



Annual Report 2012-13



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Letter of transmittal



Chair

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The Hon. Warren Truss MP
Deputy Prime Minister
Minister for Infrastructure and Regional Development
Parliament House
CANBERRA ACT 2600

Dear Minister,

Annual Report 2012–13

On behalf of the Board of Airservices Australia, I am pleased to submit to you the Airservices Australia Annual Report for the financial year 2012–13.

The report has been prepared in accordance with the requirements of the *Air Services Act 1995*, the *Commonwealth Authorities and Companies Act 1997* and relevant Finance Minister's Orders.

The report outlines the achievements and milestones of Airservices and includes a review of operations and financial statements for the year ending 30 June 2013.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Angus Houston".

Air Chief Marshal Angus Houston AC, AFC (Ret'd)
Chair
26 September 2013



Chair's report

At the completion of my first full year as Chair of Airservices, it is my pleasure to present the Airservices annual report for 2012-13.

Our achievements during 2012-13 reinforce the organisation's unique role in connecting the key components of the Australian aviation industry to deliver world-best industry performance. Our clear strategic direction and priorities have ensured we delivered on our commitment to meet the expectations of the Government, our customers and stakeholders, with achievements against our strategic objectives detailed in this annual report.

The aviation industry continues to grow and this has brought with it challenges that are influencing the way we optimise efficiency. We have expanded collaborative relationships with existing stakeholders and established new relationships with other sectors such as Australia's mining industry, in order to meet heightened expectations and demand.

With patchy recovery in the international economy, together with demanding market conditions faced by our airline customers, there is increasing pressure on us for greater efficiency. The year saw international aviation activity increase in Australia, with aircraft movements up 2.95 per cent compared with 2011-12. China and India have become the world's fastest-growing aviation markets, driving traffic growth across the Asia-Pacific to levels which are expected to average almost seven per cent a year through to 2030.

We have maintained our primary focus on safety. Our safety performance is global leading practice and we maintain one of the lowest 'loss of separation' rates for instrument flights in the world. But, we must continue to be vigilant. We have also given much attention to improving international air traffic flow management procedures beyond Australia's airspace boundaries, continuing a commitment to working with regional neighbours to develop effective solutions.

Operational safety and our people's wellbeing are our most important considerations. Major initiatives during the year underlined our commitment to meet and exceed the expectations of our stakeholders and the community. An independent review of our safety management system found that we conduct our operations safely and effectively and international benchmarking also demonstrates we are among the world's best in this critical area.

The Board was comforted by the recent NavCanada review of air traffic control staffing which confirmed our methodology and that current levels of staff are adequate to meet ongoing operational requirements.

Our important relationship with the Department of Defence has been enhanced through a deed promoting cooperation, harmonisation and flexibility in contracting between our organisations. Central to the relationship with Defence has been the collaborative effort in working toward our future harmonised

civil-military air traffic management system. The release of a request for tender for the acquisition of the new system was a watershed moment for the relationship between the two organisations, our future and that of air traffic control in Australia.

Our people have performed superbly to deliver the excellent results laid out in this report. I thank them for their professionalism, teamwork and dedication. They have delivered our outstanding outcome and are at the forefront of our innovation. I am privileged to work with these committed people who are driving our organisation safely, effectively and efficiently, both now and into the future.

Finally, I would like to thank Jude Munro, who retired from the Board on 3 May 2013, for her substantial and valued contribution to our organisation. I wish her well in the future.



Air Chief Marshal Angus Houston
AC, AFC (Ret'd)
Chair



Chief Executive Officer's report

Growth in aviation activity and the resulting pressure on available capacity was felt strongly by the industry in 2012–13, making the year both challenging and exciting for our organisation. Aircraft movements through Australia's major capital city airports increased by 3.6 per cent during the reporting period. Customer-focused service delivery and genuine collaboration with industry were central to our success, underpinned by our vision of connecting the Australian aviation industry to deliver world-best industry performance.

Safety is the highest priority for Airservices, reinforced through our safety improvement program. Our safety management system achieved the world number two ranking when measured against other air navigation service providers, further reinforcing our safety focus. Our inaugural Day of Safety Reinvigoration was held in May as a commitment to improving both operational and workplace safety wherever possible.

We continued to invest in our infrastructure with the delivery of \$185 million of capital programs during 2012–13, part of a 5 year \$1 billion program investing in the future and delivering a range of safety and broader industry benefits.

A significant milestone was reached in June, with the release of a request for tender for our joint project with the Department of Defence to procure and implement a new integrated civil-military air traffic management platform in Australia. This will deliver the next generation of air traffic control and align the needs of both organisations through the implementation of a unified national solution. This will be transformative in both an operational and technological sense, and from a service delivery and work practice perspective.

Our service delivery expansion and enhancement during the year saw a new facility opened in Broome, our first new tower for over 15 years and the first time we have co-located air traffic control and aviation rescue and fire fighting in a combined building. The commissioning of new towers in Rockhampton and Adelaide included our new integrated tower automation suite, a fully harmonised set of air traffic control tools and an integral part of our national towers program.

In Western Australia, the continued strength of the resources sector meant finding new and innovative solutions to the efficient processing of air traffic and to meet safety needs. We released a joint study with Perth Airport into the capacity of Perth Airport in November as part of a broad suite of initiatives to address delays and congestion at the airport. An en route radar was installed at Paraburdoo in the Pilbara region, providing surveillance to respond to the increase in traffic, and aerodrome flight information services. In addition aviation rescue and fire fighting services were introduced at Port Hedland in June.

Traffic management improved during 2012–13 through our ongoing use of air traffic flow management software, with the Sydney to Melbourne route achieving delay reductions of up to five minutes per flight. This represents a saving of as much as 21 million litres of fuel or the equivalent of taking about 10 000 cars off the road each year. Working with airport operators and airlines, our airport capacity enhancement program unlocked latent capacity at a number of airports, delivering a peak period capacity increase of 5.3 per cent at Melbourne Airport.

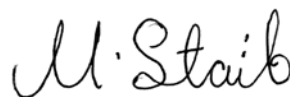
In striving to improve airspace management efficiency we have proactively engaged with stakeholders in support of our role in managing aircraft noise, making great progress in developing tools to more effectively model the impact of proposed changes to airspace use. The Aircraft Noise Ombudsman confirmed our effort and commitment to reforming noise complaints handling and aircraft noise information.

Required Navigation Performance procedures—Smart Tracking—were permanently implemented at Adelaide, Cairns, Canberra and Melbourne. In addition to delivering more reliable arrivals, reduced missed approaches and reduced diversions to other airports, they are providing fuel and emission reductions for our customers.

The commitment to supporting our people was demonstrated by nearly 10 per cent of our staff at any given time during the year being actively involved in training. Our investment in training included the opening in April of our state-of-the-art hot fire training ground in Melbourne, incorporating as its centrepiece a full-sized mock-up aircraft fuselage replicating sections from the Airbus A380 and Boeing 767.

Our workforce diversity strategy sets out our approach to building workforce capability and accessing the broader labour market. Our reconciliation action plan was launched in August, outlining our holistic approach to creating mutual relationships and sustainable opportunities for Aboriginal and Torres Strait Islander people within our organisation, as well as in the communities in which we work.

We recognise that a strong and fit-for-purpose culture is critical for attracting, engaging and retaining our workforce. Building on the successful introduction of our values, we have embarked on a long-term program that supports an approach to the management of our culture. A cross-functional culture planning team will work on planning and developing practical initiatives that will improve the way we work with our customers, collaborate as one team and invest in and engage our people.



Margaret Staib
Chief Executive Officer

WHO WE ARE

01



Our role

Each year, Airservices oversees more than four million aircraft movements that carry more than 80 million passengers across Australia and oceanic airspace. Our jurisdiction covers 11 per cent of the earth's surface.

We manage the safe and efficient carriage of aircraft from two major centres in Melbourne and Brisbane, and 29 air traffic control towers and terminal control units at international and regional airports across Australia. A national network of communications, surveillance and navigation facilities and infrastructure supports these services.

Aviation rescue and fire fighting services are provided at 22 of Australia's busiest airports.

Mission

To provide safe, secure, efficient and environmentally responsible services to the aviation industry.

Airservices is a Commonwealth Statutory Authority, established by the *Air Services Act 1995*. Our primary role is to provide air navigation and aviation rescue and fire fighting services, which are regulated by the Civil Aviation Safety Authority and independently investigated by the Australian Transport Safety Bureau.

Safety is our most important consideration. Our air navigation services are delivered according

to *Civil Aviation Safety Regulations Part 171 and Part 172*, underscored by a performance-based air traffic management framework that is aligned to International Civil Aviation Organization Standards. They are designed to enhance performance in safety, the environment, capacity, flight efficiency and cost effectiveness.

Aviation rescue and fire fighting services are delivered according to *Civil Aviation Safety Regulation Part 139H*. We are well equipped to respond to aircraft incidents and fires at aviation related facilities at major airports.

We engage our stakeholders through regular consultation to develop a common understanding of current and future service delivery requirements. Ongoing performance monitoring is an essential part of our commitment to continual service improvement.

As the aviation industry continues to grow, there is an increasing need to promote environmentally responsible services, manage the impact of aircraft noise and minimise emissions. We work closely with the community, aviation industry and government to minimise the environmental impact of aircraft operations as well as our own environmental footprint.

Vision

Connecting the Australian aviation industry to deliver world best industry performance.

Our position within the Australian aviation industry provides a unique, whole-of-industry perspective. We underscore and play a primary role in connecting many of the elements of the industry.

We provide information vital to measuring and improving performance across the entire industry, and provide the link between aircraft, airport, air traffic management and navigation services and systems.

Our aim is to integrate all parts of the Australian aviation industry by 2020 to allow airspace users to enjoy the benefits of safe, efficient and cost-effective passenger and freight movement.

Values

Excellence—we are the best we can be

Inclusion—we are diverse and involved

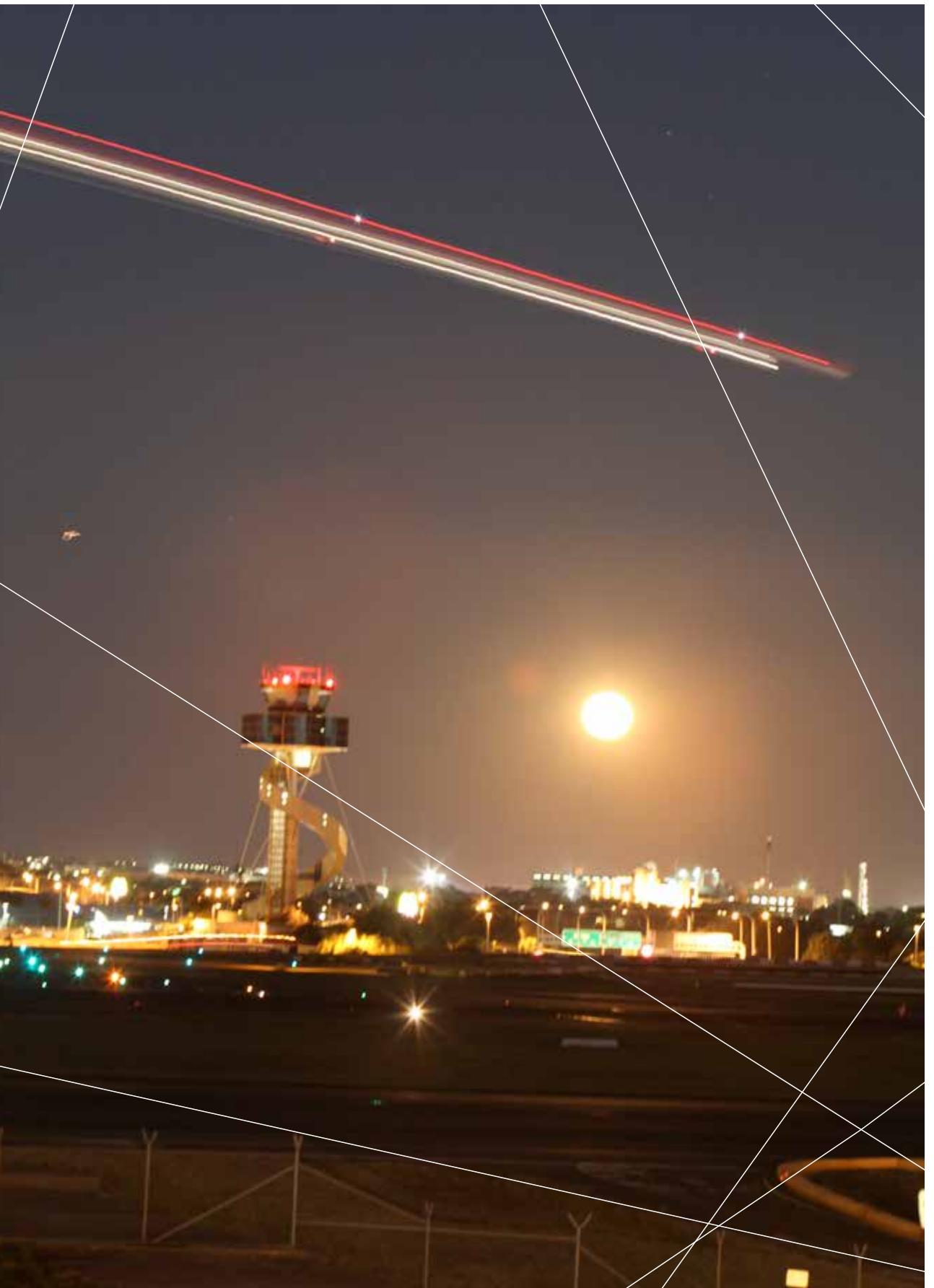
Cohesion—we are working together

Initiative—we are making a difference

Our values define the behaviour we expect from our people.

As we work to connect the Australian aviation industry and deliver world best industry performance, these behaviours support and maintain a highly effective work culture that will be sustained over the long term.





CORPORATE OVERVIEW

02

Principal activities

Our organisation is a statutory authority of the Australian Government. We are responsible for providing safe, secure, efficient and environmentally responsible air traffic management and related services in the Australian flight information region and, under contract with the governments of Solomon Islands and Nauru, in the upper airspace of the Honiara and Nauru flight information regions.

We provide communication, navigation and surveillance for more than 11 per cent of the world's surface. This includes the Australian flight information region (see figure 1) and international airspace over the Pacific and Indian Oceans.

We deliver:

- en route and terminal air traffic services
- aeronautical data services, such as charts and departure and approach procedures

- management of airspace usage
- tower services at 29 airports
- aviation rescue and fire fighting services at Australia's 22 busiest international and domestic regular public transport airports
- noise complaint and information services
- management of the Australian national air navigation infrastructure.

We manage more than four million flights each year and maintain an asset base valued at over \$1 billion, including 1070 buildings at 710 sites. A list of major air traffic control and aviation rescue and fire fighting facilities is available at www.airservicesaustralia.com.

Our customers and stakeholders include airlines, the general aviation industry (including sport and recreational flyers), the Australian Defence Force and airports.

We are a world leader in the adoption of technologically advanced communication,

FIGURE 1 Australian Flight Information Region



navigation and surveillance systems. We work with the International Civil Aviation Organization, the Civil Air Navigation Services Organisation and the International Air Transport Association, as well as international air navigation service providers, to share information and advances in aviation technology, plan for the future and improve global aviation safety standards.

We also work closely with other Australian Government organisations, particularly those concerned with aviation safety, regulation, and search and rescue. These include the Bureau of Meteorology, Department of Infrastructure and Regional Development, Department of Defence, Civil Aviation Safety Authority, the Australian Transport Safety Bureau and the Australian Maritime Safety Authority.

We play a leading role in reducing the impact of aviation on the environment. This action includes international partnerships that aim to reduce aircraft fuel burn and hence greenhouse gas emissions.

Enabling legislation, objectives and functions

We operate under the *Air Services Act 1995* and are also subject to the *Commonwealth Authorities and Companies Act 1997*.

Under the *Air Services Act 1995*, we:

- provide facilities for the safe navigation of aircraft within Australian-administered airspace
- promote and foster civil aviation in Australia and overseas
- provide air traffic services, aviation rescue and fire fighting services, aeronautical information, radio navigation and telecommunications services in line with the Chicago Convention, and ensure the safety, regularity and efficiency of air navigation
- cooperate with the Australian Transport Safety Bureau in investigating aircraft accidents and incidents
- help protect the environment from impacts associated with the operation of Commonwealth jurisdiction aircraft or other aircraft, inside or outside Australia
- adhere to regulations relating to impacts associated with the operation of Commonwealth jurisdiction aircraft
- undertake functions as required under the *Air Navigation Act 1920* and the *Aviation Transport Security Act 2004* or by regulation
- provide other services and facilities to maintain or improve the skills of our employees.

In our day-to-day activities, we adhere to and are empowered by a range of other legislation (see www.airservicesaustralia.com/acts-and-regulations).

