996</b>	<b>(10,761)</b>	<b>58,235</b>

<sup>1</sup> This includes the write-off of \$1.511m in research and development expenditure and \$0.136m of start up costs associated with Airservices Pacific Incorporated.

2004

	Airways Activities	Other Commercial Activities	Total Commercial Activities	Community Service Activities	Total Ordinary Activities
	\$'000	\$'000	\$'000	\$'000	\$'000
Airways revenue	529,092	-	529,092	8,198	537,290
Other commercial revenue	-	22,507	22,507	-	22,507
<b>Total sales revenue</b>	<b>529,092</b>	<b>22,507</b>	<b>551,599</b>	<b>8,198</b>	<b>559,797</b>
Guarantee fee	14,656	-	14,656	-	14,656
Government subsidy	-	-	-	7,000	7,000
Proceeds from asset sales	8,131	-	8,131	-	8,131
Interest revenue	3,836	-	3,836	-	3,836
Reversal of previous asset class write-downs	15,914	-	15,914	-	15,914
Reversal of prior year tax interest provision	6,125	-	6,125	-	6,125
<b>Total revenue</b>	<b>577,754</b>	<b>22,507</b>	<b>600,261</b>	<b>15,198</b>	<b>615,459</b>
<b>Total expenses</b>	<b>496,329</b>	<b>20,391</b>	<b>516,720</b>	<b>29,807</b>	<b>546,527</b>
<b>Net profit before tax</b>	<b>81,425</b>	<b>2,116</b>	<b>83,541</b>	<b>(14,609)</b>	<b>68,932</b>
<b>Income tax expense</b>	<b>26,422</b>	<b>686</b>	<b>27,108</b>	<b>(4,740)</b>	<b>22,368</b>
<b>Net profit after tax</b>	<b>55,003</b>	<b>1,430</b>	<b>56,433</b>	<b>(9,869)</b>	<b>46,564</b>

## 2 PROFIT FROM ORDINARY ACTIVITIES (continued)

### c. Community Service Activities

The cost of community service activities undertaken 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:

	2005	2004
	\$'000	\$'000
Costs at general aviation and regional airports where price capping is maintained	28,873	25,734
Provision for environmental information (reports, statistics and maps) by:		
– Environmental Services Branch	299	585
– Noise and Flight Path Monitoring System	3,040	3,037
Noise inquiry lines	535	451
<b>Total costs</b>	<b>32,747</b>	<b>29,807</b>

Included in the profit from ordinary activities before income tax is \$32.747m (2004: \$29.807m) in direct costs for community service activities undertaken by Airservices Australia and charged to operations during the year to meet the specific requirements of the government.

The government contributed a subsidy of \$7.000m (2004: \$7.000m) towards the costs at general aviation and regional airports where price capping is maintained. This subsidy expired on 30 June 2005.

### d. Significant Items

#### CROSS-BORDER TRANSACTION GUARANTEE FEE AND RELATED COSTS

During the 2003 and 2004 years, Airservices Australia completed a United States cross-border arrangement in relation to equipment associated with The Australian Advanced Air Traffic System (TAAATS) and radar systems. The arrangement is for 22.5 years and expires in January 2026. In the prior year, as part of the agreement Airservices Australia prepaid its rentals and the purchase option price under the sub-lease and received a guarantee fee on signing the agreement of \$14.656m. This amount was recognised as revenue in the Statement of Financial Performance for the year ended 30 June 2004 and identified as a significant item, "Cross-border transaction guarantee fee".

Airservices Australia has provided certain guarantees and indemnities to various participants in the transaction. If certain events occur, Airservices Australia could be liable to make additional substantial payments. The underlying exposures against which these guarantees and indemnities have been provided are up to a maximum of US\$770m (2004:\$797m). Expert external advisors consider that unless exceptional, extreme and highly unlikely circumstances arise, Airservices Australia will not be required to make a significant payment under these guarantees and indemnities.



**REVERSALS OF PREVIOUS ASSET CLASS WRITE-DOWNS**

Included within revenue is an amount of \$16.106m (2004: \$15.914m) relating to the reversals of previous asset class write-downs.

**REVERSAL OF PRIOR YEAR TAX INTEREST PROVISION**

Included within the prior years' revenue is an amount of \$6.125m relating to the reversal of a tax interest provision. This provision was raised to account for potential interest charges from the Australian Tax Office associated with the tax adjustments recorded in the 2002/03 financial statements. The ATO subsequently informed Airservices Australia that no interest was payable in relation to these adjustments.

**e. Employee Expenses**

Included in 2004/05 employee costs is \$17.445m relating to eligible termination payments for restructuring initiatives and \$5.305m relating to an increase in long service leave following a fall in the discount rate and change in future salary assumptions.

## 3 INCOME TAX

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

	2005	2004
	\$'000	\$'000
Profit from ordinary activities before income tax	82,548	68,932
Prima facie income tax expense at 30%	24,765	20,680
Tax effect of permanent and other differences:		
- Provision for Tax Law Amendment Act (No. 2)	(8)	21
- Non-deductible legal costs	231	212
- Other non-deductible expenditure	62	102
- Depreciation of revalued assets	4,410	4,885
- Revaluation of non-current assets	(4,832)	(4,774)
- Research and development tax incentive	(315)	(172)
Under/(over) provision for income tax applicable to prior years	-	1,414
<b>Income tax attributable to profit from ordinary activities</b>	<b>24,313</b>	<b>22,368</b>

## 4 DIVIDENDS

A final dividend for the year ended 30 June 2004 of \$16.900m (2003: \$8.600m) was paid in February 2005. An interim dividend for the year ending 30 June 2005 of \$13.400m was paid in June 2005.

## 5 INVESTMENTS IN CONTROLLED ENTITIES

### Airservices Pacific Incorporated

On 7 December 2004, Airservices Australia obtained 100% control of Airservices Pacific Incorporated (API), a company based in Delaware in the United States. 1,000 shares have been purchased by Airservices Australia at US\$1.00 per share.

Airservices Australia has also made available a loan facility of US\$0.700m to API at normal commercial terms and conditions. On 24 December 2004, Airservices Australia advanced to API an amount equal to the facility limit which equated to A\$0.915m, which at 30 June 2005 equates to A\$0.920m. This amount has been included in the cash balance on consolidation in these financial statements. A further loan facility of up to US\$0.700m is being put in place for working capital purposes.

Periodically, Airservices Australia pays API invoices on their behalf which are subsequently reimbursed. The related party debtors at year end of A\$0.051m have been eliminated on consolidation.

### Special Purpose Entities

Airservices Australia controls four Special Purpose Entities which are involved in the US cross-border arrangement in relation to equipment associated with The Australian Advanced Air Traffic System (TAAATS) and radar systems discussed in Note 2d. The amount of issued capital in these entities totals US\$4,000 which is held by two finance companies.