Annual reporting requirements and responsible minister

Our organisation is accountable to the Australian Parliament and to the Australian Government through the Minister for Infrastructure and Regional Development (previously the Minister for Infrastructure and Transport). Our board is required by legislation to provide an annual report for tabling in Parliament. This report has been prepared in accordance with the *Air Services Act 1995*, the *Commonwealth Authorities and Companies Act 1997* and the Finance Minister's Orders.

Corporate governance

Our organisation is governed by a board appointed by our Minister. The board is committed to best practice in corporate governance and regularly reviews its corporate governance arrangements.

The Board

Our board consists of a Chair, a Deputy Chair, the Chief Executive Officer and six non-executive Directors. Directors, other than the Chief Executive Officer, are appointed by the Minister. The Chief Executive Officer is appointed by the Board and is responsible for managing the organisation.

The board is accountable for deciding the objectives, strategies and policies to be followed by our organisation and for ensuring that it fulfils its statutory functions in a proper, efficient and effective manner.

The board conducts regular formal evaluations of its own performance and the performance of its committees. Further information on Board membership is in Appendix 1.

Board committees

The board has four committees. Any member of the board may attend committee meetings.

The Audit and Risk Committee monitors and maintains our risk management system and internal controls, including an extensive audit program. The committee assures the objectivity and reliability of financial reports, helps the Board ensure an effective system of risk management and internal control is maintained, and helps to ensure that our organisation and our Directors comply with all relevant legislative and other government obligations. This includes obligations under the *Commonwealth Authorities and Companies Act 1997*. Membership consists of up to four non-executive Directors. The Board Chair is an ex officio member of the committee.

The Safety Committee ensures that we are compliant with all safety-related legislation, government and board policies, and meets its operational safety, and workplace health and safety obligations. The committee also monitors organisational preparedness to counter security

threats. Its membership consists of up to four non-executive Directors and the Board Chair and Chief Executive Officer, both of whom are ex officio members of the committee.

The Environment Committee helps ensure that we are compliant with all environment-related legislation, as well as government and Board policies, and that we meet our environmental responsibilities. Membership consists of up to four non-executive Directors and the Board Chair and Chief Executive Officer, both of whom are ex officio members of the committee.

The Remuneration and Human Resources Committee recommends to the Board the remuneration for the Chief Executive Officer and the Chief Executive Officer's direct reports, and reviews the Chief Executive Officer's performance and succession. The committee also considers human resource issues as required. Membership consists of three non-executive Directors and the Board Chair and Chief Executive Officer, both of whom are ex officio members of the committee.

Meeting attendance and membership information for each Board committee is detailed in Appendix 1.

Ethical standards

We issue Board-endorsed policies, Chief Executive Officer management instructions and other policies and procedures to inform staff about the required ethical standards. As a condition of employment, all staff must comply with a code of conduct when acting in the course of their work. The code includes principles to guide the behaviour of employees and describes how issues such as conflicts of interest should be handled.

We have an internal ethics hotline to allow any ethical issues to be raised and addressed constructively. Disclosures received by the ethics hotline are reported to the Ethics Committee.

The Ethics Committee helps ensure that ethical issues are identified and dealt with appropriately, and is in line with our obligations under the *Commonwealth Authorities and Companies Act 1997*. It keeps the Chief Executive Officer informed of any current or emerging issues and reports regularly to the board. The Chair of this committee is also our organisation's disclosure officer.

Other members include the Chief Auditor, General Counsel, Manager of Security and the Executive General Manager, People and Culture.

Risk management

We are committed to best practice risk management and regard this as integral to effective corporate governance. Our risk management policy is supported by the board-endorsed Risk Management Framework, which sets out the requirements for risk management throughout our organisation.

All managers are accountable for identifying and managing risks within their areas of responsibility. They must ensure that they are kept informed of how those risks are being managed and report them to the Chief Executive Officer.

The Chief Executive Officer reports regularly to the Board. Executive General Managers, and relevant General Managers, report to the relevant Board committees on initiatives to maintain and improve the organisation's risk management system.

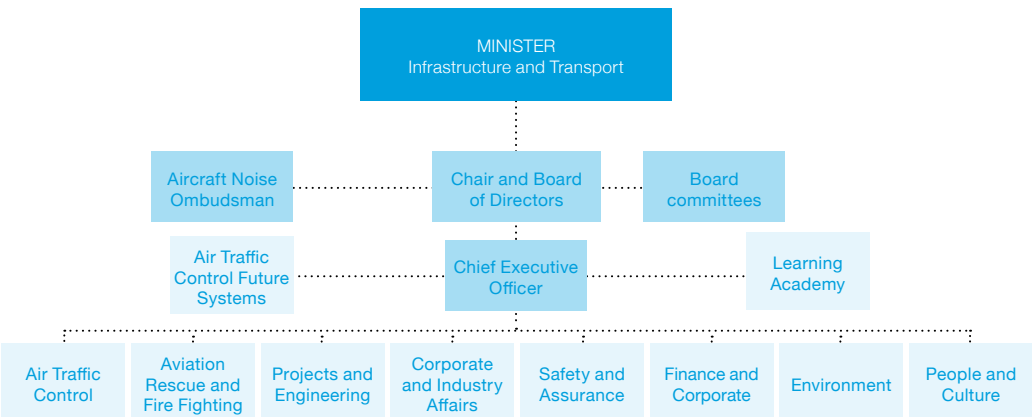
Strategic direction

The Minister's Statement of Expectations (Appendix 5) for the period 1 July 2011 to 30 June 2013 outlined the Government's expectations on the operations and performance of our organisation. Our Statement of Intent (Appendix 6) and Corporate Plan 2012–17 respond to the Government's expectations by identifying key strategic priorities and deliverables.

The Minister's Statement of Expectations for the period 1 July 2013 to 30 June 2015 now outlines the Government's expectations on the operations and performance of our organisation. Our Corporate Plan 2013–18 responds to the Government's expectations by identifying key strategic priorities and deliverables.

We produce an annual Corporate Plan in accordance with the *Air Services Act 1995*

FIGURE 2 Airservices Australia business structure at 30 June 2013



and the *Commonwealth Authorities and Companies Act 1997*. The plan outlines our operating environment and corporate and financial strategies, specifies the targets to be achieved, and sets the benchmarks and key performance indicators.

Our Corporate Plan for the reporting period was presented and approved by the Minister for Infrastructure and Transport in August 2012. Quarterly reports against the Corporate Plan are provided to the Minister as well as reports to industry on progress against our Services Charter. This charter enables customers and the public to monitor our performance against key industry priorities and projects.

The Corporate Plan, Services Charter and reports to industry are available at www.airservicesaustralia.com.

Adverse effect of non-commercial commitments

No non-commercial commitments were recorded during 2012–13.

Corporate structure

A number of structural changes were introduced across the organisation during 2012–13 to ensure the delivery of efficient core services to our customers, and to position the organisation to meet current and future challenges.

The People and Culture division was elevated to a business group under the leadership of an executive general manager, bringing the number of groups to eight.

The reporting period saw Air Traffic Control Future Systems transitioned to a standalone division in recognition of the importance we place on this key business area, which will shape the way the organisation operates in the future.

The Government and Industry Affairs group was renamed Corporate and Industry Affairs to better reflect its core role and accountabilities.

At 30 June 2013, our organisation operated through the following eight business groups and two key divisions (see figure 2), which were managed by executive general managers and general managers respectively.

TABLE 1 Members of the Executive Committee at 30 June 2013

Margaret Staib	Chief Executive Officer
Andrew Clark	Chief Financial Officer
Jason Harfield	Executive General Manager Air Traffic Control
Michelle Bennetts	Executive General Manager Aviation Rescue and Fire Fighting
Unni Menon	Executive General Manager Corporate and Industry Affairs
Rob Weaver	Executive General Manager Environment
Andrew Boyd	Executive General Manager People and Culture
Mark Rodwell	Executive General Manager Projects and Engineering
Stephen Angus	Executive General Manager Safety and Assurance
Nick King	General Manager Air Traffic Control Future Systems
Linda Spurr	General Manager Learning Academy

Business groups:

- Air Traffic Control
- Aviation Rescue and Fire Fighting
- Corporate and Industry Affairs
- Environment
- Finance and Corporate
- People and Culture
- Projects and Engineering
- Safety and Assurance.

At 30 June 2013, we employed 4204 permanent staff across Australia.

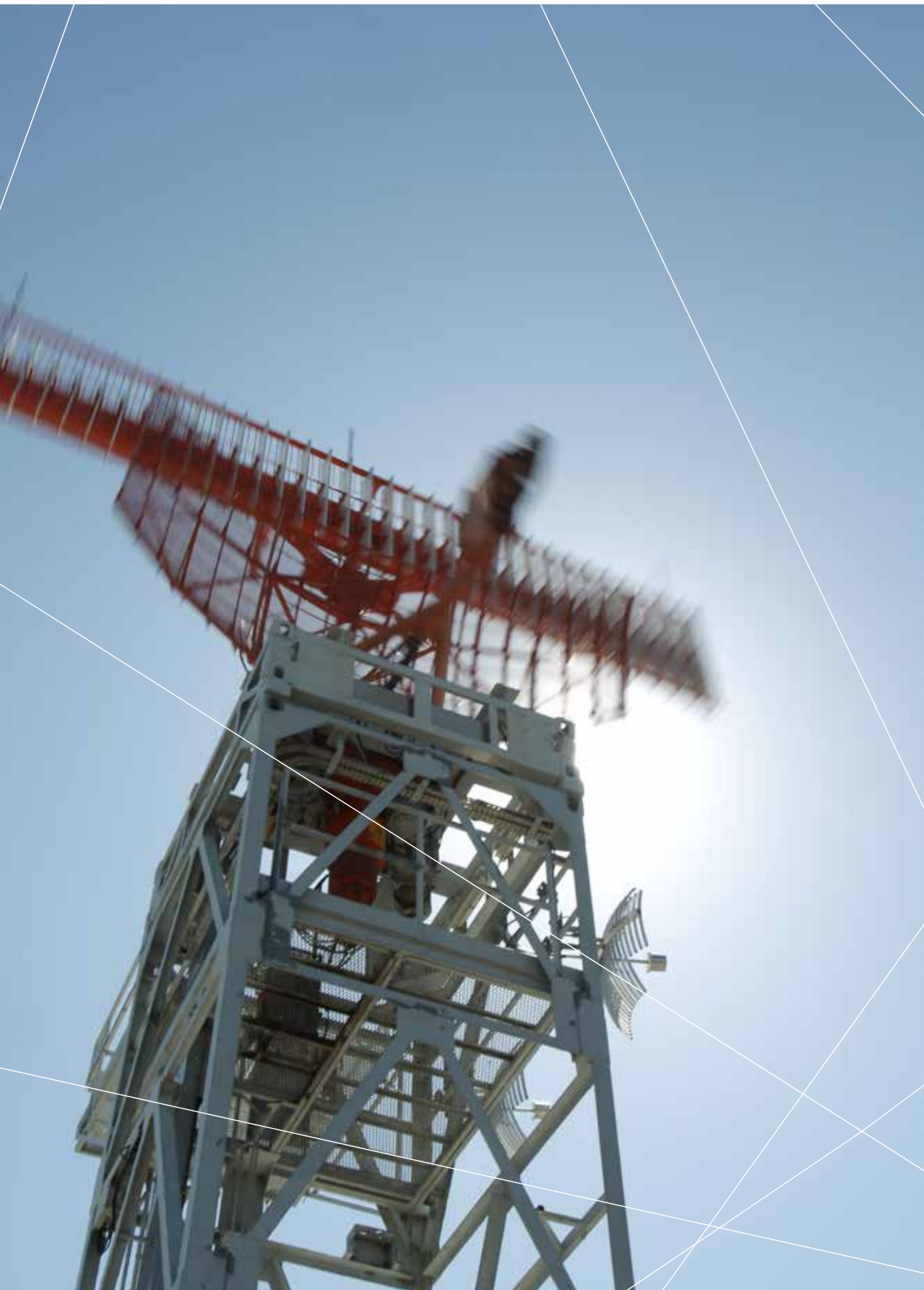
Our workforce includes specialists in air traffic control, aviation rescue and fire fighting, engineering, technical services, information technology, human resource management, communications, legal services, security, safety, environment, financial management and administration. Appendix 3 includes staffing statistics.

Divisions:

- Air Traffic Control Future Systems
- Learning Academy.

For the reporting period our Executive Committee was made up of the Chief Executive Officer, executive general managers representing the eight business groups, and general managers from the Air Traffic Control Future Systems and Learning Academy divisions. This committee is responsible for formulating strategies and policies for Board consideration.





**MANAGEMENT
AND
ACCOUNTABILITY**

03



Operational results

This section provides our operational results for 2012–13 against our Corporate Plan for the two operational groups—Air Traffic Control and Aviation Rescue and Fire Fighting—supported by Projects and Engineering, five corporate support groups, and key divisions Air Traffic Control Future Systems and the Learning Academy.

We are an internationally recognised leader in safety and innovation, and work to create greater value for the government, industry, stakeholders and the community.

During the financial year, our business groups and divisions aimed to meet four strategic priorities for the short, medium and long term:

- maximising safety performance
- core operational and business performance
- creating new value for industry
- high performing organisation.

Our strategic objectives support the Australian Air Traffic Management Policy Directions and the International Civil Aviation Organization's Global Air Traffic Management Operational Concept. Our Corporate Plan 2012–17 outlined these objectives, as well as performance measures for each of these, and initiatives and programs to achieve them. Reporting against our key performance indicators can be found in table 2 on pages 22–26.

2012–13 financial results

Operating profit after tax was \$63.1 million. A final dividend for 2011–12 of \$11 million was paid in February 2013. An interim dividend for 2012–13 of \$10 million was paid in June 2013.

The after-tax return on average equity was 14.8 per cent, which was in line with our target.

During the year we invested \$185.1 million in our capital expenditure program.

Income

Total income for the year increased by 6.4 per cent to \$955.1 million, compared to \$898 million in the previous year. Gross airways revenue grew by 8.3 per cent across the year. Net airways revenue was \$928.2 million after industry rebates of \$6.8 million. The rebates will be credited to customers in the first half of 2013–14.

Expenses

Overall expenses increased by four per cent to \$868.5 million. Excluding one-off accounting adjustments, supplier and employee costs increased by five per cent to \$744.4 million.

Ministerial directions

During 2012–13 the Minister made no new formal directions to our organisation under section 16 of the Air Services Act. Current directions from previous years follow including details on progress made against each during the reporting period.

1996 - Handling of aircraft noise complaints

This directive, issued on 29 May 1996, requires Airservices to assume responsibility for aircraft noise complaints at Sydney Airport and other federally-leased airports.

Our Noise Complaints and Information Service works to resolve noise complaints and directly provide information to the community on aviation activities. We also attend airport community consultation forums and meetings to provide information to the community on aircraft noise issues and our activities.

To date, we have implemented all of the Complaint Handling Review recommendations made by the Aircraft Noise Ombudsman and all of its Perth review recommendations. The Ombudsman has now closed both these reviews. We have implemented six of the nine recommendations in the Sydney review and the Ombudsman has noted we are currently actioning the three remaining recommendations. Visit www.ano.gov.au for more information.

1997 - Progressive implementation of Sydney Long Term Operating Plan

This directive, issued on 30 July 1997, requires Airservices to progressively implement the Sydney Airport Long Term Operating Plan.

We continue to provide air traffic management in Sydney under the provisions of the Long Term Operating Plan, which seeks to provide

a safe and efficient air traffic environment while minimising as much as possible noise intrusions on surrounding suburbs. We continue to closely monitor and report on its operations via our website and through the Sydney Airport Consultative Forum.

1999 - Responsibilities in relation to the environmental effects of aircraft

This directive, issued on 3 May 1999, requires Airservices to conduct a range of activities including, but not limited to, providing information on environmental aspects of air traffic management, developing and implementing aircraft noise abatement procedures, participating in airport consultative committees, providing a dedicated noise enquiry service, and monitoring and maintaining a noise and flight path monitoring system.

We continue to promote high quality environmental practices in regard to aircraft operations and work closely with airlines and airports. The introduction of new technologies will deliver benefits in safety and efficiency, as well as savings in fuel, time and emissions. We provide noise and flight path monitoring systems, and our noise complaints and information service provides information to the public on noise issues. During 2012–13, a number of new information sources were developed and made available on our website. These included fact sheets, reports, noise information packs and airport profiles.

We organise an annual industry noise forum in partnership with the Australian Airports Association to consult and enable discussions with the aviation industry in relation to environmental aspects of air traffic management.

2004 – Provision of approach radar services at specific airports

This directive, issued on 31 August 2004, requires Airservices to provide an operating air traffic control tower at an airport and an approach radar control service following the reclassification of airspace from Class D to Class C.

Our organisation will provide approach services using surveillance at identified regional airports to provide for safe and efficient growth of aviation within Australia.

Delivering the Surveillance Approach for Regional Airports program involves a phased approach to the introduction of regional air traffic services using surveillance, initially focussing on seven locations namely Hobart, Launceston, Rockhampton, Mackay, Hamilton Island, the Sunshine Coast and Alice Springs.