## 6 RECEIVABLES

	2005	2004
	\$'000	\$'000
<b>Current</b>		
Trade debtors	61,219	58,290
Provision for doubtful debts	(1,976)	(2,276)
	59,243	56,014
Sundry debtors	2,498	2,646
Accrued revenue and interest	2,922	3,623
<b>Total Current Receivables</b>	64,663	62,283
<b>Aged analysis of trade debtors</b>		
Up to 30 days outstanding	58,166	53,307
31 to 60 days outstanding	1,574	3,321
61 to 90 days outstanding	814	699
Over 90 days outstanding	665	963
	61,219	58,290

## 7 OTHER ASSETS

	2005	2004
	\$'000	\$'000
<b>Current</b>		
Prepayments	3,309	1,814
Assets held for resale - land at valuation	-	15,000
- buildings at valuation	-	632
	-	15,632
Inventories - at cost	152	37
Future Income Tax Benefits		
- attributable to timing differences	11,808	10,404
<b>Total Current Other Assets</b>	15,269	27,887
<b>Non-Current</b>		
Future Income Tax Benefits		
- attributable to timing differences	63,983	56,374
<b>Total Non-Current Other Assets</b>	63,983	56,374

## 8 PROPERTY, PLANT AND EQUIPMENT

### a. Aggregate Property, Plant and Equipment

Item	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Software \$'000	Assets under construction \$'000	Total \$'000
<b>Gross value – 1 July 2004</b>	<b>14,793</b>	<b>88,777</b>	<b>103,570</b>	<b>198,198</b>	<b>86,446</b>	<b>46,929</b>	<b>435,143</b>
Reclassification between asset categories	-	1	1	(186)	185	-	-
Additions	-	23	23	10,358	790	92,522	103,693
Commissioned assets under construction	-	2,173	2,173	18,462	7,092	(27,727)	-
Reversals of previous asset class write-downs	-	7,272	7,272	(45,716)	-	-	(38,444)
Disposals	(250)	(242)	(492)	(11,367)	(716)	-	(12,575)
<b>Gross value - 30 June 2005</b>	<b>14,543</b>	<b>98,004</b>	<b>112,547</b>	<b>169,749</b>	<b>93,797</b>	<b>111,724</b>	<b>487,817</b>
<b>Accumulated depreciation - 1 July 2004</b>	<b>-</b>	<b>(4,387)</b>	<b>(4,387)</b>	<b>(34,145)</b>	<b>(31,685)</b>	<b>-</b>	<b>(70,217)</b>
Depreciation charged	-	(8,374)	(8,374)	(45,747)	(10,241)	-	(64,362)
Reclassification between asset categories	-	(1)	(1)	6	(5)	-	-
Reversals of previous asset class write-downs	-	10,080	10,080	44,470	-	-	54,550
Disposals	-	71	71	5,038	716	-	5,825
<b>Accumulated depreciation - 30 June 2005</b>	<b>-</b>	<b>(2,611)</b>	<b>(2,611)</b>	<b>(30,378)</b>	<b>(41,215)</b>	<b>-</b>	<b>(74,204)</b>
<b>Net book value - 30 June 2005</b>	<b>14,543</b>	<b>95,393</b>	<b>109,936</b>	<b>139,371</b>	<b>52,582</b>	<b>111,724</b>	<b>413,613</b>
Net book value - 30 June 2004	14,793	84,390	99,183	164,053	54,761	46,929	364,926

### b. Reconciliation of assets held at valuation

Item	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Software \$'000	Assets under construction \$'000	Total \$'000
<b>As at 30 June 2005</b>							
At cost	-	2,136	2,136	29,835	93,797	111,724	237,492
Less accumulated depreciation	-	(90)	(90)	(3,847)	(41,215)	-	(45,152)
	-	2,046	2,046	25,988	52,582	111,724	192,340
At independent valuation October 2003	14,543	5,310	19,853	45,599	-	-	65,452
Less accumulated depreciation	-	(2,521)	(2,521)	(26,531)	-	-	(29,052)
	14,543	2,789	17,332	19,068	-	-	36,400
At independent valuation 30 June 2005	-	90,558	90,558	94,315	-	-	184,873
<b>Net book value</b>	<b>14,543</b>	<b>95,393</b>	<b>109,936</b>	<b>139,371</b>	<b>52,582</b>	<b>111,724</b>	<b>413,613</b>
<b>As at 30 June 2004</b>							
At cost	-	1,743	1,743	36,269	86,446	46,929	171,387
Less accumulated depreciation	-	(38)	(38)	(4,487)	(31,685)	-	(36,210)
	-	1,705	1,705	31,782	54,761	46,929	135,177
At independent valuation October 2003	14,793	87,034	101,827	161,929	-	-	263,756
Less accumulated depreciation	-	(4,349)	(4,349)	(29,658)	-	-	(34,007)
	14,793	82,685	97,478	132,271	-	-	229,749
<b>Net book value</b>	<b>14,793</b>	<b>84,390</b>	<b>99,183</b>	<b>164,053</b>	<b>54,761</b>	<b>46,929</b>	<b>364,926</b>

## 9 PROVISIONS AND PAYABLES

	2005 \$'000	2004 \$'000
<b>Current Payables</b>		
Suppliers		
- Trade creditors	12,964	11,810
Employees		
- Salaries and wages	4,519	3,644
- Superannuation	549	3,028
- Recreation leave	32,023	29,688
Revenue received in advance	2,945	2,329
Interest payable	806	802
Group tax	3,039	2,786
Accrued payroll tax	2,228	2,098
Goods and services tax	7,311	6,600
Other accrued expenses	28,925	24,820
<b>Total Current Payables</b>	<b>95,309</b>	<b>87,605</b>
<b>Current Provisions</b>		
Employee benefits		
- Long service leave	7,411	2,063
- Workers' compensation <sup>(1)</sup>	550	535
- Separations and redundancies	7,375	9,669
Taxation	14,342	14,904
Cross-border transaction	250	250
Litigation and legal costs	1,266	1,572
<b>Total Current Provisions</b>	<b>31,194</b>	<b>28,993</b>
<b>Total Current Provisions and Payables</b>	<b>126,503</b>	<b>116,598</b>
<b>Non-Current Provisions</b>		
Employee benefits		
- Long service leave	99,863	94,929
- Workers' compensation <sup>(1)</sup>	3,451	3,942
- Separations and redundancies	48,755	34,580
Cross-border transaction	3,466	3,601
<b>Total Non-Current Provisions</b>	<b>155,535</b>	<b>137,052</b>

<sup>(1)</sup> These provisions represent Airservices Australia's self insured liability for workers' compensation prior to 1 July 1989.

## 10 INTEREST-BEARING LIABILITIES (NON-CURRENT)

	2005 \$'000	2004 \$'000
Unsecured loans		
– Bank loans – bonds <sup>(1)</sup>	100,067	100,114
<b>Total Non-Current Interest Bearing Liabilities</b>	<b>100,067</b>	<b>100,114</b>
<b>Maturity Schedule</b>		
Total amount of loans payable within:		
– Later than 1 year but not later than 2 years	100,067	-
– Later than 2 years but not later than 5 years	-	100,114
<b>Total Non-Current Interest Bearing Liabilities</b>	<b>100,067</b>	<b>100,114</b>

<sup>(1)</sup> This represents a medium term bond facility which matures in November 2006.

## 11 SHAREHOLDER'S EQUITY

Item	Capital \$'000	Accumulated losses \$'000	Asset Revaluation Reserve \$'000	Total equity \$'000
<b>Balance – 1 July 2004</b>	<b>222,190</b>	<b>(49,861)</b>	<b>18,691</b>	<b>191,020</b>
Net profit after income tax	-	58,235	-	58,235
Dividends paid	-	(30,300)	-	(30,300)
<b>Balance - 30 June 2005</b>	<b>222,190</b>	<b>(21,926)</b>	<b>18,691</b>	<b>218,955</b>

## 12 SEGMENT REPORTING

Airservices Australia operates predominantly in the Australian Aviation Industry.

## 13 STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

	2005 \$'000	2004 \$'000
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	100,000
- Standby / Money Market Line	70,000	70,000
Total loan facilities	470,000	470,000
Amount utilised	(100,067)	(100,114)
Unused loan facility	369,933	369,886

## 14 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 \$18.212m (2004: \$18.535m) and \$0.044m (2004: \$0.045m) 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% to 10%. Total contributions made by Airservices Australia to both AvSuper funds during the period were \$48.015m.

The last actuarial assessment of AvSuper as at 1 July 2004 was presented by CHR Consulting on 14 October 2004. Information relating to AvSuper based on the latest actuarial assessment and the financial report of AvSuper for the year ended 30 June 2004 is set out in the following table:

As at 30 June 2004	\$'000
Present value of employees' accrued benefits	617,884
Net market value of assets held by AvSuper to meet future benefit payments	691,936
Surplus of net market value of assets over accrued benefits	74,052
Vested benefits	647,921

## 15 REMUNERATION OF AUDITORS

	2005 \$	2004 \$
Auditing services provided by the Australian National Audit Office <sup>(1)</sup>	299,000	288,620
Audit services for Airservices Australia are provided by the Australian National Audit Office and are subcontracted to PricewaterhouseCoopers.		
Services provided by PricewaterhouseCoopers		
- Accounting advice in connection with the cross border arrangement	-	4,000
- Rate of return modelling	-	26,775
	-	30,775

(1) Included in the amount for the 2004/05 financial year, is \$19,500 relating to the 2005-06 financial statements audit, arising from work done on the opening balance sheet to be prepared under Australian equivalents to International Financial Reporting Standards.

## 16 REMUNERATION OF DIRECTORS

	2005 \$	2004 \$
Amounts received, or due and receivable, by Directors	304,062	284,000

The remuneration of the Chief Executive Officer and Chief Financial Officer (both of whom were Executive Directors during the year) is disclosed with the remuneration of executives in note 17 and is not included in Director's remuneration. A number of Board members served for only part of the 2004/05 year as detailed in note 18.

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

	\$	\$	2005 Number	2004 Number
	10,000	- 19,999	5	-
	20,000	- 29,999	3	-
	30,000	- 39,999	1	3
	40,000	- 49,999	1	*1
	50,000	- 59,999	-	2
	70,000	- 79,999	1	-

\* Board member resigned February 2004



## 17 REMUNERATION OF EXECUTIVES

Executive remuneration payments include base salary, termination payments and pay at risk. Remuneration received by the Executive managers, whose remuneration was at least \$100,000, totalled \$3,156,964 (2004: \$2,152,263). Executive managers are those who are concerned with, or take part in, the management of Airservices Australia. Executive managers' 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.

	\$	\$	2005 Number	2004 Number
160,000 - 169,999			-	1
280,000 - 289,999			1	-
320,000 - 329,999			2	1
340,000 - 349,999			1	1
350,000 - 359,999			-	1
380,000 - 389,999			-	1
400,000 - 409,999			1	-
410,000 - 419,999			1	-
560,000 - 569,999			-	1
1,060,000 - 1,069,999			1	-



# 18 RELATED PARTY TRANSACTIONS

## Directors

The names of persons who were Directors of Airservices Australia during the financial year and up to the date of signing these financial statements are as follows:

Chairman	Status	Commenced	Finished
<b>Nick Burton Taylor AM</b>		<b>28 January 2005</b>	<b>Current</b>
Air Marshal Leslie Fisher AO (Ret'd)	Acting	Ongoing	27 January 2005
Deputy Chairman	Status	Commenced	Finished
<b>Air Marshal Leslie Fisher AO (Ret'd)</b>		<b>Ongoing</b>	<b>Current</b>
Chief Executive Officer	Status	Commenced	Finished
<b>Greg Russell</b>		<b>19 July 2005</b>	<b>Current</b>
Hisham El-Ansary	Acting	21 January 2005	18 July 2005
Bernard R Smith		Ongoing	20 January 2005
Directors	Status	Commenced	Finished
Hisham El-Ansary		Ongoing	20 January 2005
Captain David Shrubbs		Ongoing	Current
Christine Goode		28 January 2005	Current
Alice Williams		28 January 2005	Current
Henk Meertens		28 January 2005	Current
David Forsyth		28 January 2005	Current
Philippa Stone		28 January 2005	Current
Ronald Entsch		1 July 2004	31 August 2004
Kevin Gale		1 July 2004	30 November 2004
Belinda Gibson		Ongoing	10 December 2004
Martin Dolan		1 September 2004	27 January 2005

Both Air Marshal Leslie Fisher AO (Ret'd) and Hisham El-Ansary were also appointed directors of Airservices Pacific Incorporated on 7 December 2004.

## 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 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:

- Bernard R Smith purchased air navigation services from Airservices Australia at the rates set out in the Standard Contract Terms for facilities and services.
- Legal services amounting to \$41,072 (2004: \$268,934) have been provided to Airservices Australia by Mallesons Stephen Jaques during the period 1 July 2004 to 10 December 2004, a firm that is a member of the panel of legal advisors to Airservices Australia and in which Ms Belinda Gibson is a partner. Ms Gibson retired her directorship on 10 December 2004.
- Legal services amounting to \$26,334 have been provided to Airservices Australia by Freehills during the period 28 January 2005 to 30 June 2005, a firm that is a member of the panel of legal advisors to Airservices Australia and in which Ms Philippa Stone is a partner. Ms Stone commenced her directorship on 28 January 2005.
- Employer superannuation contributions were made to AvSuper Pty Ltd, a superannuation fund, of which Mr Ronald Entsch is a trustee director and of which Mr Hisham El-Ansary is a trustee director. Airservices Australia is reimbursed by AvSuper Pty Ltd for administrative costs incurred on behalf of the superannuation fund's management.
- To the extent permitted by law, Airservices Australia provides indemnities to its directors and officers to complement the insurance arrangements that it has in place.



# 19 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.

2005		Fixed interest maturing in:						
	Notes	Average interest rate	Floating Interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets								
Cash and deposits		5.500%	42,960	-	-	-	572	43,532
Receivables	6	-	-	-	-	-	64,663	64,663
Total			42,960	-	-	-	65,235	108,195
Financial liabilities								
Trade and other creditors <sup>(2)</sup>	9	-	-	-	-	-	63,286	63,286
Bank loans – bonds	10	6.485%	-	-	100,067	-	-	100,067
Interest rate swaps <sup>(1)</sup>		-	100,000	-	(100,000)	-	-	-
Interest rate swaps <sup>(1)</sup>		-	(77,000)	-	77,000	-	-	-
Total			23,000	-	77,067	-	63,286	163,353
Net Financial Assets / (Liabilities)			19,960	-	(77,067)	-	1,949	(55,158)

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

<sup>(2)</sup> This item excludes amounts for staff recreation leave liabilities

## 19 FINANCIAL INSTRUMENTS (continued)

### Interest Rate Risk Exposures (continued)

2004		Fixed interest maturing in:						
	Notes	Average interest rate	Floating Interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years. \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>								
Cash and deposits		5.468 %	33,274	-	-	-	40	33,314
Receivables	6	-	-	-	-	-	62,283	62,283
<b>Total</b>			33,274	-	-	-	62,323	95,597
<b>Financial liabilities</b>								
Trade and other creditors <sup>(2)</sup>	9	-	-	-	-	-	57,917	57,917
Bank loans – bonds	10	6.485 %	-	-	100,114	-	-	100,114
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	-	70,114	-	57,917	158,031
<b>Net Financial Assets / (Liabilities)</b>			3,274	-	(70,114)	-	4,406	(62,434)

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

<sup>(2)</sup> This item excludes amounts for staff recreation leave liabilities

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

	Notes	2005 \$'000	2004 \$'000
Net financial assets/(liabilities) as above		(55,158)	(62,434)
Other current assets	7	15,269	27,887
Non-current assets	7,8	477,596	421,300
Current provisions (including recreation leave)	9	(63,217)	(58,681)
Non-current provisions	9	(155,535)	(137,052)
<b>Net assets as per Statement of Financial Position</b>		<b>218,955</b>	<b>191,020</b>

19 *FINANCIAL INSTRUMENTS continued***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	
	2005	2004	2005	2004
	\$'000	\$'000	\$US/\$1	\$US/\$1
<b>Maturity</b>				
3 months or less	-	100	-	0.750
Later than 3 months but not later than 1 year	949	150	0.738	0.739

Buy EUROS	Sell Australian Dollars		Average Exchange Rate	
	2005	2004	2005	2004
	\$'000	\$'000	EURO/\$1	EURO/\$1
<b>Maturity</b>				
3 months or less	1,866	2,191	0.5577	0.5862
Greater than 3 months but less than 1 year	9,159	12,781	0.5418	0.5784
Greater than 1 year	-	7,161	-	0.5510