During 2012–13 services were commissioned in Tasmanian controlled airspace, extending the use of surveillance in providing traffic separation down to 7000 feet from the previous 8500 feet. At Rockhampton Airport, we introduced an approach service outside tower operating hours, providing a surveillance separation service down to 700 feet. An out-of-hours enhanced flight information service and regional approach service was introduced for Rockhampton and Mackay using existing surveillance.

Significant changes in the state of affairs during the financial year

Nil.

Key performance indicators

TABLE 2 Key performance indicators against our Corporate Plan and Services Charter

Performance measure	Purpose and definition	3-Year average per annum to 2012–13	2012–13 target	2012–13 actual
Maximising safety performance				
Air Traffic Service (ATS) attributed en route loss of separation ¹ (LoS)	ATS attributed number of en route LoS per 100 000 flight hours (12-month moving average).	1.33	< 1.13	1.44 ²
ATS attributed terminal area LoS rate	ATS attributed number of terminal area LoS per 100 000 movements (12-month moving average).	1.60	< 1.1	1.95 ³
ATS attributed tower LoS rate	ATS attributed number of tower LoS per 100 000 movements (12-month moving average excluding GAAP towers).	0.40	< 1.0	0.58
ATS attributed runway incursions	Number of ICAO Class A or B Airservices ATS attributable runway incursions.	0.66	0	0
Serious personal injury rate	Number of medically treated injuries per 1 000 000 hours worked.	0.76	0	0.77 ⁴
OHS incident rate	Occurrences per 100 staff per month.	0.68	< 0.2	0.71 ⁵
Safety management system (SMS) maturity benchmark	External assessment of the maturity of Airservices SMS against CANSO Standard of Excellence in SMS.	New KPI	Top industry quartile ⁶	Achieved
Instrument flight rules LoS	Number of instrument flight rules (IFR) LoS per 1 000 000 flight hours.	New KPI	Top industry quartile ⁷	Achieved

1. Loss of separation (LOS) is a breach in the prescribed minimum distance between an aircraft and another aircraft or object.
2. There were 25 occurrences for 2012–13. Airservices has conducted detailed analysis of these incidents and has identified a number of recommended actions to enhance its safety performance. Besides the recommended actions, Airservices also undertook a normal operations safety survey and an independent review of its Safety Management System; the improvement actions from which are also underway.
3. There were 25 occurrences for 2012–13.
4. Target exceeded with one occurrence recorded as a Serious Injury or Illness and Comcare notifiable in 2012–13.
5. Target exceeded with 324 occurrences in 2012–13. Airservices has numerous activities underway across the organisation to reduce the risk profile.
6. Airservices was ranked second in the world as part of an international safety benchmarking study undertaken by CANSO in 2012–13.
7. Airservices was ranked in the top industry quartile as part of CANSO's 2012-13 benchmarking study of ANSP's on IFR LoS.

Performance measure	Purpose and definition	3-Year average per annum to 2012–13	2012–13 target	2012–13 actual
Core operational and business excellence				
Capital project delivery	Percentage of projects delivered on time and within budget.	New KPI	> 90%	48% ⁸
ATS availability	Hours of ATS availability as a percentage of total hours of coverage.	99.98%	> 99.9%	99.95%
Aircraft holding	Ground holding as a percentage of total of aircraft holding at Sydney, Melbourne and Brisbane.	n/a ⁹	60%	60%
ATS attributable delays	Total number of ATS attributable flight delay events (where the delay is greater than 10 minutes, and demand is less than airport capacity).	5.60	< 7 per quarter	5 per quarter
Runway capacity improvement	Percentage increase in maximum hourly runway movement capacity through new ATS initiatives at major aerodromes (excluding movement capped aerodromes).	n/a ¹⁰	≥ 3%	3.3%
Runway capacity achieved	Percentage of maximum runway movement capacity delivered during peak periods.	n/a ¹¹	> 95%	n/a ¹²
Aviation Rescue and Fire Fighting (ARFF) operational preparedness	Percentage of time ARFF resources were available to meet required capacity according to the regulated service category for the aerodrome.	99.8%	> 99.9%	99.7% ¹³

8. Overall, 48% of the target milestones for the year were achieved, with 4% being delivered shortly after the target date. Current milestone reporting does not provide a true representation of the delivery of the capital expenditure program and a review is underway to develop a clearer reporting standard.

9. KPI was introduced in 2011–12. 2011–12 result was 50%.

10. KPI was introduced in 2011–12. 2011–12 result was 3.3%.

11. KPI was introduced in 2011–12. 2011–12 result was 95%.

12. Measurement system under development.

13. The annual result is slightly below target due to staff unavailability because of unplanned absenteeism, servicing requirements and operational responses to automated fire alarms.

03 Management and accountability

Performance measure	Purpose and definition	3-Year average per annum to 2012–13	2012–13 target	2012–13 actual
Resource footprint	Number of facility resource management plans established focused on reducing their environmental footprint.	New KPI	5	5
Noise complaints	Percentage reduction in the number of annual complainants.	4.9% ¹⁴ reduction	2% reduction	9.1% reduction
Noise Complaints and Information Services (NCIS) compliance	NCIS compliance to prescribed response times for complaints and enquiries.	94%	≥ 95%	87% ¹⁵
Consultation on noise issues	Number of procedural changes implemented without consultation in accordance with Airservices Communication and Consultation Protocol (excluding those implemented to address immediate safety issues).	0	0	0
Community Aviation Consultation Group (CACG) attendance	Airservices attendance at CACG meetings.	New KPI	≥ 90%	100%
	Number of airports where more than one CACG meeting is not attended in a year.	New KPI	0	0
Noise minimisation improvements	Number of procedural changes leading to an improved noise outcome for the community.	New KPI	20% increase	12

14. The result for financial year 2012–13 is 9.1%, 2011–12 33% and 2010–11 was 23%.

15. A backlog of cases has impacted the attainment of the annual target. The reasons for backlog include transition to a new Noise Complaints Management System. A new NCIS Manager commenced in April 2013 and will assist the continued improvement process of the NCIS.

Performance measure	Purpose and definition	3-Year average per annum to 2012–13	2012–13 target	2012–13 actual
Creating new value for industry				
Stakeholder satisfaction	Percentage of key stakeholders across international and domestic airlines, airports, government agencies and key industry bodies who are satisfied to very satisfied with their relationship with Airservices and the organisation's service delivery.	88%	> 80%	92%
Air traffic fuel efficiency initiatives	Number of new fuel efficiency initiatives implemented.	n/a ¹⁶	≥ 10	14
Departure/arrival procedures review	Number of aerodrome Standard Instrument Departure, Standard Terminal Arrival Route and approach procedures reviewed.	n/a ¹⁷	≥ 3	25

16. KPI introduced in 2011–12. 2011–12 result was 13.

17. KPI introduced in 2011–12. 2011–12 result was 6.

03 Management and accountability

Performance measure	Purpose and definition	3-Year average per annum to 2012–13	2012–13 target	2012–13 actual
High performing organisation				
Employee survey – values focused	Engagement score expressed as a percentage of satisfaction and specific values related results.	n/a ¹⁸	Top industry quartile ¹⁹	77%
Increased diversity	Percentage improvement in the number of women, Indigenous Australians and people with disability participating in Airservices workforce in non-traditional roles.	n/a ²⁰	> 10%	0.31% ²¹
Employee disputes	Percentage of employee complaints resolved through the use of the fair treatment review system.	n/a ²²	> 98%	77% ²³
Employee initiated separation	Number of employee initiated separations per year as a percentage of Airservices workforce.	4.34%	< 5%	3.73%
Career ratio	Transfers and promotions per year as a percentage of permanent management vacancies.	New KPI	> 80%	63.64% ²⁴

18. KPI was introduced in 2011–12. The 2011–12 result was 70%.

19. Industry benchmark provided by the Employee Opinion Survey provider, ORC International, is 65%.

20. KPI was introduced in 2011–12. The 2011–12 result was 6.9%.

21. Airservices is currently reviewing the annual diversity target. Although diversity at Airservices is increasing, it is growing at a slow pace in percentage terms.

22. KPI was introduced in 2011–12. The 2011–12 result was 93%.

23. This measure is the percentage of cases that have been through the internal review process and closed. For 2012–13 nine cases went through the internal review process with seven closed and two lodged with the Employee Grievance Board.

24. This is driven by reduced management internal mobility. For 2012–13 there were 16 external hires and 28 internal promotions and transfers.



**REPORT ON
PERFORMANCE**

04

Corporate strategy

Our corporate strategy underscores our vision:

Connecting the Australian aviation industry to deliver world best industry performance.

Our strategy outlines the objectives that underpin our vision and articulates how we will achieve this by 2020.

The strategy maps a clear path based on our vision, outcomes, deliverables and performance measurement. Key objectives are based on our Minister's expectations of us, as well as the expectations of our customers and stakeholders, our goals for continuous improvement, and the development of our people and systems.

For 2012–13, our objectives were arranged under four strategic themes, each of which are reported against in this annual report:

- maximising safety performance
- core operational and business performance
- creating new value for industry
- high performing organisation.

Achievements within the four strategic themes are measured against a number of key performance measures and initiatives.

More detail on the content of each theme and key achievements from the past financial year are provided in the following section of this report.



Maximising safety performance

The safety and integrity of Australia's air navigation system is our most important consideration. Our safety performance relies on delivering safe and resilient aviation services and reducing risk through effective industry and regional collaboration. The safety of all who use and contribute to delivering these services is integral to our performance.

We maximise safety performance in the Australian aviation industry and in performing our functions by:

- providing safe, secure and resilient aviation services
- driving industry and regional collaboration to reduce risk
- designing, providing and managing safe, secure and resilient systems to deliver safe outcomes
- identifying, leading and communicating the safety agenda
- providing safe and healthy workplaces for our people.

A number of major initiatives were undertaken during 2012–13 in line with our commitment to meet and exceed the expectations of government, industry and the community for safe aviation operations.

Key achievements for the past financial year are outlined below.

Civil Air Navigation Services Organisation benchmarking study

During the reporting period, we were ranked among the world's best as part of an international safety benchmarking study undertaken by the Civil Air Navigation Services Organisation (CANSO).

The study placed us second in the world for air navigation service providers for the maturity of our Safety Management System (SMS).

The study is part of CANSO's safety program and compares the processes and performance of the safety management systems of international air navigation services providers.

It benchmarks individual provider performance against a range of metrics such as loss of separation, runway incursion statistics and safety management system maturity.

Our organisation continues to perform consistently well in relation to loss of separation metrics, achieving one of the lowest loss of separation rates in the world for instrument flight rules flights per million flight hours, and per 100 000 movements.

We seek to identify and mitigate the potential for loss of separation occurrences, as well as the consequences of such occurrences. In addition to our ongoing investigation of incidents,

we systematically examine our incident base twice a year to better understand hazards, the performance of risk controls and mitigators, and to make improvements.

Independent review of the safety management system

An independent aviation safety expert conducted a review of our SMS in early 2013. This found that we conduct our operations safely and effectively and that our SMS has all the components of an effective SMS. International benchmarking conducted also demonstrates we are already among the world's best in this important area.

Technological and procedural upgrades

A three-staged upgrade to our systems was undertaken during the year to accommodate changes to the International Civil Aviation Organization's (ICAO) flight notification form and flight planning procedures, known as Flight Plan 2012. The process included implementing automatic conflict detection into the Australian air traffic management system to improve service and safety across Australia.

In Brisbane, we introduced Smart Tracking: satellite-assisted guidance that allows aircraft to fly with greater accuracy than those using conventional navigation, and that makes air travel safer, cleaner and more dependable, and will potentially reduce aircraft noise impacts. Smart Tracking has also been made permanently available at Adelaide, Cairns, Canberra and Melbourne airports.

Instrument landing system equipment upgrades are being rolled out across Australia to ensure the system's reliability and integrity up until 2025. The system is a radio navigation aid which helps pilots navigate in low visibility conditions. At Sydney Airport, this work included upgrades that will help ensure air traffic moves safely and efficiently in

and out of the airport, particularly when visibility is low and during bad weather. This technology will also enable a Category II landing service to be implemented once the airport completes upgrades to other infrastructure.

Upgrades were also conducted to instrument landing systems in Perth and Alice Springs.

A 10-year, \$138 million contract with AeroPearl Private Limited to provide flight inspection services came into effect in January. Two Beechcraft King Air B350 aircraft specially equipped with the very latest technology—including an advanced and precise real-time positioning system—began checking the calibration and accuracy of navigational aids within Australian airspace, including civil and Defence aviation facilities.

Airport enhancements

At Melbourne Airport, the Victorian Metropolitan Fire Brigade and Country Fire Authority have been patched into the Aviation Rescue and Fire Fighting (ARFF) digital radio network. This means the three agencies can now communicate on the same radio frequency during an emergency, boosting the safety and efficiency of crews.

In Brisbane, a \$35 million advanced surface movement guidance and control system was commissioned in January which, for the first time, is enabling vehicles and aircraft at the airport that are equipped with the technology to be automatically identified. The system enhances safety and reliability and reduces the risk of collisions on the ground, especially during bad weather.

New radar commissioned

A new radar was commissioned in October for the Pilbara region in Western Australia and is providing surveillance coverage for the mining hub airports at Paraburdoo, Newman and



Boolgeeda, and en route to Port Hedland. It is also providing some radar coverage of traffic operating to and from Karratha.

For more information on the Paraburdoo radar project see the feature on page 35.

At Mount Hardgrave on North Stradbroke Island, a new radar is providing primary and secondary radar surveillance of aircraft operating around Brisbane Airport. The radar is part of a multi-million dollar modernisation program we are undertaking to ensure the safe and efficient movement of air traffic, and is housed inside a dome to protect it from weather and allow it to continue functioning in high winds.

The commissioning of the Mount Hardgrave radar has enabled work to commence on modernising the existing radar located at Brisbane Airport.

At Mount Sandon in New South Wales, a new transportable en route radar was commissioned in November. This site provides critical surveillance coverage over the busy flight corridor between Sydney and Brisbane, and its radar ensures ongoing coverage during installation works at other sites where the replacement or upgrade of equipment has been scheduled.

The installation of this equipment proved invaluable when a lightning strike damaged the radar at Round Mountain in December. Mount Sandon's new radar enabled surveillance

coverage to continue without interruption to services.

Leading the safety agenda

The national Runway Safety Group, which includes representatives from our organisation, government, the Australian Defence Force, and pilot, owner and industry associations, met twice during the year and delivered an aerodrome safety action plan. The plan contains a number of recommendations that will improve runway safety.

The ARFF group established an Office of the Chief Fire Officer during the year which has enabled us to re-engage with a number of international aviation and rescue fire fighting organisations. The initiative will also improve the level of international collaboration in aviation rescue and fire fighting issues.

In May, we held our first 'Day of Safety Reinvigoration' in Canberra, which was attended by operational and corporate staff from around Australia and showcased individual and collective safety roles within our organisation. The event featured presentations from staff across our organisation, as well as displays from both Comcare and the Civil Aviation Safety Authority (CASA).

We hosted the annual Airline Safety Forum in Sydney in July, which was attended by Airways



New Zealand, the Australian and International Pilots Association, regulators and airlines from across the Asia-Pacific. Topics included a safety health check, runway safety and stop bars, and terminal area safety and efficiency.

Meetings were also held in February and May with the heads of safety from Australian airlines to discuss and progress risk reporting, traffic growth, runway safety and a potential data sharing agreement.

ADS-B mandate education campaign

We continued to play a lead role in targeted communications aimed at educating the industry on the 12 December 2013 deadline to install Automatic Dependent Surveillance Broadcast (ADS-B) technology.

The mandate, introduced by the CASA in 2009, requires domestic and foreign operators of aircraft flying at and above 29 000 feet to have ADS-B equipment installed and operating correctly.

By the close of the reporting period, 89 per cent of flights at or above 29 000 feet by Australian registered aircraft flying in the Australian flight information region were getting the ADS-B service.

New safety reporting system

During 2012–13, we implemented a new internal corporate integrated reporting and risk information system. This has consolidated and replaced multiple older systems, and delivered a one-stop, corporate-wide view of our organisation's issues, risks, obligations and occurrences on one common and integrated platform. We conducted training sessions to guide managers, team leaders and supervisors on how to complete and manage work health and safety and air traffic service responsibilities using the new system.

Best safety practice in the workplace

A work health safety services unit was established during the year to assist and support managers and supervisors across the business when implementing work health safety requirements. Thirty-five sites were visited across the organisation to help managers assess the effectiveness of work health safety implementation within their areas, and to gather information and feedback as part of our continuous work health safety improvement process.

Safety training is a major priority and during the year we transitioned our safety training accountability to our Learning Academy as part of a centralised training approach. Throughout 2012–13, the Learning Academy delivered 66 safety courses to 945 participants.