Buy US Dollars	Sell Australian Dollars		Average Exchange Rate	
	2005	2004	2005	2004
	\$'000	\$'000	\$US/\$1	\$US/\$1
<b>Maturity</b>				
3 months or less	377	-	0.768	-
Greater than 3 months but less than 1 year	5,356	-	0.774	-
Greater than 1 year	240	-	0.772	-

**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 a Standard and Poors' rating of at least AA-.

19 *FINANCIAL INSTRUMENTS continued***Net Fair Value of Financial Assets and Liabilities**

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

	2005		2004	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Financial assets</b>				
Forward exchange contracts	-	(1,220)	-	606
Cash	43,532	43,532	33,314	33,314
Receivables	64,663	64,663	62,283	62,283
Interest rate swaps	-	96	-	534
	<b>108,195</b>	<b>107,071</b>	<b>95,597</b>	<b>96,737</b>
<b>Financial liabilities</b>				
Long term debt	100,067	101,171	100,114	101,014
Trade and other creditors	63,286	63,286	57,917	57,917
	<b>163,353</b>	<b>164,457</b>	<b>158,031</b>	<b>158,931</b>

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

**LONG-TERM DEBT**

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

**FORWARD 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.



## 20 NOTES TO THE STATEMENT OF CASH FLOWS

	2005 \$'000	2004 \$'000
<b>Reconciliation of Cash</b>		
Cash at the end of the financial year, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:		
Cash, advances and cash on call	43,532	33,314
<b>Total cash</b>	<b>43,532</b>	<b>33,314</b>
<b>Reconciliation of net profit after income tax to net cash provided by operating activities</b>		
Net profit after income tax	58,235	46,564
Cross-border transaction guarantee fee	-	(14,656)
Adjustments for non-cash income and expense items		
Depreciation	64,362	72,204
Reversals of previous asset class write-downs	(16,106)	(15,914)
Net loss on sale/write-off of property, plant and equipment	703	674
Net gain from sale of assets held for resale	(77)	-
Amortisation of premium on borrowings	(47)	(48)
Changes in assets		
Increase in gross receivables	(2,080)	(12,719)
Decrease/(increase) in inventories and spares	(115)	528
Decrease/(increase) in prepayments	(1,495)	348
Decrease/(increase) in future income tax benefit	(9,013)	743
Changes in liabilities		
Increase/(decrease) in employee benefits	22,407	(6,081)
Decrease in doubtful debts provision	(300)	(908)
Decrease in legal provisions	(306)	(333)
Decrease in income tax payable	(562)	(11,145)
Decrease in cross-border transaction provision	(135)	(149)
Increase/(decrease) in creditors and accruals	6,984	(4,437)
<b>Net cash provided by operating activities</b>	<b>122,455</b>	<b>54,671</b>

## 21 MONIES HELD IN TRUST

Airservices Australia has been contracted by the Solomon Islands Civil Aviation Authority and the Republic of Nauru to provide airspace management and accounts receivable services. The contracts require Airservices Australia to retain cash received and to remit funds at a later date to the Solomon Islands and Nauru Governments as required under the respective agreements. At balance date, the money held in trust totalled \$0.795m (2004: \$0.514m) for the Solomon Islands and \$0.050m (2004: \$nil) for Nauru.



## 22 ECONOMIC DEPENDENCY

Airservices Australia is dependent on activity in the Australian aviation industry, of which the Qantas Group is the dominant operator, representing approximately 48% (2004: 44%) of flights by aircraft greater than 5.7 tonnes.

## 23 IMPACT OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) FROM 2005–06



### Management of the transition to AIFRS

Airservices Australia has undertaken the following steps in transitioning its accounting policies and financial reporting from the current Australian Standards to Australian equivalents of International Financial Reporting Standards (AIFRS):

- Established an AIFRS Steering Committee, chaired by the Chief Financial Officer, to oversee the progress of the transition. The Chief Financial Officer is formally responsible for the project and reports regularly to the Board Audit Committee on progress against the plan;
- All major accounting policy differences between current AASB standards and AIFRS were identified by 30 June 2004;
- System changes necessary to report under AIFRS, including those necessary to capture data under both sets of standards for 2004-05 have been completed;
- A transitional balance sheet as at 1 July 2004 under AIFRS was presented to the Airservices Australia Board Audit Committee on 19 November 2004; and
- In accordance with the transitional requirements, an AIFRS compliant balance sheet as at 30 June 2005 was prepared at the time of preparation of the 2004–05 statutory reports and will be reported to the Department of Finance and Administration in accordance with their reporting timeframe.

## 23 ***IMPACT OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) FROM 2005–06 (continued)***

### **Major changes in accounting policies**

The first AIFRS compliant financial report for 2005–06 prepared by Airservices Australia will be based on the requirements of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Under this standard, any changes in accounting policies under AIFRS are to be applied retrospectively, except in relation to exemptions available under AASB 1.

Changes to accounting policies that can have a material effect on the financial statements of Airservices Australia are provided below. These changes are not expected to have a material effect on the cash flows of Airservices Australia.

#### ***a) Employee Benefits***

Under AASB 119 Employee Benefits, entities that sponsor defined benefit superannuation plans are required to recognise an asset or a liability for the superannuation plan, measured at the present value of accrued benefits less the market value of plan assets. Any movement in the asset or the liability subsequent to its initial recognition is to be accounted for in equity. This will result in a change to the current accounting policy where neither actuarial gains and losses nor net assets or liabilities of the plan are currently recognised in the financial statements. As at 30 June 2005 the asset, relating to the AvSuper defined benefit scheme, amounted to \$4.034m. This represents an increase of \$18.212m over the liability of \$14.178m as at 1 July 2004. In accordance with the direction provided by the Department of Finance and Administration, the increase of \$18.212m will be accounted for in equity.

#### ***b) Property, plant and equipment***

Under the current accounting policy on revaluation of Property, Plant and Equipment, revaluation increments/ decrements are offset against one another within a class of non-current assets. Under AASB 116 Property, Plant and Equipment, a revaluation decrease is to be charged directly against any related revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of the same asset. This change in the accounting policy is expected to affect the reported profit. If this policy was applied to the revaluation of property, plant and equipment in the 2004–05 financial year, the reported profit for the year would decrease by \$5.116m.

## 23 **IMPACT OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) FROM 2005–06 (continued)**

### *Major changes in accounting policies (continued)*

#### **c) Financial Instruments**

Under the current accounting policy, disclosure of financial instruments is by way of a note to the financial statements. Under AASB 139 Financial Instruments: Recognition and Measurement, all qualifying financial instruments held at the transition date are to be recognised in the financial statements. The change in accounting policy will result in additional assets / liabilities being recognised in the Balance Sheet with movements in the asset or liability being accounted for in equity or the income statement.

Airservices Australia is required by AIFRS to restate the carrying amount of financial instruments as at 1 July 2005. The effect of the above is an increase in net assets of \$0.096m.

#### **Quantitative Impacts of AIFRS**

Management's review of the quantitative impacts of AIFRS represents the best estimate as at the reporting date. The actual effects may differ from these estimates due to:

- continuing review of the impacts of AIFRS on the operations of Airservices Australia;
- potential amendments to AIFRS and its interpretation; and
- emerging interpretation as to the accepted practises in the application of AIFRS.





# Appendices

appendices



# APPENDIX 1: BOARD MEMBERSHIP, MEETINGS AND COMMITTEES

## Members of the Board and their terms of appointment

Board members for the period 1 July 2004 to 30 June 2005 were as follows:



**Nick Burton Taylor (Chairman)** E.Ec (Syd), FCA, ASIA, FAICD —from 28 January 2005

Mr Burton Taylor is a farmer living at Boorowa, New South Wales, with an extensive career as a professional director and a broad background in accounting, agriculture, aviation, commerce and small business.

After several years at PricewaterhouseCoopers, Mr Burton Taylor founded Hays Personnel Services and is a past President of the Institute of Chartered Accountants in Australia. He is currently Chairman of the Australian Agricultural Company Ltd, a director of Rural Press Ltd, publishers, and a director of Hamilton James and Bruce Ltd, specialists in banking and finance recruitment. Mr Burton Taylor is the founding chairman of the Country Education Foundation of Australia.

Mr Burton Taylor's extensive aviation experience has included directorships of the Federal Airports Corporation, the Sydney and Bankstown Airports corporations (responsible for Sydney (Kingsford-Smith), Bankstown, Camden and Hoxton Park airports), and the regional New South Wales airline Hazelton.



**Air Marshal Leslie Fisher (Ret.) AO (Deputy Chairman)**—acting Chairman from 13 February 2004 to 2005

Air Marshal Fisher had a distinguished military career, culminating in his appointment as Chief of Air Force from 1994 to 1998. He 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, Air Marshal Fisher accumulated more than 5000 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.



**David Forsyth— from 28 January 2005**

Mr Forsyth is an aeronautical engineer with over 30 years experience in airline operations and aviation engineering.

He is a former Qantas Airways Executive General Manager responsible for flight operations, engineering and maintenance, and was previously General Manager of Qantas Regional Airlines, which covered four wholly owned subsidiaries flying to 47 Australian destinations.

Mr Forsyth is a Board member of Aviation Australia, Structural Monitoring Systems, and the Royal Flying Doctor Service of Australia (South Eastern Section).



**Christine Goode PSM—from 28 January 2005**

Ms Goode has extensive public sector experience in transport, communications and executive management, working at Australian Government departmental deputy secretary and chief executive officer levels.

She has many years involvement in transport, including heading the then Department of Transport and Communications International Aviation Policy Division from 1986 to 1991. The division was closely involved in the government's scoping study on the sale of Australian Airlines and part of Qantas. Later, she was CEO of Spectrum Management Agency, responsible for radio spectrum planning and licensing, and of ComSuper, the Australian Government superannuation administrator.

Ms Goode is currently a Board Director of the National Foundation for Australian Women and State Super Financial Services, and is Chair of Comcare's Audit Committee.



**Henk Meertens—from 28 January 2005**

Mr Meertens, an architect, has been actively involved in recreational and sport aviation for 25 years.

A President of the Australian Sport Aviation Confederation since 1996 and former President of the Gliding Federation of Australia, he has logged over 3000 hours flying time in gliders.

Mr Meertens represents the Australian sport and recreational aviation industry at international level and on a number of national forums and committees, including Civil Aviation Safety Authority Regulatory Reviews.





**Captain David Shrubbs**

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

He has almost 21,000 accident-free flying hours, more than 2000 hours in supervising training and checking in Qantas simulators, extensive experience in aircraft command (including 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 six years as Manager, Flight Training. He was also Chairman of the Overseas Branch of the Australian Federation of Air Pilots for two years, followed by two years as President of the Federation.



**Philippa Stone—from 28 January 2005**

Ms Stone is a partner in international legal firm Freehills, specialising in equity raisings, mergers and acquisitions, and listed company reconstruction. She has been involved in a number of Australia's largest major equity raisings, landmark privatisations and financial services sector acquisitions over the past 20 years.

Ms Stone advised the Australian Government on the sale of Sydney Airport and acted on recent airport transactions involving the Northern Territory, Adelaide, Townsville, Mt Isa, Bankstown, Camden and Hoxton Park airports. She is a member of the government's Business Regulatory Advisory Group.



**Alice Williams—from 28 January 2005**

Ms Williams has some 20 years of senior management and Board level experience in corporate and government sectors and investment banking. She is actively involved in strategy and policy development, corporate advisory and funds management, and is engaged by Australian Government organisations to undertake reviews of competition policy and regulation.

A former Director of Strategy and Planning at Ansett Australia, Ms Williams has also been a consultant to domestic and international airlines and regulatory bodies.

She is a member of the Australian Accounting Standards Board, a director of State Trustees Ltd and a Commissioner of the Victorian Competition and Efficiency Commission.





**Hisham El-Ansary—resigned as an Executive Director 21 January 2005, acting Chief Executive Officer from 21 January 2005**

After serving as the Airservices Australia's Chief Financial Officer and General Manager Corporate Services since March 2001, Mr El-Ansary was appointed acting Chief Executive Officer in January 2005.

Mr El-Ansary has extensive experience in managing commercial activities, particularly in an Australian Government context. Before joining Airservices Australia, he was National Finance Manager of Australian Construction Services, where he played a major role in commercialising the organisation ahead of its privatisation and acquisition by Gutteridge, Haskins & Davey Pty Ltd in 1996.

Mr El-Ansary has been an Executive Director on the Board of Airservices Australia since March 2002, and is also a non-executive director on the boards of Airservices Pacific Inc and staff superannuation fund, AvSuper Pty Ltd.



**Bernard Smith—resigned as Chief Executive Officer on 20 January 2005**

Mr Smith was Chief Executive Officer of Airservices Australia from November 2000.

He joined Airservices Australia in 1998 as Chief Operating Officer to head the corporation's Air Traffic Services business. Before that appointment, he 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. Mr Smith's previous positions included Chief Executive Officer, Hazelwood Power and General Manager Maintenance and Engineering at Australian Airlines. He is a fellow of the Royal Aeronautical Society.



**Ronald Entsch—to 31 August 2004**

Mr Entsch has a distinguished career in aviation, including 37 years gained from a number of airlines. At Air Queensland, he rose to be Group General Manager and he was General Manager Operations at East West Airlines in Sydney. At Ansett, Mr Entsch was State Manager, Queensland and later General Manager Operations at Melbourne Head Office 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 Honorary Professor of Aviation Management at Griffith University and a Fellow of the Royal Aeronautical Society.





**Kevin Gale—to 30 November 2004**

Mr 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 Commercial Pilot and Air Traffic Control Licences. In air traffic control, he has had wide experience as an operating and check controller and extensive management experience up to the level of Senior Supervisor, Air Traffic Control.



**Belinda Gibson—resigned 10 December 2004**

Ms Gibson is a partner in legal firm Mallesons Stephen Jaques, specialising in corporate law. She has extensive experience negotiating corporate acquisitions, commercial transactions and joint venture arrangements in Australia and offshore. She advises the firm's major clients in the airlines, chemicals, technology and financial services industries.

**Martin Dolan—from 1 September 2004, resigned 27 January 2005**

Mr Dolan is First Assistant Secretary, Aviation and Airports Regulation in the Department of Transport and Regional Services. In this role, he is one of the government's principal advisers on aviation safety and regulation matters. He has 25 years experience as a Commonwealth public servant and is currently a member of the Audit Committee of the Civil Aviation Safety Authority.

## Meetings of the Board

The Board met at 10 ordinary meetings during the year on the dates set out below. All meetings were held in Canberra. The Board also held one extraordinary meeting by telephone conference and one extraordinary meeting in Canberra.

31 July 2004

27 August 2004

24 September 2004

29 October 2004

26 November 2004

20 January 2005

4 February 2005

29 March 2005

26 April 2005

31 May 2005

## Meetings of Board committees

### ***Safety and Environment Committee***

*Air Marshal Les Fisher (Chairman), Mr Ronald Entsch (to 31 August 2004), Mr Kevin Gale (to 30 November 2004), Captain David Shrubb, Mr Bernard Smith (to 20 January 2005, ex-officio member), Mr Hisham El-Ansary (from 21 January 2005, acting CEO and ex-officio member), Mr Nick Burton Taylor (from 28 January 2005, ex officio member), Mr David Forsyth (from 4 February 2005), Mr Henk Meertens (from 4 February 2005).*

The Safety and Environment Committee met nine times in Canberra.