The second phase of our new approach to fatigue-related risk management was introduced at the beginning of the year and reviewed in May. Analysis has continued throughout the year to inform the design and implementation of fatigue-related risk management processes and controls for our Projects and Engineering, and ARFF business groups. These processes and controls are aligned to those used in the air



traffic control environment, but reflect the differing operational contexts. Requirements to manage fatigue risks associated with operations at fly-in fly-out ARFF stations are also being developed, particularly for remote locations.

Annual internal resilience exercises are conducted for our executive, senior managers and subject matter experts, all of who are involved in the response to potential abnormal and emergency operations.

During 2012–13 we supported the Australian Government's All-Hazards approach to critical infrastructure resilience by participating in seven training exercises that tested various elements of organisational resilience.

Other activities included a series of desktop exercises with the Attorney-General's Department and the Office of Transport Security which influenced updates to a suite of Commonwealth managed business continuity plans.

Driver Management Australia (DMA) was commissioned during the year to review our emergency driver training protocols. DMA developed and delivered a four day course for emergency vehicle instructors in February at a dedicated driver training closed circuit facility. The course involved theoretical and practical

training based on ARFF's policy and procedures, and will now be rolled out to all ARFF personnel in 2013–14.

Training on managing injury and illness in the workplace is ongoing, and an internal audit was conducted to ensure compliance with Comcare guidelines.

A total of 225 health assessments were completed as part of our Asbestos Health Monitoring program, with no asbestos related issues identified. The program involves the identification, notification and maintenance of records of workers past and present who may have been at risk of exposure to asbestos during their employment at Airservices.

Ensuring improved safety in the Pilbara region

In October, we commissioned an en route radar in the Pilbara region of Western Australia to further enhance aviation safety in the north west of the country.

The radar, built at Paraburdoo, is used to provide air traffic control surveillance in the region and enable Airservices to respond to the increase in air traffic due to significant resource sector growth.

It provides air traffic controllers with the ability to 'see' aircraft down to the ground at Paraburdoo as well as provide coverage down to approximately 10 000 feet for traffic operating in or out of West Angeles, Barimunya and Fortescue Dave Forrest airstrips and to about 15 000 feet for traffic to Newman.

It also provides some radar coverage of traffic operating to and from Karratha and surveillance coverage for aircraft en route to Port Hedland.

With air traffic in Western Australia growing rapidly in the last five years, and Perth Airport experiencing a rise of 12.5 per cent in aircraft movements in the previous 12 months, the radar allows us to make safer and more efficient use of the airspace.

It provides the capability to know the exact location of an aircraft in real time, allowing aircraft to operate more efficiently and reducing pilot and controller workload to further enhance safety.

The radar was installed on a site at Mount Mysery, which also contains other Airservices equipment including a communications tower. It was installed and commissioned in a record time of 12 months.

Prior to the installation, we carried out a comprehensive safety assessment to ensure there were no risks to the environment or local residents. This included an assurance that the radar complies with all Australian and international standards relating to radio frequency transmissions.



Core operational and business excellence

Our performance is focused on enhancing safety, improving capacity, improving cost effectiveness, realising environmental benefits and meeting customer needs. Delivering agreed priorities in an efficient, effective and predictable way is essential to the financial viability and sustainability of the organisation.

We deliver core operational and business excellence by:

- delivering a performance-based outcome driven by agreed priorities
- promoting environmentally responsible services
- improving the efficiency and effectiveness of our services
- aligning capacity to increasing demand
- having efficient and predictable business processes that deliver planned outcomes.

Key achievements during 2012–13 are outlined below.

Re-certification achieved

A number of our operating certificates were renewed by CASA during the reporting period. This included renewal of Airservices Part 172 certificate in May which approves the organisation as an air traffic services provider under the *Civil Aviation Safety Regulations 1998*.

Additionally, the Airservices Part 139 certificate for the provision of aerodrome rescue and fire

fighting services was renewed in November and the Part 173 certificate for procedures design was renewed in June.

Availability of services

The delivery of safe, efficient and effective air traffic and aviation and rescue fire fighting services are central to our operations.

In 2012–13, air traffic services availability was maintained at or above our target of 99.9 per cent. During the reporting period, the aviation rescue and fire fighting operational preparedness was 99.7 per cent which is marginally below the target of 99.9 per cent.

Review of staffing

In response to concerns raised by CASA, NAV CANADA conducted an independent review of our methodology for determining the number of operational air traffic control staff required to meet our air traffic services demand.

NAV CANADA determined that our methodology is well documented, structured and logical, and provides an effective, strategic approach to cater for sufficient air traffic control staff and to ensure our operational requirements are met.

Achieving environmental excellence

During the reporting year, we developed in-house a software application to enhance and improve environmental compliance reporting for noise abatement procedures at airports. The application enabled the Brisbane Noise Abatement Review to be delivered on time and with fewer resources, and this can now be applied to future noise abatement assessments.

An Aircraft Noise Management Strategy was also developed during the year and is expected to be published in late 2013.

In Western Australia, we have been working with Jandakot Airport Holdings, the Jandakot Community Aviation Consultation Group and the Aircraft Noise Ombudsman on a new procedure to reduce noise from training aircraft operating at the airport. Operators of single-engine aircraft are now required to practice simulated engine failure over the airport's runways, which is helping to reduce the impact of one of the noisiest pilot training components for local residents.

Our annual Airservices industry noise forum was held in February in association with the Australian Airports Association. The forum brings together industry with the aim of providing improved noise outcomes for communities. Almost 60 participants attended, including those from airlines, airports around Australia, the Department of Infrastructure and Transport, and the Department of Defence.

We have partnered with the University of New South Wales to develop an aircraft emissions database that will allow air traffic management-related operational performance to be modelled and analysed. The initiative is based on a framework developed by the United States Federal Aviation Administration and EUROCONTROL, and has enabled year-on-year analysis of performance against a 2009 baseline.

Five utility management plans (previously known as resource management plans) were completed for Canberra, Melbourne, Brisbane, Gold Coast and Hobart, which will help our organisation implement initiatives to reduce water and power use, and improve waste management at our facilities at these airports.

We also developed an Airservices information and communication technology sustainability report, to identify short and long-term energy saving opportunities across the organisation.

Capital Works program

Our extensive capital works program was continued in 2012–13 and covers projects totalling more than \$1 billion over the next five years.

A total of \$185.1 million was invested in the capital expenditure program during the reporting period.

The following four topics provide some key examples of capital works related achievements during last financial year.

Infrastructure upgrades

We provide air traffic control services from 29 control towers across Australia. A number of these towers have now exceeded their design life, contain equipment no longer supported by suppliers and need modernisation to bring them into line with current industry and workplace health and safety standards. We are investing in new tower infrastructure and are currently rolling out a program to replace a number of these and upgrade and refurbish others.

Flights in and out of Rockhampton for example, are benefiting from a new control tower that was officially opened on 8 March. The \$8.91 million facility is the first standalone replacement tower to be commissioned by Airservices since the mid 1990s and was completed under budget.

Construction of a new 44 m high air traffic control tower in Adelaide was also completed during the reporting year, while a new combined air traffic control and aviation fire station in Broome was opened in July. A new tower at Melbourne Airport is expected to begin operating in 2013–14.

All of these towers feature Integrated Tower Automation Suite technology, which replaces the previous manual systems—some of which were up to 40 years old. It also integrates flight and operational data with surveillance and voice communications into a single, tower-specific layout. The technology provides controllers with up to four customisable touch screens displaying electronic flight strips, operational information, weather, terminal area and, where available, surface surveillance or radar data. This state-of-the-art technology is now operating in Rockhampton, Adelaide and Broome and will be rolled out progressively to remaining towers across Australia as they are refurbished or rebuilt.

Airlines are benefiting from the Metron Air Traffic Flow Management system that we first implemented at Sydney and Perth airports in 2011–12, and is now up and running at Brisbane. This collaborative decision making initiative helps reduce airborne holding of flights, thereby reducing fuel and aircraft maintenance costs, pilot operating hours and emissions.

In November, changes to ICAO's Flight Notification Form and flight planning procedures came into effect in Australia. This allows air traffic management systems to capture new aircraft technologies and capabilities associated with performance based navigation, and pilots to submit flight plans up to five days in advance. We implemented software upgrades to a number of air traffic management systems including Eurocat and the National Aeronautical Information Processing System to ensure the new format flight notifications are processed correctly.

Airport Capacity Enhancement is a national program to improve efficiency and use of existing



infrastructure to increase runway capacity. We are working with airports and industry stakeholders on the initiative and to address the growing demand at Australia's airports. As part of the program, the United Kingdom-based global air traffic control and airport performance specialist NATS was commissioned to develop capacity modelling reports for Perth, Brisbane, Melbourne and Sydney. Strategic plans to deliver high intensity runway operations have also been developed for Perth, Brisbane and Melbourne. A key milestone for the program has been the implementation of standard terminal arrival speeds, which were implemented in March.

In June, we introduced an Aerodrome Flight Information Service and ARFF services at Port Hedland. These will provide airlines with directed traffic information, emergency services alerts, local weather advice, and rescue and fire fighting services.

New fire training and operational facilities

A new \$22 million Hot Fire Training Ground facility at our Learning Academy at Melbourne Airport was officially opened in April by the Minister for Infrastructure and Transport, the Hon. Anthony Albanese MP, and our Deputy Chair Dr Warren Mundy.

The facility is a key part of the centralisation of aviation rescue and fire fighting training, and



has been designed to cater for the evolving environmental, safety and capability needs of ARFF.

For more information on the Hot Fire Training Ground see the feature on page 41.

New Projects and Engineering building completed

In August, we officially opened our new \$23.7 million Projects and Engineering building at Melbourne Airport, enabling all staff to be co-located in a state-of-the-art facility that incorporates solar water heating, rain water recycling, sub floor air-conditioning and motorised window shades.

The new facility replaces several separate buildings which were more than 30 years old, and for the 330 Projects and Engineering group staff, it provides a work environment tailored to their needs. It will improve working conditions and service delivery while integrating with key elements of our Melbourne compound.

The facility includes about 4200 m² of office space and 1140 m² of maintenance workshop space. It has been awarded a five star Green Star rating from the Green Building Council of Australia.

Surveillance and Approach Facilities at Regional Aerodromes

The roll-out of surveillance and procedural air traffic services to regional airports from the Brisbane and Melbourne air traffic services centres continued throughout the year as part of our Surveillance and Approach Facilities at Regional Aerodromes initiative. The scope of this project includes connecting system monitoring, weather data and communications services to the air traffic service centres.

During 2012–13 services were commissioned in Tasmanian controlled airspace, extending the use of surveillance in providing traffic separation down to 7000 feet from the previous 8500 feet. At Rockhampton Airport, we introduced an approach service outside tower operating hours, providing a surveillance separation service down to 700 feet.

In April, an out-of-hours enhanced flight information service and regional approach service was introduced for Rockhampton and Mackay using existing surveillance.

Stakeholder engagement

Master plans for airports throughout Australia are updated at least every five years to support maintenance, development, expansion, and modernisation of existing airports, as well as to

justify additional infrastructure to accommodate growth in demand for aviation services on a local, regional and national basis.

In 2012–13, we implemented a stakeholder engagement model to ensure our ability to identify growth airports (other than major federally leased airports) and to establish relationships with key stakeholders to plan for future services, infrastructure and equipment.

This process has already improved planning at locations such as Gladstone, Newman, Port Hedland, Ballina, Paraburdoo and Kalgoorlie. It will also enable greater information sharing with all airports—regional and capital city—and provide an opportunity to highlight to these airports matters that are important or relevant to our organisation.

During the year, we participated in all Community Aviation Consultation Group meetings, including four new locations, Archerfield, Hobart, Launceston and Townsville.

Celebrating our air traffic controllers

International Day of the Air Traffic Controller was celebrated on 20 October. Three of our controllers were recognised for their professionalism in air traffic management, which was described as ‘above and beyond’.



Learning Academy Hot Fire Training Ground

In April, the new state-of-the-art fire training ground for ARFF services opened at Melbourne Airport.

The \$22 million Learning Academy Hot Fire Training Ground is the only one of its kind in the southern hemisphere, and combines both aviation rescue and fire fighting training.

The centrepiece of the new training ground is a full-sized mock-up aircraft fuselage which measures over 56 m long and 10 m high, and replicates sections from the Airbus A380, Boeing 767 and McDonnell Douglas MD-11 aircraft.

The facility will be used to simulate real-world fire fighting and rescue situations, allowing ARFF services staff to maintain their ability to respond rapidly to airport emergencies including aircraft incidents, structural fires, medical emergencies, water rescues and fire alarms. Such emergencies are simulated with multiple remotely controlled liquid petroleum gas and kerosene fires.

The training facility, which covers 15 000 m², includes classrooms, a control room and vehicle bays to allow instructors and trainees to participate in realistic emergency training scenarios.

Construction of the training ground commenced in February 2012, with Badge Constructions gaining the contract for civil works on the site. The aircraft simulator and associated fire control and safety systems contract was awarded to Dräger Safety Pacific. Stringent environmental control systems were established during the construction process to minimise the impact of the training activity on the surrounding environment.

More than 250 fire fighters will pass through the facility each year, receiving accredited training against nationally recognised qualifications. The first 24 recruits to experience the training facility were from our Recruit Course 80 who graduated on 20 May.

The project demonstrates the strong co-operation we have with Melbourne Airport, and reflects our ongoing commitment to investment in infrastructure.

Our organisation already provides more than 740 highly trained and experienced operational and support ARFF personnel around Australia.

We provide ARFF services at 22 of Australia's busiest airports and are one of the world's largest providers of aviation rescue and fire fighting services.





Creating new value for industry

As the industry continues to grow and be driven by financial, economic and environmental influences, we need to work collaboratively to anticipate, understand and plan for future needs, and to deliver value through innovation, new services, products and technology.

Programs are being rolled out to improve industry connections and to optimise performance by:

- providing new services and products to improve whole-of-system efficiency
- facilitating improved aviation industry performance
- understanding industry requirements and collaboratively planning future services and facilities
- implementing systems and technology in collaboration with industry partners
- promoting and fostering the aviation industry in Australia.

Key achievements for the last financial year are outlined below.

Stakeholder satisfaction and engagement

The satisfaction of our customers and stakeholders is measured annually through a comprehensive online and interview-based survey.

In 2012–13, more than 190 key stakeholders across international and domestic airlines, airports, government agencies and leading industry bodies were surveyed in June on their level of satisfaction with Airservices including our service delivery.

Our strong ongoing performance in providing excellent customer service was reflected with 92 per cent of stakeholders saying they were satisfied or very satisfied with the organisation.

Civil and military harmonisation

In 2012–13, together with the Department of Defence, we made significant progress in developing a harmonised national air traffic management system.

Broader industry consultation was conducted in the financial year including:

- regular engagement with industry, which provided project updates, captured future requirements and provided information on the project's business case
- a second joint industry supplier briefing held in December
- the December announcement that we will act as the lead agency for the joint project, now known as OneSKY Australia
- the draft Common Operational Concept document and draft Joint Function and

Performance Specification being made available for industry review.

In April, we signed a memorandum of co-operation with the Defence Materiel Organisation, laying a solid foundation for our lead agency status and addressing fundamental principles for the way forward.

On 28 June, we released the tender for a new air traffic management platform with Defence. This is a once in a generation opportunity to align the needs of our two organisations through a unified national solution and comes as the systems in both organisations near their end of life. Tender responses are due in October 2013.

Since its establishment in late 2009, the Australian Civil-Military Air Traffic Management Committee has achieved significant milestones and is continuing to progress a broad ranging work program to harmonise civil and military systems, operations, procedures, safety, training and support.

The committee continued to meet regularly during the reporting year and has gained greater momentum with support from both Airservices and Defence. It has developed and endorsed a list of harmonisation activities to help both organisations plan and implement these jointly in the long term.

The Defence Radar Filter project—our joint activity with Defence—is a part of the harmonisation initiative that will transmit real time radar data between the two agencies. We are managing planning, development, procurement, testing and installation for the project and in April oversaw the system's commissioning in Brisbane and Melbourne.

We also established an aviation rescue and fire fighting steering group with Defence to help harmonise aviation rescue and fire fighting operations between our two organisations, including in areas such as fire vehicle operations,

maintenance, engineering, logistics, procurement, environment and training.

Our Learning Academy played a key role in developing strategic partnerships with industry during the year. For example, greater collaboration with RAAF East Sale is helping further develop our relationship with Defence, and is allowing both parties to identify opportunities for synergies and improvements in capabilities, and in the way air traffic control training is delivered.

Flight plan technology

The Flight Plan Conflict Function initiative will deliver Delegated Conflict Detection into Australia's air traffic system. The project includes software with a suite of functions that automate conflict detection and help resolve flight plan based conflicts between aircraft in Australian upper air space. The project supports our commitment to maximise safety performance and deliver operational and business excellence. If air traffic controllers have the capacity to handle higher traffic levels, then the airlines receive better services and safety.

We implemented the automatic conflict detection software to the upper airspace east air traffic control sector in Brisbane in February. This tool is another mechanism that enhances safety for airport operations.

Innovative fire station design

A major project to standardise the design and installation of new ARFF fire stations across Australia was undertaken during the year.

The result is a new, best practice, cost effective, functional and standardised design that takes into account the operational requirements of ARFF, while meeting industry's needs.



The design can be adapted to meet changing operational and regulatory requirements, and can be built quickly and efficiently to enable facilities to be established at new locations with far less lead time. Additions and extensions to existing stations can also be made quickly and cost effectively.

International cooperation

We hosted four senior Indonesian air traffic controllers in Melbourne during the reporting period, who completed Air Traffic Flow Management training to help improve capacity at Jakarta Airport.

Through the Indonesia Transport Safety Assistance Package, support is also being provided to improve airspace boundary coordination with training for flight data operators and through a review of the Aeronautical Fixed Telecommunication Network's communication links. These two initiatives aim to improve air traffic management system message integrity, and will enable the re-introduction of automated messaging between Australian and Indonesian air traffic management systems.

For more information on our involvement in the Indonesia Transport Safety Assistance Package see the feature on page 47.

Papua New Guinea Air Services Ltd (PNGASL) developed specification documents during the year with help from our organisation. These will underscore Papua New Guinea's air traffic management system upgrade program, which includes both a new air traffic control platform and upgraded surveillance systems. We also helped repair the Port Moresby radar after a lightning strike. This radar is important to controllers at Port Moresby, but also for safe and efficient boundary coordination with Australia.

In May, Airservices Deputy Chair Dr Warren Mundy led a delegation from our Board, consisting of the Chair of the Board Safety Committee and Board member, Mr Tony Matthews, and Board member, Mr Paul Lucas, to Port Moresby, to attend a joint Board meeting with PNGASL. The purpose of the meeting was to establish relations at a Board level with our counterpart organisation. It also served to underscore the importance of our operational relationships as an enabler for improved operational and safety outcomes on our shared airspace boundary.

We also delivered four two-day air traffic services skills training sessions in Port Moresby to 16 air traffic control staff in April.

International industry initiatives



In November, Airservices representatives attended ICAO's 12th Air Navigation Conference in Montreal with members of the Department of Infrastructure and Transport, CASA, and the Bureau of Meteorology. The conference considered the revision of the Global Air Navigation Plan, which establishes baseline functionality of the air navigation system and evolutionary roadmaps for future development over successive five-year implementation blocks. Safety, efficiency, capacity and caring for the environment were agreed as objectives for the new plan.

We are collaborating with the US Federal Aviation Administration and EUROCONTROL to develop the Flight Information Exchange Model—an evolving standard for representing and exchanging flight information. We have provided real time flight data for the administration's Asia-Pacific Flight Objects trial and are helping test concepts developed through the initiative.

Industry information initiatives

Airservices representatives attended the third Western Australia Capacity Forum in Perth in March and presented to delegates an update on progress of the Perth Airport Capacity Enhancement Strategic Plan.

In June, our Chief Executive Officer, Margaret Staib, and Brisbane Airport Corporation Chief

Executive Officer, Julieanne Alroe, met with 40 aviation industry leaders in Brisbane as part of a review of initiatives to minimise delays at Brisbane Airport. The forum, hosted by Brisbane Airport Corporation and Airservices, was the first of its kind in Queensland and brought together representatives from major airlines, industry bodies and government.

General aviation response training was reviewed due to greater demand from various mining companies. The training aims to provide the skills and competency needed to respond to an aviation incident, under supervision, as a member of a non-specialist team. Three courses were held in 2012–13 for Rio Tinto at Perth's Hot Fire Training Ground and more courses are expected to run in 2013–14.

Training for our future

We are an enterprise registered training organisation, providing nationally recognised training qualifications to our employees. Our recruitment program for ab initio air traffic control trainees delivers a Diploma of Aviation (Air Traffic Control), while our ARFF recruits attain a Certificate II in Public Safety and embark on a training pathway that can progress to Advanced Diploma. We are committed to developing our leaders of the future supported by our leadership training program.

We also implemented a SAP based learning management system during the year to deliver a whole-of-organisation integrated training records and student management system that maintains compliance requirements for registered training organisations.

A technology innovation working group was also implemented to increase the flexibility and effectiveness of learning within our organisation. This group is aligned with our broader information and communications technology strategy and will help standardise training technology and identify opportunities to innovate learning through

blended delivery techniques. One of the group's first initiatives was a trial of PC tablets in the engineering trainee program.

Supporting future industry participants

The Australian International Airshow and Aerospace and Defence Exhibition was held at Avalon Airport in February and March, and attracted almost 200 000 delegates to see displays from international and Australian exhibitors in the aerospace, aviation, defence and government sectors.

We are a sponsor of this event and use it as a key platform to engage with our stakeholders and promote initiatives such as Integrated Tower Automation Suite technology, detail the role and capability of our Learning Academy, and deliver safety messages relating to airspace infringement and runway incursions.

The event is also used to promote the training and career opportunities available at Airservices.

We continue to support and promote opportunities for young people and women who want an aviation career. A three-year sponsorship agreement worth \$99 000 was renewed during the year with the Australian Women Pilots' Association as part of our commitment to developing and fostering the Australian

aviation industry. The agreement will fund four scholarships a year to help young women with the cost of obtaining a private or commercial pilot licence.

A new sponsorship agreement of almost \$70 000 was confirmed with the Aircraft Owners and Pilots' Association in November to fund six scholarships a year for the next three years to increase opportunities for young people entering the industry. The scholarships help pay for costs associated with post private pilots licence qualifications such as an instrument flight rules rating or a commercial licence.

We awarded four aviation enthusiasts Airservices Learn to Fly Scholarships during the year in conjunction with the Royal Federation of Aero Clubs of Australia. These are part of a three-year sponsorship agreement with the federation worth almost \$100 000 to help identify the next generation of Australian pilots.

We provided support to young flyers through the Recreation Aviation Australia Giving Young Flyers Training Support scholarships, each valued at \$2500. These scholarships offer training opportunities for young people and provide financial support to help them complete their flying training.

We also provided sponsorship assistance to fundraising efforts supporting the Royal Flying Doctor Services, Angel Flight and CanTeen.



Indonesia Transport Safety Assistance Package

Supporting regional air navigation service providers is a key priority for us as part of our commitment to creating new value for industry. We demonstrate this through our involvement in the Australian Government administered Indonesia Transport Safety Assistance Package (ITSAP).

ITSAP forms part of Australia's official development assistance for Indonesia and was established in 2007 following the Garuda Indonesia accident in Yogyakarta. The objective of the program is to improve transportation safety in Indonesia.

We are engaged to work with Indonesian counterparts, Directorate General of Civil Aviation and Air Nav Indonesia to build capability in various areas including air traffic management service delivery, safety management, air navigation service provider governance and airport emergency planning.

A key initiative during 2012–13 was the Airport Emergency Planning (AEP) project. The project's primary objective was to build on Indonesia's air traffic control (ATC) and aviation rescue and fire fighting (ARFF) capability to provide a safe and effective response to aerodrome emergencies and incidents.

During the reporting period, our specialists conducted an AEP capability review at Ngurah Rai International Airport, Denpasar. Recommendations of the review led to a targeted training package which was delivered to local ATC and ARFF personnel covering both practical and theoretical areas of the AEP.

A highlight of the training was an aircraft familiarisation session conducted by a B737 Captain from Garuda Indonesia. This was very effective in providing the operational staff with an insight into a pilot's perspective during an aircraft emergency and during the activation of the AEP.

In the lead up to the full AEP exercise in December 2012, our specialists supported local ATC and ARFF staff by facilitating a rehearsal exercise and debriefing sessions. Under monsoonal weather conditions, representatives from Airservices, CASA and the Australian embassy were in attendance to observe the exercise where improvements to ATC and ARFF capability were observed.

Through the project, we have played a key role in improving the safety of the travelling public, including Australians, by improving the capability of local ATC and ARFF at the airport.

AEP exercise aircraft mock-up 10 December 2012.
Photo: Louise Brooks (CASA)



High performing organisation

Achieving our vision depends on our people, leadership and culture. We need to attract and retain talented people, build a flexible, empowered and engaged workforce, and develop inspiring, value-based leadership.

We operate as a high performing organisation by:

- building capability to provide skills and capacity
- transforming to a focused and determined organisation that delivers
- living our values
- developing inspiring leadership.

Key achievements for the last financial year are outlined below.

Creating an effective workplace

We successfully negotiated two enterprise agreements in 2012–13.

The Airservices Australia (Air Traffic Control and Supporting Air Traffic Services) Enterprise Agreement 2012–2015 was approved by Fair Work Australia on 28 November and came into effect on 5 December.

The Airservices Australia (Aviation Rescue Fire Fighting) Enterprise Agreement 2013–2017 was approved by the Fair Work Commission on 15 May and came into effect on 22 May.

Throughout the reporting period, consultation continued with senior managers across our business groups and planning was undertaken at both the business group and corporate level. This encompassed workforce supply and demand, workforce gaps, critical roles and strategic human resource development.

We are tracking well against each of our workforce strategies and in mitigating each of the risks identified in our workforce plan. We have clear strategies in place to reduce turnover of short tenures, retain mature-age workers, present and encourage participation in leadership courses, and for succession planning.

We made significant progress in identifying key workforce risks within the business, which will enable us to more effectively target specific strategies to reduce these in the future.

Our work performance system has also been improved. There is now greater emphasis on our employees and their role in setting objectives, collating evidence that supports their progress and determining their career goals. We are committed to driving cultural change and our corporate values, and the behaviour that supports these, are promoted at all levels.

Diversifying our workforce

Our organisation recognises and values diversity, and we are committed to increasing the representation of Indigenous Australians, women, people with disability and people from cultural

and linguistically diverse backgrounds. To better support our mature-aged workforce, we are providing flexible working arrangements including structured transition to retirement arrangements.

During the financial year, we developed our first organisation-wide Workforce Diversity Strategy 2012–2016 to formally recognise the value of diversity to our business and to provide a clear and coherent framework to integrate diversity into our culture, programs and services.

We also implemented the inaugural Airservices Reconciliation Action Plan 2012–16, and held a variety of forums, training and employment programs aimed at increasing the representation of women across non traditional areas including aviation rescue and fire fighting (ARFF), air traffic control and technical officers with our Projects and Engineering business group.

For more information on our key diversity activities, see the feature on page 52.

Improving training and oversight

A significant investment was made in training during the year led by our Learning Academy.

As an enterprise registered training organisation, more recruits and trainees received accredited training against nationally recognised qualifications during 2012–13. We enhanced and expanded our operational training programs, reviewed our courseware and curriculum, and improved our governance processes and systems. The organisation also built new learning facilities and purchased more training simulators.

During this period, the Learning Academy implemented a schools-based structure aligned to operational and corporate business groups to ensure a single point of accountability for each training stream. This structure provides better engagement and allows core training requirements to be identified and aligned with our workforce demands.

These initiatives ensure we continue to deliver sustainable, quality training outcomes to manage our ageing workforce while at the same time establishing new services during a time of substantial growth in air traffic.

Leaders for today and tomorrow

During the year, we held leadership development forums in Brisbane, Melbourne and Canberra and welcomed about 140 attendees. The forums, based around the Airservices Leadership Framework, provided an 'In the workplace' development opportunity to support formal leadership development programs. Members of the executive also led sessions to help promote and embed the Airservices values, and to share their experiences.

Work continued with our Learning Academy to establish a comprehensive suite of management and leadership development programs. Forty frontline managers completed the 'Managing for results' residential course and 21 future leaders completed a 'Step up to management' course.

Quarterly, we held half-day leadership forums in Brisbane, Melbourne and Canberra and welcomed about 130 attendees at each. Senior managers attended training sessions conducted by the Australian Public Service Commission. Best practice guidelines for mentoring programs were also developed and will inform the design and implementation of these in the future. A high performing teams program was designed and will be piloted in 2013–14.

As part of our alumni program, we provide social and industry focused opportunities to help connect past and present staff. Recruitment processes are now being reviewed to identify and allow the skills of alumni members to be better used to support our activities, and to redress workforce gaps.

These and other employee initiatives are paying dividends for our workforce. An employee opinion



survey conducted in March found employee engagement increased by seven per cent from 2012, up to 77 per cent for 2013.

Supporting a future workforce

A range of important initiatives were undertaken during the year that underscores our commitment to the future of our workforce, and work is continuing to improve our recruitment process.

Our Learning Academy rolled out its five year Learning Academy Strategic Plan 2012–16 in September, which highlights its key priorities and initiatives and defines the academy's vision to provide quality training and education services that support us in meeting our operational requirements.

During the year, 72 air traffic controller trainees attained a nationally recognised Diploma of Aviation (Air Traffic Control) and obtained their first license endorsement, which allows them to work in specific air traffic control roles.

Fourteen technical trainees graduated from the Riverina Institute of TAFE in Wagga Wagga in November with a Diploma of Electronics and Communications Engineering. These graduates have now commenced work at various locations around Australia including Darwin, Mackay, Brisbane, Sydney, Melbourne and Perth.

We also welcomed 19 new aviation rescue fire fighters in November and another 24 in May. Our ARFF recruits complete an intense 11 week training program through the Learning Academy in Melbourne, against nationally recognised qualifications in Public Safety. These new recruits are now working at stations in Adelaide, Alice Springs, Cairns, Darwin, Hobart, Launceston, Mackay, Melbourne, Perth, Rockhampton, Sydney and Townsville.

Seven new graduates were welcomed to our organisation in February and commenced a 12-month rotation across the Finance and Corporate, Projects and Engineering, and Air Traffic Control business groups. These new graduates joined six others, primarily engineers, who began their rotation in mid 2012.

In August, we participated in the Aviation Careers Expo at the Aviation Australia campus in Brisbane. Our representatives were on hand to discuss and promote career opportunities with our organisation, along with displaying a Mk8 ultra-large fire vehicle.

We introduced a mentoring program for air traffic controller trainees, which has been successful in ensuring that trainees are well suited to the role and that they develop the right skills for the job. Mentors are usually an operational controller, and participants include local and global recruits.



Throughout the year, executive briefings were conducted with staff based in Adelaide, Alice Springs, Archerfield, Avalon, Bankstown/ Camden, Brisbane, Canberra, Darwin, Essendon, Hobart, Jandakot, Launceston, Melbourne, Moorabbin, Perth and Sydney. Our Chief Executive Officer, Margaret Staib also visited sites throughout Australia during the year.

Industry partnerships

In November, we sponsored the 2012 Australian Airports Association national convention and technical conference. More than 500 delegates from airports, industry and government agencies attended the event, where we gave a presentation about improving airspace and airport efficiency. Our Airservices exhibition stand featured a partial tower simulator, using Integrated Tower Automation Suite technology and a 'real view' versus a 'simulator view' of Cairns Airport.

During the financial year we worked with Australia's largest independent oil and gas company, Woodside, to consider how best to provide sustainable opportunities to Indigenous Australians, including areas in the North West of Australia. Through this engagement we developed a greater understanding of the need to engage with local communities and their workforces. By building respectful relationships with organisations such as Woodside and the local community, we aim to improve

Indigenous access to sustainable opportunities with Airservices.

Streamlining service delivery

We commenced work on an integrated management system initiative in 2012–13, which will support our ability to deliver services in an aligned, effective and efficient way, while being highly responsive to change.

The system will:

- align processes, clarify accountabilities and roles, remove redundant activities or inefficient practices, and simplify process maintenance
- improve information access and knowledge management
- improve traceability and assurance
- enable the impact of process change through modelling to inform effective decision-making and change implementation.

A continuous control monitoring solution has been implemented which is designed to improve governance, promote process improvement, and strengthen the effectiveness of our internal controls. These tools have the capability to identify discrepancies or inconsistencies across a range of financial processes as well as master datasets. They will be rolled out over the coming year and will help ensure our financial processes are efficient, effective and appropriately controlled.

Encouraging a diverse workforce at Airservices

Our organisation is focused on developing a highly skilled and diverse workforce.

During the financial year, we developed our first organisation-wide Workforce Diversity Strategy 2012–2016 to formally articulate the value of diversity to our business and to provide a framework to successfully manage workplace diversity, enhance the capability of employees and better delivery of services.

The strategy focuses on four themes that target diversity groups, which include:

- Indigenous Australians
- women
- people from culturally and linguistically diverse backgrounds
- people with a disability.

These groups have been identified as requiring initiatives and action plans relating to attraction, recruitment, development and advancement.

To better support our mature-aged workforce, we are providing flexible working arrangements including structured transition to retirement arrangements.

In 2012–13, the strategy contributed to a range of positive improvements within our organisation, including an increase in the overall representation of women in our organisation, which now sits at 19.5 per cent of our total workforce.

In August, we launched the inaugural Reconciliation Action Plan 2012–2016, which highlights a commitment to reconciliation and to creating meaningful relationships and sustainable opportunities at Airservices for Aboriginals and Torres Strait Islanders.

The plan is the result of extensive consultation with a number of stakeholders including our people, Aboriginal community representatives and Reconciliation Australia.