### ***Audit Committee***

*Mr Ronald Entsch (Chairman to 31 August 2004), Ms Belinda Gibson (resigned 10 December 2004), Air Marshal Les Fisher (acting Board Chairman, ex-officio member, acting committee chairman from 1 September 2004 to 3 February 2005), Ms Alice Williams (Chairman from 4 February 2005), Ms Philippa Stone (from 4 February 2005), Ms Christine Goode (from 4 February 2005).*

The Audit Committee met five times in Canberra.

### ***Remuneration Committee***

*Air Marshal Les Fisher (acting Chairman to 3 February 2005), Mr Ronald Entsch (to 31 August, 2004), Mr Bernard Smith (resigned 20 January 2005), Ms Belinda Gibson (resigned 10 December 2004), Mr Hisham El-Ansary (acting CEO from 21 January 2005), Mr Nick Burton Taylor (Chairman from 4 February 2005).*

The Remuneration Committee met once in Sydney and three times in Canberra.

### ***Security Committee***

*Air Marshal Les Fisher (Chairman), Captain David Shrubb, Mr Bernard Smith (resigned 20 January 2005), Mr Hisham El-Ansary (acting CEO from 21 January 2005).*

The Security Committee met three times in Canberra.

### ***New Business Committee***

*Mr Bernard Smith (resigned 20 January 2005), Air Marshal Les Fisher (acting Chairman to 3 February 2005, ex-officio for Defence matters), Mr Hisham El-Ansary (from 21 January 2005 but attended one meeting as acting CEO), Mr Nick Burton Taylor (from 4 February 2005).*

The New Business Committee met three times in Canberra and once by telephone hook-up.



TABLE 1 ATTENDANCE AT DIRECTORS' MEETINGS

Name	Board		Audit Committee		Safety and Environment Committee		Remuneration Committee		Security Committee		New Business Committee	
	Meetings during term	Attended	Meetings during term	Attended	Meetings during term	Attended	Meetings during term	Attended	Meetings during term	Attended	Meetings during term	Attended
Nick Burton Taylor	5	5	ex officio	ex officio	ex officio	ex officio	1	1	n/a	n/a	—	—
Air Marshal Leslie Fisher (Ret.)	12	10	5	4	9	8	4	4	3	3	4	4
David Forsyth	5	5	n/a	1 <sup>a</sup>	4	4	n/a	n/a	n/a	n/a	n/a	n/a
Christine Goode	5	4	3	2	n/a	2 <sup>a</sup>	n/a	n/a	n/a	n/a	n/a	n/a
Henk Meertens	5	5	n/a	1 <sup>a</sup>	4	4	n/a	n/a	n/a	n/a	n/a	n/a
Captain David Shrubbs	12	12	n/a	1 <sup>a</sup>	9	9	n/a	n/a	3	3	n/a	n/a
Philippa Stone	5	5	3	3	n/a	2 <sup>a</sup>	n/a	n/a	n/a	n/a	n/a	n/a
Alice Williams	5	5	3	3	n/a	2 <sup>a</sup>	n/a	n/a	n/a	n/a	n/a	n/a
Hisham El-Ansary	12	12	n/a	5 <sup>a</sup>	4	3	1	1	1	1	n/a	1 <sup>a</sup>
Bernard Smith	7	7	n/a	1 <sup>a</sup>	ex officio	n/a	3	3	2	2	4	3
Ronald Entsch	3	3	1	1	2	2	1	1	n/a	n/a	n/a	n/a
Kevin Gale	6	6	n/a	n/a	5	5	n/a	n/a	n/a	n/a	n/a	n/a
Belinda Gibson	6	6	2	2	n/a	3 <sup>a</sup>	3	3	n/a	n/a	n/a	n/a
Martin Dolan	4	4	n/a	n/a	n/a	3 <sup>a</sup>	n/a	n/a	n/a	n/a	n/a	n/a

n/a = not applicable

a Attended as a non-member.

## **Benefits and interests in contracts with Airservices Australia**

Details of directors' benefits and interests in contracts with Airservices Australia are set out in Note 18 of the financial statements.

## **Directors indemnity and insurance**

In 2004–05, 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:

- Airservices Australia is required to do so by law, or
- the insurer consents in writing to such disclosure.



## APPENDIX 2: STATUTORY AND ADMINISTRATIVE INFORMATION

### Ministerial directions

During 2004–05, the minister made two formal directions to Airservices Australia under the *Air Services Act 1995*.

#### *Direction under section 18 of the Act*

Airservices Australia is directed to provide to the Ministerial Nominee (the Chief of Staff to the Minister for Transport and Regional Services) such information and documents relating to the procurement by Airservices Australia of fire trucks as the Ministerial Nominee requests.

Dated this 15 July 2004.

#### *Direction under section 16 of the Act*

I, John Duncan Anderson, Minister for Transport and Regional Services, pursuant to s. 16 of the *Air Services Act 1995*, give the following direction to Airservices Australia.

- If:
- (a) on the date on which the direction commences, a volume of airspace above Class D airspace above an airport was classified as Class E airspace; and
  - (b) after the commencement of this direction, Airservices Australia reclassifies that volume of airspace as Class C airspace.

Airservices Australia must, in performing its function under s. 8 of the *Air Services Act 1995* of providing facilities and services, provide an operating ATC control tower at the airport and an approach radar control service at the earliest time one can be supplied and installed.

Dated this 31 August 2004.

**TABLE 2 MINISTERIAL DIRECTIONS STILL CURRENT FROM PREVIOUS FINANCIAL YEARS**

Calendar year	Reference number and/or date of issue	Subject
1996	29 May	Responsibility for handling noise complaints
1996	M138/96, 14 September	Runway 34R take-offs at Sydney Airport
1997	30 July	Sydney Airport Long Term Operating Plan
1999	M30/99, 18 March	Instrument landing system, Sydney Airport
1999	M37/99, 3 May	Environmental effects of aircraft
2001	M33/2001, 24 December	En route charges for aircraft to 15 tonnes
2002	MAVN 16/2002, 14 March	Precision runway monitor approaches, Sydney Airport
2002	TREG 09/2002, 14 May	Limitations on precision runway monitor approaches, Sydney Airport
2004	1 March	Supply copies of documents on the National Airspace System (NAS) 2(b)
2004	1 April	Limits on price increases for terminal navigation services at airports to which the Location Specific Pricing Subsidy applies to a maximum of 16.8 per cent for the 2004–05 financial year

## Occupational health and safety

In accordance with section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (the OHS Act), the following report provides information on OHS matters for Airservices Australia in 2004–05.

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

The OHS subcommittee of the National Consultative Council, composed of Airservices Australia management and union representatives, met twice in 2004–05. The OHS Steering Committee, a management level committee, also met on two occasions.

### *Occupational health and safety incidents*

In accordance with section 68 of the OHS Act, one incapacity, 27 dangerous occurrences and six serious personal injuries were reported to Comcare during 2004–05. During the previous financial year, the respective figures were one, 18 and 18.

### *Safety initiative*

Airservices Australia ran various OHS initiatives throughout the year. Major centres provided influenza vaccine to employees and contractors. Health activities, including individual health checks and skin cancer screening, were also made available. These activities complement the senior management medical and immunisation programs currently in place within the corporation.



### ***Workers compensation***

Airservices Australia's workers compensation premium for 2004–05 was set at 0.47 per cent of salary and wages (0.62 per cent in 2003–04). The Commonwealth average in 2004–05 was 1.67 per cent (1.43 per cent in 2003–04).

### ***Comcare investigation***

No investigations were carried out by Comcare in 2004–05.

### ***Notices***

No provisional improvement notices were issued during 2004–05 (none were issued in 2003–04).

## **Commonwealth Disability Strategy**

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

As a provider, the corporation deals with the aviation industry and with aviation customers, including individual members of the Australian community. We are required to provide services to continually improve our performance in meeting the needs of customers with disabilities. During the year, we ensured that corporate information was available in a variety of formats for people with disabilities.