During the reporting period, we undertook a range of activities that reflected commitment to the attraction, recruitment and development of women at our organisation. In August and September 2012, Women in Leadership Forums were held in Canberra, Melbourne and Brisbane offering development and networking opportunities to both current and potential female managers.

We have begun to improve the representation of women in operational aviation rescue and fire fighting roles following the complete review of the ARFF recruitment methodology in 2011–12 to remove gender and cultural barriers. A change management process to help ensure stations are prepared for an increase of female staff is ongoing, as is the evaluation and monitoring of the effectiveness of the revised recruitment methodology.

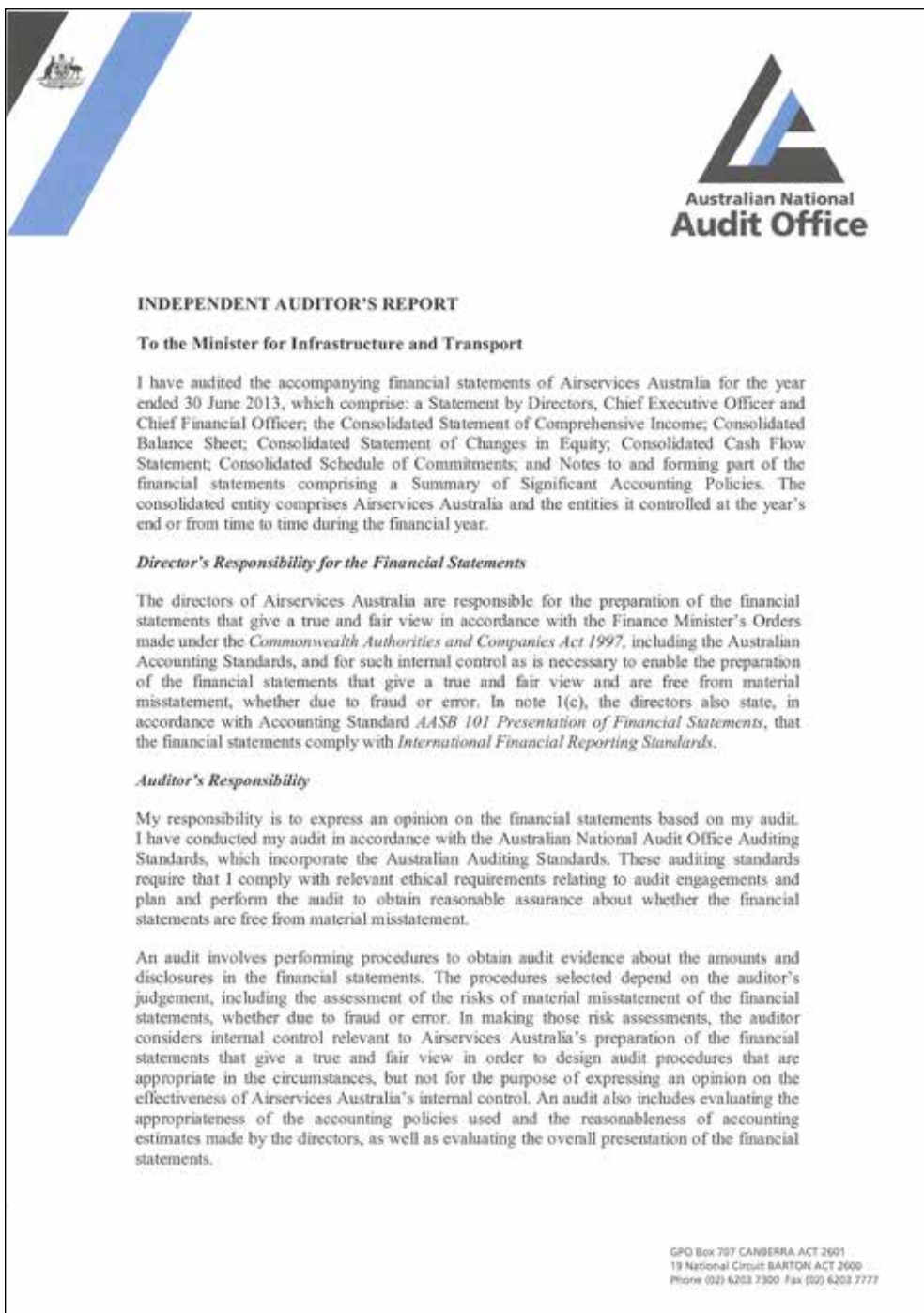
Additionally, we enrolled three women in the Airservices Wagga Wagga Technical Trainee program, who are now completing tailored Electronic and Communications Engineering Diplomas.





FINANCIAL STATEMENTS

05



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

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

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*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the consolidated entity's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.
- (c) comply with *International Financial Reporting Standards* as disclosed in Note 1(c).

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

28 August 2013

Airservices Australia
STATEMENT BY DIRECTORS, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements and notes for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Airservices Australia will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Angus Houston
Chair



Margaret Staib
Chief Executive Officer



Andrew Clark
Chief Financial Officer

Canberra, 28 August 2013

Airservices Australia
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
CONTINUING OPERATIONS			
INCOME			
Airways revenues		928,202	860,784
Finance income	3	2,145	8,356
Other commercial revenue		21,626	23,227
Miscellaneous income		3,169	2,690
Reversal of previous asset write-down		-	2,957
TOTAL INCOME		955,142	898,014
EXPENSES			
Employee benefits	3	549,925	555,241
Suppliers		170,925	152,307
Depreciation	13	84,796	75,793
Amortisation	14	29,732	26,402
Finance costs	3	15,934	17,537
Write-down and impairment of assets	3	15,366	6,112
Net loss on disposal of non-current assets and assets held for sale	3	1,866	1,919
TOTAL EXPENSES		868,544	835,311
PROFIT BEFORE INCOME TAX		86,598	62,703
Income tax expense	4	23,457	17,147
PROFIT AFTER INCOME TAX		63,141	45,556
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gain on revaluation of land, buildings and plant & equipment	22	5,864	22,903
Actuarial gains/(losses) on defined benefit fund	22	147,789	(142,373)
Income tax on items that will not be reclassified to profit or loss		(46,096)	35,841
Items that may be reclassified subsequently to profit or loss			
Foreign exchange hedge	22	2,037	1,107
Income tax on items that may be reclassified to profit or loss		(611)	(332)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX		108,983	(82,854)
TOTAL COMPREHENSIVE INCOME / (LOSS)		172,124	(37,298)
Attributable to the Australian Government		172,124	(37,298)
		172,124	(37,298)

Airservices Australia
CONSOLIDATED BALANCE SHEET
as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
CURRENT ASSETS			
Cash and cash equivalents	8	57,243	63,759
Trade and other receivables	9	118,491	107,134
Prepayments		8,252	6,886
Inventories		1,315	1,202
Assets classified as held for sale	10	100	100
Other current assets	11	1,252	-
TOTAL CURRENT ASSETS		186,653	179,081
NON-CURRENT ASSETS			
Land and buildings	13	286,907	226,501
Infrastructure, plant and equipment	13	736,097	749,457
Deferred tax assets	12	53,321	105,148
Intangible assets	14	88,663	68,092
Other non-current financial assets	15	2,350	6,585
Other non-current assets	16	-	3,199
TOTAL NON-CURRENT ASSETS		1,167,338	1,158,982
TOTAL ASSETS		1,353,991	1,338,063
CURRENT LIABILITIES			
Trade and other payables	17 (a)	95,256	90,027
Provisions	17 (a)	212,438	203,811
Borrowings	18	224,337	54,744
Other current liabilities	20	-	759
TOTAL CURRENT LIABILITIES		532,031	349,341
NON-CURRENT LIABILITIES			
Provisions	17 (b)	62,128	67,689
Borrowings	18	198,872	348,030
Defined benefit fund liability	19	53,773	217,417
Other non-current liabilities	21	6,170	6,152
TOTAL NON-CURRENT LIABILITIES		320,943	639,288
TOTAL LIABILITIES		852,974	988,629
NET ASSETS		501,017	349,434
EQUITY			
Contributed equity		222,190	222,190
Reserves	22 (a)	93,500	89,042
Retained earnings	22 (b)	185,327	38,202
TOTAL EQUITY		501,017	349,434

Airservices Australia
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

	Foreign															
	Retained earnings			Asset revaluation reserve			exchange hedge reserve			Total reserves			Contributed equity		Total equity	
	2013	2012		2013	2012		2013	2012		2013	2012		2013	2012	2013	2012
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	38,202	110,695	91,292	75,688	(2,250)	(3,025)	89,042	72,663	222,190	222,190	349,434	405,548				
Comprehensive income																
Actuarial gains/(losses)	103,452	(99,661)	-	-	-	-	-	-	-	-	103,452	(99,661)				
Net revaluation	-	-	4,105	16,032	1,426	775	5,531	16,807	-	-	5,531	16,807				
Profit for the period	63,141	45,556	-	-	-	-	-	-	-	-	63,141	45,556				
Total comprehensive income/(loss)	166,593	(54,105)	4,105	16,032	1,426	775	5,531	16,807	-	-	172,124	(37,298)				
Transactions with owners																
Returns on capital:																
Dividends	(21,000)	(19,000)	-	-	-	-	-	-	-	-	(21,000)	(19,000)				
Transfers between equity components																
Revaluation reserve - disposals	1,532	612	-	-	-	-	-	-	-	-	1,532	612				
Revaluation reserve - disposals (net of deferred tax)	-	-	(1,073)	(428)	-	-	(1,073)	(428)	-	-	(1,073)	(428)				
Closing balance	185,327	38,202	94,324	91,292	(824)	(2,250)	93,500	89,042	222,190	222,190	501,017	349,434				

Airservices Australia
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,027,465	930,507
Income tax refund		12,898	8,575
Payments to suppliers and employees (inclusive of GST)		(827,688)	(760,761)
Borrowing costs		(15,666)	(17,759)
Income tax paid		(18,924)	(29,804)
Net cash flows from operating activities	33	178,085	130,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of infrastructure, plant and equipment		2,456	2,050
Purchase of infrastructure, plant & equipment and intangibles		(187,872)	(204,763)
Interest received		1,815	2,882
Net cash flows used in investing activities		(183,601)	(199,831)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(21,000)	(19,000)
Proceeds from borrowings		20,000	85,000
Net cash flows from financing activities		(1,000)	66,000
Net decrease in cash and cash equivalents		(6,516)	(3,073)
Cash and cash equivalents at the beginning of the reporting period		63,759	66,832
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	8	57,243	63,759

Airservices Australia
CONSOLIDATED SCHEDULE OF COMMITMENTS
as at 30 June 2013

	2013	2012
	\$'000	\$'000
BY TYPE		
CAPITAL COMMITMENTS		
Infrastructure, plant and equipment	108,779	103,549
TOTAL CAPITAL COMMITMENTS	108,779	103,549
OTHER COMMITMENTS		
Operating leases	177,594	156,793
Other commitments (1)	294,329	251,327
TOTAL OTHER COMMITMENTS	471,923	408,120
COMMITMENTS RECEIVABLE		
Other commitments receivable (2)	(66,749)	(21,685)
GST recoverable on commitments	(46,564)	(44,521)
TOTAL COMMITMENTS RECEIVABLE	(113,313)	(66,206)
TOTAL NET COMMITMENTS BY TYPE	467,389	445,463
BY MATURITY		
CAPITAL COMMITMENTS		
Within one year	96,284	62,493
After one year but no more than five years	11,662	36,092
More than five years	833	4,964
TOTAL CAPITAL COMMITMENTS	108,779	103,549
OPERATING LEASES		
Within one year	14,666	15,688
After one year but no more than five years	55,553	49,554
More than five years	107,375	91,551
TOTAL OPERATING LEASES	177,594	156,793
OTHER COMMITMENTS		
Within one year	70,244	70,356
After one year but no more than five years	129,659	100,382
More than five years	94,426	80,589
TOTAL OTHER COMMITMENTS	294,329	251,327
COMMITMENTS RECEIVABLE		
Within one year	(24,720)	(19,573)
After one year but no more than five years	(43,199)	(29,358)
More than five years	(45,394)	(17,275)
TOTAL COMMITMENTS RECEIVABLE	(113,313)	(66,206)
TOTAL NET COMMITMENTS BY MATURITY	467,389	445,463

(1) These commitments primarily comprise contracts for services.

(2) These relate to contracts associated with other business revenue.

NB: Commitments are GST inclusive where relevant.

Operating leases are effectively non-cancellable and comprise:

Leases for computer equipment

A number of operating leases for the provision of computer equipment are in place. A majority of these items have a lease term of 2 to 3 years, with some printers having a lease term up to 5 years. It is Airservices general practice that at the completion of these lease terms, these items are returned to the lessor.

Leases for office accommodation

Airservices leases are subject to differing review mechanisms which can include fixed increases, CPI or market review. The initial periods of office accommodation leases are still current and each may be renewed depending on their individual option periods.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 Summary of significant accounting policies

Set out below are the principal accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. All amounts are shown in thousands of dollars and are expressed in Australian dollars, unless disclosure of the full amount is specifically required.

(a) Basis of preparation

The financial statements are required by clause 1(b) of Schedule 1 to the Commonwealth Authorities and Companies (CAC) Act 1997 and are general purpose financial statements for the year ended 30 June 2013. The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 28 August 2013.

Airservices and the consolidated entity is an Australian Government owned for-profit entity. The financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and Finance Minister's Orders (FMOs) made under the CAC Act 1997.

Historical cost convention

These financial statements have been prepared on an accrual basis and under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Airservices and the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Airservices and its special purpose entities for the year ended 30 June 2013. Airservices and the special purpose entities together are referred to in these financial statements as the Airservices Group, the Group, or the consolidated entity.

For accounting purposes, Airservices controls (as defined in UIG Interpretation 112) four special purpose entities which are involved in the US cross-border financing arrangement in relation to equipment associated with The Australian Advanced Air Traffic System (TAAATS) and radar systems (as outlined in Note 6). Airservices has no ownership interest in these entities and they are immaterial.

(c) Statement of compliance

Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The Group has adopted the changes to AASB 101 *Presentation of Financial Statements* as of 1 July 2012 which requires that items presented in other comprehensive income (OCI) are grouped on the basis of whether they are potentially re-classifiable to profit or loss.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Future Australian Accounting Standard requirements**

The following new standards, revised standards, interpretations and amending standards were issued prior to the signing of the statements by the Chair, Chief Executive Officer and Chief Financial Officer and are expected to have an impact on the Group for future reporting periods.

Reference	Title	Summary	Application date of standard	Application date for the Group
AASB 13	<i>Fair Value Measurement</i>	AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date.	1 Jan 2013	1 Jul 2013
AASB 119	<i>Employee Benefits</i>	AASB 119 introduces changes to the accounting for employee benefits, including defined benefit liabilities/assets and the classification of short-term and long-term employee benefits. The Group expects that these changes will increase the income statement charge of the defined benefit costs. It's estimated that for the 2013-14 reporting year this will be in the order of \$25 million based on the current discount rate which is significantly lower than the expected return on assets. There is no expected impact on the balance sheet in respect of defined benefit liabilities/assets. With respect to the changes to short-term and long-term benefits, the distinction is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. The Group currently does not require employees to use their annual leave entitlement within 12 months. Accordingly, the annual leave liability will be measured as a long-term benefit.	1 Jan 2013	1 Jul 2013
AASB 2012-2	Amendments to Australian Accounting Standards - <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-2 amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The standard is not applicable until 1 July 2013 and the Group is yet to assess its full impact.	1 Jan 2013	1 Jul 2013
AASB 2012-3	Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The standard is not applicable until 1 July 2014 and the Group is yet to assess its full impact.	1 Jan 2014	1 Jul 2014
AASB 9	<i>Financial Instruments</i>	The revised AASB 9 addresses the classification and measurement of financial assets and financial liabilities. The standard is not applicable until 1 July 2015 and the Group is yet to assess its full impact.	1 Jan 2015	1 Jul 2015

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Group functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(e) Revenue recognition

Rendering of services

Revenue is recognised when services are rendered for both airways and other business revenue. The prices charged for regulated services are in accordance with the agreements negotiated with customers and endorsed by the Australian Competition and Consumer Commission (ACCC). Underpinning this agreement are risk sharing provisions which compensate parties where either airways activity volumes exceed or do not achieve agreed levels, costs vary due to regulatory change, or capital expenditure levels vary substantially from agreed investment levels.

Interest income

Interest income is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

(f) Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Cost and valuation

Property, plant and equipment are measured at cost or at fair value, less, where applicable, accumulated depreciation and any accumulated impairment losses.

Assets purchased by the Group are initially recorded at cost and represent costs directly attributable to the acquisition. Labour and direct overheads incurred in installation are capitalised and added to the cost. Assets constructed by the Group are initially recognised at the cost of materials, labour and direct overheads.

All costs associated with repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at a re-valued amount which is the fair value at the date of the revaluation. Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Where there was no market based evidence of fair value due to the specialised nature of some of the buildings, plant and equipment, an estimate of the fair value was used by the valuer based upon a depreciated replacement cost approach.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in profit or loss. Any revaluation deficit is recognised in the statement of comprehensive income, except that a decrease offsetting a previous surplus for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. The revaluation surplus is accounted for net of deferred tax in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date. Revaluations are conducted by an independent qualified valuer.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from de-recognition, calculated as the difference between net disposal proceeds and carrying value, is included in the statement of comprehensive income in the year the asset is derecognised.

Impairment of non-financial assets

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, and, as a minimum, at least annually. All assets were assessed for impairment as at 30 June 2013.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs. If any impairment indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a market determined risk adjusted discount rate. Any impairment losses are recognised immediately in the statement of comprehensive income. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

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, unless another systematic basis is more appropriate. Any rent free periods are accounted for as per UIG 115 Operating Leases - Incentives.

Leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset, but not legal ownership, are transferred to the Group are classified as finance leases. Any finance leases identified are capitalised at the inception of the lease at the lower of the present value of minimum lease payments, including any guaranteed residual values, and fair value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are accounted for as an expense.

Depreciation

Depreciable property, plant and equipment are written-off to their estimated residual values over their estimated useful lives to the Group, using in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2013	2012
Buildings (eg: control towers, fire stations, commercial property)	10-40 years	10-40 years
Infrastructure, plant and equipment (eg: airways technical equipment, fire vehicles)	3-20 years	3-20 years

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Spares

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

(g) Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the statement of comprehensive income. Software is amortised on a straight-line basis over 3-10 years.

Research costs associated with in-house developed intangible assets are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its cost can be measured reliably. The carrying value of development costs is reviewed for impairment annually or more frequently if there is evidence to suggest that the carrying value may not be recoverable. All intangibles were assessed for indicators of impairment as at 30 June 2013.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset as at the date of derecognition and are recognised in the statement of comprehensive income.

(h) Decommissioning and site rehabilitation

Where the Group has an obligation to incur site rehabilitation costs and the requirements outlined below in section (o) Provisions, have been met, the estimated cost to 'make good' the site has been recorded as a provision.

The net present value of the obligation is measured using the 10 year Government bond rate at 30 June each year.

(i) Inventories

Inventories consist of retail and publication material held for sale to the aviation industry, and consumable spares used for operational equipment. Inventories are valued at the lower of cost and net realisable value, using the weighted average unit cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Dividends

A provision is made for the amount of any dividend approved by the Board but unpaid, prior to the end of the year.

(k) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash in the balance sheet comprises cash at bank and in hand and deposits at call which are readily convertible to cash on hand. For the purposes of the cash flow statement, cash includes cash and cash equivalents net of outstanding bank overdrafts.

(l) Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

(m) Goods and Services Tax (GST)

Revenues, expenses and non-current assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed GST inclusive.

(n) Recoverable amount of non-current assets

All assets are subjected to impairment tests at each reporting date. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Where the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for each asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash flows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a market-determined risk adjusted discount rate.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the obligation is measured using a discount rate which reflects current market assessments and the risks specific to the liability. Increases in the provision due to the passage of time (unwinding of the discount) are then recognised as expense.

On-costs associated with annual leave and long service leave have been re-classified as separate provisions from employee benefits, in accordance with section 43.3 of the FMOs.

(p) Employee benefits**Classification of employee entitlements**

Where employees are entitled to take their accrued annual leave or long service leave during the next 12 months, the provision relating to these employees is recorded as a current liability, even though the employee may not be expected to take the leave for an extended period.

Wages, salaries and annual leave

Liabilities for wages, 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Valuation

Employee benefit provisions for long service leave, early retirement benefit and superannuation are assessed by qualified actuaries on an annual basis. Various actuarial assumptions are required when determining the Group obligations, and these are discussed at Note 2 and Note 19.

Long service leave and early retirement benefit

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. A liability for early retirement benefit is recognised within the provision for separations and redundancies in accordance with the applicable Group Collective Agreement 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 market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions are made predominantly to AvSuper (sponsored by the Group) and Commonwealth Superannuation Administration (ComSuper) which administers the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) funds. AvSuper has a defined benefit section and an accumulation section within its fund. Contributions to the AvSuper defined benefit fund are made in accordance with advice received from the fund's actuary. Contributions to accumulation funds are in accordance with the organisation's Collective Agreement(s) and other employee contracts, having regard to legislative requirements. Contributions to ComSuper for the PSS and CSS funds are in accordance with actuarial reports as notified by the Department of Finance and Deregulation.

Contributions to all funds except the AvSuper defined benefit fund are recognised as an expense as they become payable. With respect to the AvSuper defined benefit fund, the net of current service costs, interest costs and the expected return on fund assets is recognised in the profit before income tax, whereas actuarial gains and losses are recorded in other comprehensive income.

A liability or asset in respect of the AvSuper defined benefit superannuation plan is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by an independent actuary. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(q) Assets classified as held for sale

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the balance sheet.

(r) Working capital

The Group current liabilities exceed current assets as at the end of the current reporting period, mainly as a result of employee benefit disclosure requirements of the accounting standards and the timing of maturing long term debt. Debt maturing within the next 12 months will be refinanced with new long term debt and employee long service and recreation leave will be funded out of operating revenues in the normal course of business rather than out of current assets at year-end.

Excluding the above items from the working capital analysis has current assets at approximately ninety five percent of current liabilities. This shortfall is expected to be met by the continuation of positive operating cashflows. In addition, management has committed funding facilities (which include standby facilities of \$230m - refer Note 24) to ensure the organisation can address both expected and unexpected short term liquidity requirements.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****(s) Investments and other financial assets**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of the reporting period.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- a) have been acquired principally for the purpose of selling in the near future;
- b) are derivatives that are not designated and effective as a hedging instrument; or
- c) are parts of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Group did not have any available-for-sale financial assets for the year ended 30 June 2013.

(t) Financial liabilities

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, derivatives designated as hedging instruments in an effective hedge, or other financial liabilities, as appropriate.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(u) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

(v) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Note 2 Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

AvSuper defined benefit plan

Various actuarial assumptions are required when determining the Group obligations under the AvSuper defined benefit plan. The assumptions relied on for the period to 30 June 2013 are discussed in Note 19.

Long Service Leave and Early Retirement Benefits

Various actuarial assumptions are required when determining the Group obligations for long service leave and the early retirement benefit scheme. The assumptions relied on for the period to 30 June 2013 are based on collective agreements that were applicable during the year. These include a 5.0% annual salary increase, staff turnover rates ranging from 0.0% to 12.9% (depending on period of service), and average long service leave taken of 0.18 months per annum. A discount rate of 3.8% per annum has also been applied and represents the 10 year Commonwealth Government Bond rate at 30 June 2013.

Recoverable amount of non-current financial assets

The estimated future cash flows for value in use calculations include an assumed risk adjusted discount rate of 18.0%, an average USD/AUD exchange rate of 0.94, and expected sales over the next ten years.

Other provisions

An estimate of expected future costs has been used to establish the provision for the assessment, management and containment of possible contaminated Aviation Rescue and Fire Fighting (ARFF) training sites; the removal of underground fuel storage tanks and the remediation and restoration of leased property sites as discussed in Note 17(c).

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 3 Profit from continuing operations**

Profit from continuing operations before income tax is arrived at after including the following items of revenue and expenditure:

	2013 \$'000	2012 \$'000
Revenue		
Finance income		
Investments	1,105	2,621
Deposits	438	76
Interest rate swap fair value gain	354	5,473
Other	248	186
Total finance income	2,145	8,356
Expenses		
Employee expenses		
Wages and salaries	376,338	356,952
Superannuation (defined contribution funds)	34,608	32,142
Leave and other entitlements	120,816	140,527
Separation and redundancies	4,112	7,458
Employee expenses (excluding defined benefit superannuation expense)	535,874	537,079
Net defined benefit superannuation expense recognised in employee expenses		
Current service cost	34,653	29,963
Interest cost	25,333	36,176
Expected return on fund assets	(45,935)	(47,977)
Defined benefit superannuation expense	14,051	18,162
Total employee expenses	549,925	555,241
Finance costs		
Loans	14,815	16,152
Other	1,119	1,385
Total finance costs	15,934	17,537
Write-down and impairment of assets		
Net write-down of infrastructure, plant and equipment	7,017	-
Impairment of navigation augmentation system receivable	4,243	-
Impairment of infrastructure, plant and equipment	3,302	6,112
Impairment of intangible assets	804	-
Total write-down and impairment of assets	15,366	6,112
Impaired loss on trade and other receivables		
Movement in allowance for impairment (receivables)	(276)	1,480
Bad debts written off	287	374
Total bad and doubtful debt expense	11	1,854
Operating lease charges	21,983	19,382

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Gain/(loss) from sales/(write-off) of non-current assets and assets held for sale**

Proceeds from disposal of non-current assets	2,456	2,025
Written-down value of disposed non-current assets	(2,481)	(1,955)
Proceeds from disposal of assets held for sale	-	25
Written-down value of disposed assets held for sale	-	(25)
Net gain / (loss) from sale of non-current assets and assets held for sale	(25)	70
Written down value of scrapped assets	(1,841)	(1,989)
Net loss from disposal of non-current assets and assets held for sale	(1,866)	(1,919)

No related party amounts are disclosed separately for revenue and expense transactions above as they are immaterial.

Note 4 Income tax

	2013	2012
	\$'000	\$'000
(a) Income tax expense		
Current tax	18,419	2,566
Deferred tax	5,038	14,581
Income tax expense attributable to profit from continuing operations	23,457	17,147

(b) Reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax expense	86,598	62,703
Prima facie income tax expense at 30%	25,979	18,811

Tax effect of amounts which are not deductible/assessable in calculating taxable income:

Non-deductible legal costs	120	(10)
Other non-deductible/assessable expenditure	(3,487)	(981)
Prior year over provision of tax	(387)	(2,322)
Unrealised losses on revaluation of assets to fair value	1,232	1,649
Income tax expense	23,457	17,147

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 5 Dividends****(a) Dividends paid**

An interim dividend for the year ending 30 June 2013 of \$10.0m (2012: \$11.0m) was paid on the 14 June 2013. A final dividend of \$11.0m for the year ended 30 June 2012 was paid on 28 February 2013 (2012: \$8.0m final dividend for the year ending 30 June 2011).

(b) Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30% (30 June 2012: 30%) are \$285.9m (30 June 2012: \$279.9m).

The above amounts represent the balance of the franking account as at the end of the financial year.

Note 6 Investments in controlled entities**Special purpose entities**

In accordance with the indicators of control for accounting purposes detailed in UIG Interpretation 112, Airservices controls four special purpose entities which are involved in the US cross-border financing arrangement in relation to equipment associated with 'The Australian Advanced Air Traffic System' (TAAATS) and radar systems discussed in Note 32. However the issued capital in these entities, which totals US\$4,000 is not owned by the Group but is held by two finance companies. These entities are not consolidated due to materiality considerations.

Note 7 Events after the reporting period

No events have occurred after the balance sheet date that should be brought to account or disclosed in the 2012-13 financial statements.

Note 8 Current assets – Cash and cash equivalents

	2013 \$'000	2012 \$'000
Cash at bank and in hand	10,243	2,659
Deposit at call	47,000	61,100
	<u>57,243</u>	<u>63,759</u>

(a) Cash at bank and in hand

Cash at bank has a floating interest rate of 2.95% (30 June 2012: 3.40%). Cash in hand is non-interest bearing.

(b) Deposits at call

The deposits at call have a floating interest rate of 2.75% (30 June 2012: 3.50%). These 11am cash deposits are rolled over on a daily basis.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 9 Current assets – Trade and other receivables**

	2013	2012
	\$'000	\$'000
Loans and receivables		
Trade receivables (a)	109,815	89,366
Provision for impairment of receivables (b)	(2,321)	(2,597)
	107,494	86,769
Navigation augmentation system receivable	434	448
Interest rate swaps	5,804	5,451
Other receivables	453	559
Accrued revenue and interest	3,597	804
Income tax receivable	709	13,103
Total current receivables	118,491	107,134
 (a) Ageing analysis of trade receivables	 2013	 2012
	\$'000	\$'000
Current	83,125	81,599
Overdue by:		
1 to 30 days	22,664	4,190
31 to 60 days	522	554
61 to 90 days	307	177
90 + days	3,197	2,846
Total	109,815	89,366
 (b) Reconciliation for the provision for impairment of receivables	 2013	 2012
	\$'000	\$'000
Opening balance	2,597	1,117
Increase/(decrease) recognised in net profit	(276)	1,480
Closing balance	2,321	2,597
 The provision for impairment of receivables is aged as follows:		
	2013	2012
	\$'000	\$'000
Current	39	40
Overdue by:		
1 to 30 days	46	66
31 to 60 days	13	46
61 to 90 days	13	31
90 + days	2,210	2,414
Total	2,321	2,597

Airservices Australia

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10 Assets classified as held for sale

Two land assets and a residential property have been identified as surplus to the requirements of the Group and have been classified as assets held for sale. Their disposals are expected to be completed within the 2013-14 financial year. The carrying amount of the assets amounted to \$0.100m (30 June 2012: \$0.100m).

Note 11 Current assets - Other

	2013 \$'000	2012 \$'000
Lease incentive - Current	1,252	-

This represents the current portion of the straight-lining adjustments associated with operating leases on office accommodation.

Note 12 Non-current assets – Deferred tax assets

	2013 \$'000	2012 \$'000
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in the statement of comprehensive income</i>		
Depreciation for accounting purposes	(6,359)	(5,377)
Allowance for impairment	696	779
Employee benefits	52,803	57,625
Provision for revenue to be returned to customers	2,044	699
Provision for legal costs	90	570
Other provisions	5,933	6,126
Accruals	(971)	(1,148)
	<u>54,236</u>	<u>59,274</u>
<i>Amounts recognised directly in equity</i>		
Foreign exchange hedge reserve	(188)	964
Revaluation of land, buildings, plant and equipment	(40,425)	(39,125)
Defined benefit liability	39,698	84,035
	<u>(915)</u>	<u>45,874</u>
Net deferred tax assets	<u>53,321</u>	<u>105,148</u>
Movements:		
Opening balance at 1 July	105,148	84,037
Charged to the statement of comprehensive income	(5,038)	(14,581)
Credited to equity	(46,789)	35,692
Closing balance at 30 June	<u>53,321</u>	<u>105,148</u>

Tax losses

The Group has capital losses of \$9.5m (30 June 2012: \$8.0m) that are available indefinitely for offset against future capital gains. Deferred tax assets have not been recognised in respect of these losses as management has evaluated and concluded that it is not probable future capital gains will be available against which the Group can utilise these losses in the foreseeable future.

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13 Non-current assets – Infrastructure, plant and equipment

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
As at 1 July 2012						
Gross book value	48,080	187,546	235,626	536,052	267,310	1,038,988
Accumulated depreciation and impairment	-	(9,125)	(9,125)	(53,905)	-	(63,030)
Net book value 1 July 2012	48,080	178,421	226,501	482,147	267,310	975,958
Additions	-	9	9	(112)	191,789	191,686
Revaluations	256	4,279	4,535	(5,688)	-	(1,153)
Impairments recognised	(350)	(256)	(606)	(1,920)	(776)	(3,302)
Commissioned assets under construction	-	75,093	75,093	121,329	(196,422)	-
Assets under construction commissioned as software (refer to note 14)	-	-	-	-	(51,132)	(51,132)
Depreciation expense	-	(18,545)	(18,545)	(66,251)	-	(84,796)
Transferred from intangibles	-	-	-	8	-	8
Disposals	(30)	(50)	(80)	(4,185)	-	(4,265)
Net book value 30 June 2013	47,956	238,951	286,907	525,328	210,769	1,023,004
Net book value as of 30 June 2013 represented by:						
Gross book value	47,956	250,129	298,085	588,594	210,769	1,097,448
Accumulated depreciation and impairment	-	(11,178)	(11,178)	(63,266)	-	(74,444)
	47,956	238,951	286,907	525,328	210,769	1,023,004

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
As at 1 July 2011						
Gross book value	48,392	138,326	186,718	466,903	283,142	936,763
Accumulated depreciation and impairment	-	(6,379)	(6,379)	(42,984)	-	(49,363)
Net book value 1 July 2011	48,392	131,947	180,339	423,919	283,142	887,400
Additions	-	2,433	2,433	4,985	178,276	185,694
Revaluations	(311)	21,266	20,955	4,904	-	25,859
Impairments	-	-	-	-	(6,112)	(6,112)
Commissioned assets under construction	-	38,037	38,037	112,128	(150,165)	-
Assets under construction commissioned as software (refer to note 14)	-	-	-	-	(37,831)	(37,831)
Depreciation expense	-	(14,924)	(14,924)	(60,869)	-	(75,793)
Disposals	(1)	(338)	(339)	(2,920)	-	(3,259)
Net book value 30 June 2012	48,080	178,421	226,501	482,147	267,310	975,958
Net book value as of 30 June 2012 represented by:						
Gross book value	48,080	187,546	235,626	536,052	267,310	1,038,988
Accumulated depreciation and impairment	-	(9,125)	(9,125)	(53,905)	-	(63,030)
	48,080	178,421	226,501	482,147	267,310	975,958

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****(a) Revaluation of land, buildings, plant and equipment**

The valuation basis for land, buildings, plant and equipment is fair value. Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Where there was no market based evidence of fair value due to the specialised nature of some of the buildings, plant and equipment, an estimate of the fair value was used by the valuer based upon a depreciated replacement cost approach.