In its employer role, the corporation aims to eliminate disability discrimination in the workplace through its equity and diversity program. Airservices Australia continued its membership of Employers Making a Difference Inc, an Australian employers' network promoting and supporting businesses that encourage people with a disability.

Airservices Australia has provided temporary employment for a number of people with disabilities. We have also used the principles of reasonable adjustment to facilitate the permanent employment of people with a disability, for example by providing special computer equipment for employees with visual impairment. Innovative guidelines for managers on ways to manage mental health issues in the workplace have been written and disseminated.

## **Equity and diversity**

During the year, Airservices Australia launched its fourth National Equity and Diversity Program (2004–08). The program, sponsored by the General Manager Air Traffic Management, ensures that the corporation complies with relevant antidiscrimination legislation. The current program is linked to the corporation's business planning processes and identifies action items required to eliminate and prevent discrimination and harassment, and to achieve improved cultural diversity, flexibility at work and implementation of the disability action plan.



## ***Highlights of the Equity and Diversity Program in 2004–05***

The National Equity and Diversity Program was launched at the August 2000 Equity and Diversity Conference in Canberra, which was attended by 50 equity and diversity contact officers and human resource advisers. One of the topics addressed was the impact of domestic violence on the workplace.

The National Equity and Diversity Council met regularly via video link during the year, with contributions from as far afield as Cairns and Darwin.

The Equity and Diversity (E&D) and Cross Cultural Awareness online training programs continue to increase understanding of these issues within the corporation. Some 236 staff completed the E&D online program and 18 staff completed the Cross Cultural Awareness course in 2004–05.

To celebrate International Women's Day in March 2005, staff (including three general managers) attended a special event in Canberra.

## ***Harassment and discrimination***

The corporation has 59 equity and diversity contact officers, who provide information and support to staff on equity and diversity matters and gather quarterly figures on harassment and discrimination complaints within their areas. Reports are presented at Equity and Diversity Council meetings and to the National Consultative Council.

Training for 16 new contact officers was held in Brisbane, and refresher training for 20 existing contact officers was held in three centres.

## **Aviation security**

Airservices Australia maintains a Transport Security Program as required by the *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*. The program describes the security measures and procedures that the corporation uses to minimise the risk of unlawful interference with aviation and major security threats against critical air traffic, aeronautical navigation, telecommunications, surveillance and emergency facilities.

## **Fraud control**

Airservices Australia has fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet its needs and, where required, those of the Commonwealth Fraud Control Guidelines.

In 2004–05, the corporation:

- completed a detailed fraud risk review
- developed the Fraud Control Plan 2005–07.



During the year, the corporation undertook a number of minor fraud investigations that led to disciplinary action against a small number of staff.

## Privacy

The *Privacy Act 1988* requires Airservices Australia to maintain a record of personal information in accordance with clause 3 of Information Privacy Principle 5, including the following details:

- the purpose for which the records are kept
- the class of individuals to which the records apply
- the period for which the records are kept
- details of how individuals can get access to records about themselves.

The corporation's Personal Information Digest record is available on the website of the Office of the Federal Privacy Commissioner at [www.privacy.gov.au](http://www.privacy.gov.au).

During 2004–05, the Privacy Commissioner did not undertake any investigations under section 40 of the Privacy Act in relation to Airservices Australia.

## Freedom of information

The *Freedom of Information Act 1982* requires Australian Government agencies to make available information about their organisations, functions and operations, and about rules and practices they use in making decisions that affect members of the public.

### *Powers and functions*

Airservices Australia's legislative framework, powers and functions are set out in the Corporate Overview section of this report (page 8).

### *FOI procedures and initial point of contact*

Under the FOI Act, the Chief Executive Officer or his Authorised Officers may grant or refuse access to any document held by Airservices Australia. Within the corporation, the Coordinator FOI and Inquiries in the Office of Legal Counsel makes initial decisions about access and fees.

A request for access to documents must be in writing, enclosing the required \$30 application fee, and state an address in Australia to which notices can be sent. In certain circumstances the fee may not be required or may be remitted. To enable a prompt response and to help the corporation meet its obligations under the FOI Act, you should provide as much information as possible about the documents you are seeking. It is also advisable to include a telephone number or an electronic mail address to allow the Co-ordinator to contact you in case clarification is needed. Applicants may be liable to pay administrative charges for the processing of a request, at rates prescribed by the Freedom of Information (Fees and Charges) Regulations.

Although the *Electronic Transactions Act 1999*, provides for FOI requests to be made via electronic mail, a request must be accompanied by the application fee. In most cases no action will be taken on a request received by electronic mail until the application fee is received by post, or a request has been made for remission of the application fee. Airservices does not at present have facilities in place to accept FOI payments electronically.

The address for lodging requests is:

Coordinator—FOI and Inquiries  
Office of Legal Counsel  
Airservices Australia  
GPO Box 367  
Canberra ACT 2601  
Telephone: (02) 6268 5108  
Fax: (02) 6268 5148

## Consultative arrangements

Airservices Australia welcomes comment from other organisations and from the public on its policies and practices. The corporation maintains many channels for consultation, including consultative committees, the <http://www.airservicesaustralia.com> website, Airport Community Consultative Committees, telephone enquiry services, industry and pilot briefings, and locally advertised public meetings. The Minister, Board, Chief Executive Officer, Executive, and Business Centre managers also respond to posted comments.

Airservices Australia is a member of various Australian and international aviation bodies, including the Regional Core Planning Group of the International Civil Aviation Organization (ICAO); the ICAO's Air Transport, Air Navigation Commission and Legal panels and technical committees; regional planning groups; the National Association of Testing Authorities; the Air Coordinating Committee; Sydney Airport and Basin development committees; the International Air Transport Association; joint Airservices Australia–Defence working parties and committees; the Sydney Airport Community Forum; the Sydney Long Term Operating Plan Implementation and Monitoring Committee; the Central Traffic Management System Steering Group; the Airport Development Committee; the Regional Airspace Users Advisory Committee; and the Australian Firefighters Council.



## FOI activity for financial year 2004–05

Table 4 shows Airservices Australia's FOI activity for 2004–05.

**TABLE 4 FREEDOM OF INFORMATION STATISTICS : 2004–05**

Activity in 2004–05	Numbers
<b>Requests:</b>	
• On hand at 1 July 2004	2
• New requests received	26
• Total requests handled	28
• Total requests completed at 30 June 2005	24
Outstanding at 30 June 2005	4
<b>Action on requests:</b>	
• Access in full	—
• Access in part	16
• Access refused	2
• Access transferred in full	1
• Request withdrawn	5
<b>Response times:</b>	
• 0–30 days	21
• 31–60 days	3
• 61–90 days	—
• 90+ days	—
<b>Internal review:</b>	
• Requests received	3
• Decision affirmed	2
• Decision amended	1
• Request withdrawn	—
<b>Review by Administrative Appeals Tribunal:</b>	
• Applications received	—

## Ombudsman activity in 2004–05

During the 2004–05 financial year, Airservices Australia responded to one formal new request for information from the Office of the Commonwealth Ombudsman. However, Airservices continued to assist the Ombudsman in regard to two inquiries generated in the previous financial year.

## Categories of documents held by Airservices Australia

Documents in the categories listed below are held by Airservices Australia as paper records or on optical, audio or digital media.

**Legal and ministerial:** legislation affecting the corporation; taxation working documents; Treasury records; insurance files; ministerial briefing papers and correspondence; policy advice, instructions and working papers; legal records, documents, instruments, precedents and advice; FOI Act activity records.

**Financial:** planning and pricing records; airways charges collection data; financial statements, working papers, reporting documentation and records.

**Commercial:** corporate property files, policy documents and records; service charter documentation; general correspondence; media reports and press releases; tenders, bids and submissions; original contract documents; contracts, agreements and memorandums of association, contract precedent information.

**Management and governance:** Board submissions, minutes and action records; management meeting submissions, records and minutes; corporate and strategic plans; business management documents, business plans, cases and reports; and service agreements.

**Internal procedures:** financial and resource management records, internal operating procedures, policy and procedures manuals and instructions; procurement guidelines; budget reports, general ledger records, procedures and manuals; project financial data, approvals, briefs, plans, designs and commissioning reports; project management policy, manuals, processes and procedures; project records, including schedules, contracts and financial records; project documentation, working party and committee reports; statistical information; information technology policy, procedures, specifications, instructions, manuals, standards, reports, maintenance and asset records; back-up tapes; quality management records, procedures and manuals.

**Employees:** workplace agreements; procedural manuals; employee and personnel management records; service and employment agreements; occupational health and safety records; equity and diversity records; internal staff publications.

**Technical:** Aeronautical Information Circulars; Aeronautical Information Publications; communication systems handbooks; aeronautical engineering instructions, drawings, reports, configuration documents and policy documents; operational policy and procedures manuals; communications, surveillance, navigation, testing and maintenance systems and engineering documents; specifications, instructions, manuals, standards, procedures, reports, maintenance records, plans and asset records; documentation of radar tapes and analyses; data communications operations manuals; maps, charts and research and investigation records; statistics of airport operations.

**Environment:** standards and procedures; records of assessment under Air Navigation (Aircraft Noise) regulations; Australian Noise Exposure Forecasts, Exposure Concepts and Indices and



related documents; Noise and Flight Path Monitoring System reports; reports on environmental assessments; records of telephone inquiries and aircraft noise complaints.

**Air traffic control:** ATC and separation policy, guidelines, standards, instructions and manuals; training records, standards, curriculum, syllabus and examination records; procedure development records; ATC and flight service daily logs and journals, audio tapes and personnel operational records; navigational maps and charts; aircraft movement data; operational documents and aeronautical charts for pilot navigation and flight planning; pilot education material; aeronautical information publications and operational charts, including en route information and world aeronautical charts.

**Safety:** airport emergency planning documentation; safety standards procedures and documents; audit reports and records, including on safety cases; aviation accident, incident and investigation records; safety and surveillance system records and manuals.

**Aviation rescue and firefighting:** ARFF operational, engineering and general bulletins and instructions; documents on procedures and recruitment, occupational health and safety, hazardous materials and fire safety policy; Australian firefighting manuals; Australian Fire Competency policy and training manuals, module descriptors, assessment manuals and associated records; ARFF systems training/instruction manuals; ARFF Total Quality Management Manual.

## Categories of documents available for purchase

Airservices Australia sells a wide range of internally and externally produced documents through its Publications Centre in Canberra, including:

- Airservices Australia and Civil Aviation Safety Authority regulatory and operational documents
- logbooks – aircraft, pilot, operational notes, syllabus
- training manuals and practice exams for pilots licences
- engineering, aerodrome, helicopter, human performance factor, meteorology, GPS and general reference books
- navigation products, videos and chart packages.

A comprehensive list of publications and prices is available from the Publications Centre:

Locked Bag 8500

Canberra ACT 2601

Telephone: 1300 306 630 (local call cost)

Fax: (02) 6268 5111

Website: <http://www.airservicesaustralia.com/publications>

## 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.

All employees have been informed about the requirements of the *Financial Services Reform Act 2001*. Staff in key areas of human resources management, recruitment and payroll, and associated remuneration services have been provided with guidelines to be adhered to when dealing with superannuation issues with other employees.

## Judicial decisions and reviews by outside bodies

There were no judicial decisions or decisions of administrative tribunals during 2004–05 that had, or may have, a significant impact on the operations of Airservices Australia.

During 2004–05, Airservices Australia received no reports on its operations from parliamentary committees or from the Commonwealth Ombudsman.

## Environmental protection and ecologically sustainable development

During the year, Airservices Australia developed environmental performance metrics to evaluate and report on air traffic management initiatives.

The metrics are fully functional and form the basis of quarterly reports to the Board and its Safety and Environment Committee on environmental impacts, including noise around major airports and emissions between paired city domestic routes.

Further development is planned for 2005–06. The aim is to refine the package to take into account other industry efficiencies and their corresponding environmental benefits on domestic and international routes and in the terminal areas.



## APPENDIX 3: 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

26 OCT 1999

Dear Mr  Forsyth

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

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

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

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

Parliament House, Canberra ACT 2600 Tel: (02) 6277 7680 Fax: (02) 6273 4126



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

## APPENDIX 4: STAFFING STATISTICS

TABLE 4 NUMBER OF PERMANENT STAFF, BY CLASSIFICATION AND STATE, 2004–05

Job Type	State/territory								Total
	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	
Air Traffic Controller	14	140	8	386	50	13	313	51	975
Air Traffic Controller (Trainee)	–	5	1	14	1	–	28	2	51
Airways System Data Officer	–	7	–	40	–	–	46	–	93
ATS Support Specialist	14	4	–	13	1	–	15	–	47
Aviation Fire Officer	23	62	61	206	36	39	67	48	542
Clerical Administration	190	18	1	49	4	–	52	4	317
Flight Data Co-ordinator	–	–	–	12	–	–	11	–	23
Flight Information Officer	–	–	–	50	–	–	–	–	50
Flight Service Officer	–	–	–	39	–	–	–	–	39
General Service Officer	1	12	2	11	6	1	12	8	53
Information Technology Officer	54	2	–	10	–	–	13	–	79
Senior Manager	165	15	5	79	4	2	57	9	336
Snr Technical Officer	6	17	1	62	10	1	39	14	150
Technical Officer	10	40	10	86	13	4	46	13	222
Technology Professional	28	2	–	13	–	–	8	–	51
<b>Grand Total</b>	<b>505</b>	<b>324</b>	<b>89</b>	<b>1070</b>	<b>125</b>	<b>60</b>	<b>707</b>	<b>149</b>	<b>3028</b>

ATS = Air Traffic Services



# GLOSSARY

ACCC	Australian Competition and Consumer Commission
ADS-B	Automatic Dependent Surveillance—Broadcast
AERU	Airspace and Environment Regulatory Unit
Air Services Act	<i>Air Services Act 1995</i>
ARFF	aviation rescue and fire fighting
ARMS	Airservices Risk Management System
ASTRA	Australian Strategic Air Traffic Management Group
ATC	air traffic control
ATM	air traffic management
ATS	Air Traffic Services
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CANSO	Civil Air Navigation Services Organisation
CASA	Civil Aviation Safety Authority
CASR	Civil Aviation Safety Regulation
CEO	Chief Executive Officer
DOTARS	Department of Transport and Regional Services (Australian Government)
EBIT	earnings before interest and tax
EMS	environmental management system
Eurocat	Eurocat 2000 Air Traffic Management System (an ATM automation product used by Airservices Australia)
FAA	Federal Aviation Administration (United States Government agency)
FIR	flight information region
FOI Act	<i>Freedom of Information Act 1982</i>
government, the	the Australian Government
GPS	Global Positioning System
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
IMC	Implementation Monitoring Committee (for Sydney Airport LTOP)



IOC	Integrated Operating Concept (a long-term plan for civil–military airspace sharing)
ISO	International Organization for Standardization
LTOP	Long Term Operating Plan (for Sydney Airport)
MAESTRO	Tactical tool for the sequencing of aircraft arrivals
MP	Member of Parliament
NAS	National Airspace System
NOTAM	Notice to Airman services
OHS	occupational health and safety
RAAF	Royal Australian Air Force
RVSM	reduced vertical separation minima
SACF	Sydney Airport Community Forum
SAP	Systems, Applications and Products in data processing (a commercial brand of software)
SMS	safety management system
TAAATS	The Australian Advanced Air Traffic System
UPR/Ts	user preferred routes/trajectories



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