The Group engaged accredited valuers Aon Valuation Services to value its land, buildings, plant and equipment (the valuers were also used for the previous year). The reversal of prior year revaluation decreases (for the same asset), were recognised by crediting the statement of comprehensive income. In all other cases, the revaluation surplus net of deferred income taxes was credited to the asset revaluation reserve. The effective date of the revaluation was 30 June 2013.

(b) Impairment

In line with accounting standards, management has performed an impairment review of both existing assets and assets under construction. Principally, the review has focused on future use of existing assets, and changes in technology and business system requirements.

(c) Carrying amounts that would have been recognised if land, plant and equipment were measured using the cost model:

	2013	2012
	\$'000	\$'000
Land		
At cost	<u>2,271</u>	<u>3,676</u>
	2,271	3,676
Buildings		
At cost	339,445	265,182
Accumulated depreciation	<u>(150,222)</u>	<u>(141,486)</u>
Net book amount	189,223	123,696
Plant and Equipment		
At cost	1,034,217	945,786
Accumulated depreciation	<u>(481,524)</u>	<u>(449,179)</u>
Net book amount	552,693	496,607

(d) Borrowing Costs

The amount of borrowing costs capitalised during the year ended 30 June 2013 was \$6.0m (2012: \$4.7m). As the Airservices Group borrows money generally to fund both operating and capital expenditure, the weighted average cost of borrowings of 5.24% was used as the capitalisation rate.

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14 Non-current assets – Intangible Assets

	2013			2012		
	Internally developed software	Other intangible assets	Total intangible assets	Internally developed software	Other intangible assets	Total intangible assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July						
Gross book value	169,667	58,471	228,138	143,585	48,812	192,397
Accumulated amortisation and impairment	(119,458)	(40,588)	(160,046)	(102,420)	(33,246)	(135,666)
Net book value 1 July	50,209	17,883	68,092	41,165	15,566	56,731
Additions	-	40	40	-	617	617
Transferred from assets under construction	43,053	8,079	51,132	26,082	11,749	37,831
Impairments	(800)	(4)	(804)	-	-	-
Amortisation	(20,343)	(9,389)	(29,732)	(17,038)	(9,364)	(26,402)
Transferred to property, plant and equipment	-	(8)	(8)	-	-	-
Disposals	(16)	(41)	(57)	-	(685)	(685)
Net book value 30 June	72,103	16,560	88,663	50,209	17,883	68,092
Net book value as of 30 June represented by:						
Gross book value	208,413	65,732	274,145	169,667	58,471	228,138
Accumulated amortisation and impairment	(136,310)	(49,172)	(185,482)	(119,458)	(40,588)	(160,046)
	72,103	16,560	88,663	50,209	17,883	68,092

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15 Non-current assets – Other financial assets

	2013 \$'000	2012 \$'000
Navigation augmentation system receivable	2,350	6,585

This represents the non-current portion of the royalty stream which Airservices is entitled to receive from the sale of this technology. Refer Note 9 for current portion.

Note 16 Non-current assets - Other

	2013 \$'000	2012 \$'000
Lease incentives - Non-current	-	3,199

This represents the non-current portion of the straight-lining adjustments associated with operating leases on office accommodation.

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
Note 17 Provisions and payables

	2013	2012
	\$'000	\$'000
(a) Current payables and provisions		
Current payables		
Suppliers		
Trade payables	16,072	18,893
Employees		
Salaries and wages	16,110	18,649
Superannuation	3,033	2,244
Revenue received in advance	1,832	2,997
Interest payable	2,134	2,302
Accrued payroll tax	3,532	3,242
Net goods and services tax payable	12,741	10,956
Group tax payable	5,439	-
Other accrued expenses	34,363	30,744
Total current payables	95,256	90,027
Current provisions		
Employee benefits		
Recreation leave ⁽¹⁾	55,960	51,939
Long service leave ⁽²⁾	130,040	132,418
Separations and redundancies	955	458
On-costs associated with employee benefits	11,374	10,625
Workers compensation	434	544
Revenue to be returned to customers	6,815	2,330
ARFF decontamination	3,625	2,112
Litigation and legal costs	300	1,900
Other	450	169
Makegood on leasehold assets	2,485	1,316
Total current provisions	212,438	203,811
Total current provisions and payables	307,694	293,838
(b) Non-current provisions		
Employee benefits		
Long service leave	26,138	24,809
Separations and redundancies	17,309	19,672
On-costs associated with employee benefits	1,567	1,371
ARFF decontamination	7,519	10,472
Makegood on leasehold assets	6,584	8,087
Workers compensation	3,011	3,278
Total non-current provisions	62,128	67,689

(1) Recreation leave expected to be settled within 12 months from the reporting date is \$44.2m, and greater than 12 months is \$11.8m.

(2) Long service leave expected to be settled within 12 months from the reporting date is \$20.0m, and greater than 12 months is \$110.0m.

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(c) Description of provision

Employee benefits:

• **Separations and redundancies**

This includes \$17.3m (30 June 2012: \$19.7m) in early retirement benefits which have been elected to be taken by employees as a lump sum on retirement. Also, \$1.0m (30 June 2012: \$0.4m) relates to redundancy provisions in relation to the restructuring of the organisation.

Workers compensation

These provisions represent the Airservices Group's self insured liability for workers compensation prior to 1 July 1989.

Revenue to be returned to customers

In accordance with the long term pricing agreement a \$6.8m (30 June 2012: \$2.3m) revenue rebate provision has been recorded for the deferral of new ARFF services which were anticipated to be introduced this year.

ARFF decontamination

The provision relates to the assessment, management and containment of possible contaminated ARFF training sites as outlined in the Environmental Management Plan (EMP) as discussed in Note 23.

Litigation and legal costs

This provision includes the settlement and legal costs of the Airservices Group on ongoing matters which commenced prior to 30 June 2013.

Makegood on leasehold assets

The provision relates to the decommissioning and restoration of leased property sites.

Other

The provision includes the removal and decommissioning of underground fuel storage tanks.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2013 \$'000	2012 \$'000
(d) Movements in provisions (excluding employee benefits)		
(i) Revenue to be returned to customers (Current)		
Carrying amount at start of period	2,330	42,732
Additional provisions recognised	6,815	2,330
Credit notes issued	(2,316)	(42,372)
Rebate not returned to customers	(14)	(360)
Carrying amount at end of period	6,815	2,330
(ii) ARFF decontamination (Current/Non-current)		
Carrying amount at start of period	12,585	14,751
Adjustment to provision	(121)	(146)
Payments	(1,320)	(2,020)
Carrying amount at end of period	11,144	12,585
(iii) Litigation and legal costs (Current)		
Carrying amount at start of period	1,900	440
Adjustment to provision	(93)	1,900
Payments	(1,507)	(440)
Carrying amount at end of period	300	1,900
(iv) Decommissioning and restoration (Makegood - Current/Non-current)		
Carrying amount at start of period	9,403	6,775
Additional provisions recognised	135	3,249
Payments	(469)	(621)
Carrying amount at end of period	9,069	9,403
(v) Other (Current)		
Carrying amount at start of period	169	169
Additional provisions recognised	281	-
Carrying amount at end of period	450	169

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 18 Borrowings**

	2013 \$'000	2012 \$'000
Unsecured - Bank loans		
Current ⁽¹⁾	224,337	54,744
Non-current ⁽²⁾	198,872	348,030
Total borrowings	423,209	402,774

⁽¹⁾This represents amounts issued under a \$300m commercial paper program in four separate tranches on 29 May 2013, 7 June 2013, 18 June 2013 and 20 June 2013. The respective maturity dates are 29 August 2013, 9 July 2013, 18 September 2013 and 20 September 2013. Also included is a \$150m Medium Term Notes (MTN) tranche that was issued on 19 May 2009 and will mature on 19 May 2014.

⁽²⁾This represents a \$200m MTN that was issued on 2 November 2011 and will mature on 15 November 2016.

Note 19 Defined benefit fund liability**(a) Superannuation plan**

The Group is the principal sponsor of the superannuation fund, AvSuper. The plan has a defined benefit scheme and an accumulation section. The defined benefit section provides benefits based on the length of service and final average salary. The accumulation section receives fixed contributions in accordance with the Superannuation Guarantee Administration Act requirements and the Group's legal constructive obligations are limited to these contributions and member benefits reflect these contributions and the funds market performance.

The following sections (b) to (i) set out details relating only to the defined benefits section of the Plan.

	2013 \$'000	2012 \$'000
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(b) Benefit liability

The amounts recognised in the balance sheet are determined as follows:

Present value of the defined benefit obligation	(883,214)	(921,998)
Fair value of defined benefit plan assets	829,441	704,581
Net benefit liability - non-current	53,773	217,417

	2013 \$'000	2012 \$'000
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(c) Categories of plan assets

The major categories of plan assets are as follows:

Cash	74,330	17,705
Equity instruments	549,471	453,849
Debt instruments	96,739	122,262
Other assets	108,901	110,765
	829,441	704,581

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
(d) Reconciliations

	2013	2012
	\$'000	\$'000
<i>Reconciliation of the present value of defined benefit obligation:</i>		
Balance at the beginning of the year	921,998	777,920
Current service cost	34,653	29,963
Contribution by members	12,113	11,286
Interest cost	25,333	36,176
Actuarial (gains)/losses on obligation	(72,042)	101,133
Benefits paid	(38,841)	(34,480)
Balance at the end of the year	883,214	921,998

	2013	2012
	\$'000	\$'000
<i>Reconciliation of the fair value of plan assets:</i>		
Balance at the beginning of the year	704,581	691,910
Expected return on plan assets	45,935	47,977
Actuarial gains/(losses)	75,747	(41,240)
Contribution by Airservices	29,906	29,128
Contribution by members	12,113	11,286
Benefits paid	(38,841)	(34,480)
Balance at the end of the year	829,441	704,581

(e) Net amount recognised in the Statement of Comprehensive Income

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2013	2012
	\$'000	\$'000
Current service cost	34,653	29,963
Interest cost on benefit obligation	25,333	36,176
Expected return on plan assets	(45,935)	(47,977)
Total included in employee benefits expense	14,051	18,162
Actual return on plan assets	137,715	(4,326)

(f) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	2013	2012
	%	%
Discount rate	3.50	2.80
Expected return on plan assets	6.50	7.00
Future salary increases	5.00	5.00

Airservices Australia

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The economic assumptions used by the actuary to make the funding arrangements were:

- the 10 year government bond rate (3.76%) at 30 June 2013 adjusted for the effective tax rate on the assets of the Plan of 8%;
- the expected rate of return on assets has been based on historical and future expectations of returns for each of the major categories of asset classes as well as the expected allocation of plan assets to these major categories. This resulted in the selection of an 7.1% p.a. rate of return gross of tax and net of expenses (7.6% p.a. in 2011-12) and a 6.5% p.a. rate of return net of tax and expenses (7.0% p.a. in 2011-12); and
- the salary increase rate is the long term expected rate including a full allowance for promotional increases.

(g) Employer contributions

Employer contribution rates are reviewed with each actuarial investigation of the Plan undertaken for the Trustee. An actuarial investigation of the Plan is made each year and the last such assessment was made as at 1 July 2012.

Employer contributions for Airservices to the defined benefit section of AvSuper are currently:

- 16.5% of gross salary for Air Traffic Controllers (2011-12: 16.5%);
- 16.5% of gross salary for other employees (2011-12: 16.5%); and
- 3% for those employees who remain members of the Commonwealth Superannuation Scheme (CSS) (2011-12: 3%).

The employer has decided to make additional contributions to the Plan, if required, in June each year, after considering the advice of the actuary and the Trustee.

The objectives in setting the contribution rate are to ensure:

- i. the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable; and
- ii. there is a low probability that the assets are insufficient to meet the minimum benefit liabilities of the Fund should it terminate.

To achieve the first objective, the actuary has adopted a method of funding benefits known as the Attained Age Normal funding method. This funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of member's salaries over their remaining working lifetimes. To achieve the second objective, the actuary undertakes scenario testing of the short term financial position of the Plan.

Employer contributions expected to be paid by Airservices for the year ending 30 June 2014 amount to approximately \$29.8m, not including any additional contributions required.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****(h) Net Financial position of the plan**

In accordance with AAS 25 Financial Reporting by Superannuation Plans, the Plan's net financial position is determined as the difference between the present value of the accrued benefits and the net market value of Plan assets. This was determined as at the date of the most recent financial report of AvSuper (30 June 2012), when a surplus of \$58.6m was reported. Last year in these financial statements Airservices recognised a defined benefit liability of \$217.4m at 30 June 2012. The difference between the amounts is due to the different accounting treatment of the net financial position for the employer under AASB 119, and the Plan under AAS 25.

At 30 June 2013 these financial statements disclose a defined benefit liability of \$53.8m. AvSuper's net financial position for the Plan under AAS 25 will not be available though until after these financial statements have been signed.

(i) Historic summary

	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Plan assets	829,441	704,581	691,910	615,321	551,098
Defined benefit plan obligation	(883,214)	(921,998)	(777,920)	(749,747)	(663,409)
Deficit	(53,773)	(217,417)	(86,010)	(134,426)	(112,311)
Experience (gains)/losses adjustments arising on plan liabilities	(1,503)	860	(11,886)	15,597	(13,959)
Experience (gains)/losses adjustments arising on plan assets	75,747	(41,240)	32,498	24,891	(153,410)

Note 20 Current liabilities - Other

	2013 \$'000	2012 \$'000
Lease liability - Current	-	759

This represents the current portion of the straight-lining adjustments associated with operating leases on office accommodation.

Note 21 Non-current liabilities - Other

	2013 \$'000	2012 \$'000
Lease liability - Non-current	6,170	6,152

This represents the non-current portion of the straight-lining adjustments associated with operating leases on office accommodation.

Airservices Australia NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22 Reserves and retained earnings

	2013 \$'000	2012 \$'000
(a) Reserves		
Asset revaluation reserve	94,324	91,292
Foreign exchange hedge reserve	(824)	(2,250)
	<u>93,500</u>	<u>89,042</u>
Movements:		
<i>Asset revaluation reserve</i>		
Opening balance	91,292	75,688
Net revaluation	5,864	22,903
Income tax effect on net revaluation	(1,759)	(6,871)
Revaluation reserve - disposals (net of deferred tax)	(1,073)	(428)
	<u>94,324</u>	<u>91,292</u>
<i>Foreign exchange hedge reserve</i>		
Opening balance	(2,250)	(3,025)
Net revaluation	2,037	1,107
Income tax effect on net revaluation	(611)	(332)
	<u>(824)</u>	<u>(2,250)</u>
(b) Retained earnings		
Movements in retained earnings were as follows:		
	2013 \$'000	2012 \$'000
Opening balance	38,202	110,695
Net profit after tax for the year	63,141	45,556
Dividend paid	(21,000)	(19,000)
Defined benefit fund movements direct to equity (net of deferred tax)	147,789	(142,373)
Income tax effect on the defined benefit fund movements	(44,337)	42,712
Revaluation reserve - disposals	1,532	612
	<u>185,327</u>	<u>38,202</u>

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 23 Contingencies****(a) Contingent Liabilities**

The Group had contingent liabilities at 30 June 2013 in respect of:

Legal Claim

The Group is aware of litigation in three jurisdictions in relation to the provision of its services. At this stage it is not possible to estimate the amounts of any eventual payments that may be required in relation to this matter.

Aviation Rescue & Fire Fighting (ARFF) potential contaminated site management

The Group has identified a number of sites around the country that have been potentially contaminated with a product that was contained in fire fighting foams. The product was widely used internationally and was used by the Group from 1980. The identified contaminant does not breakdown in the natural environment.

Testing and assessment of the fire training grounds commenced in 2008-09 with additional site assessments conducted in the years following. The focus during the 2012-13 financial year has been on completing site assessments at three locations, developing environmental management plans for contamination at these locations, and commencing planning work for a further two locations. This work will continue into the next few years.

To facilitate this process and other activity related to this issue, a sum of \$11.1m has been provided for at 30 June 2013 (refer to Note 17). It is not possible to quantify any potential remediation costs at this time.

Note 24 Standby arrangements and unused credit facilities

	2013 \$'000	2012 \$'000
Bank overdraft	5,000	5,000
Total credit facilities	5,000	5,000
Unused credit facilities	5,000	5,000
Loan facilities		
Commercial paper (only expires if cancelled)	300,000	300,000
Medium term note program	400,000	400,000
Committed standby facilities	230,000	230,000
Uncommitted 11am borrowing	60,000	60,000
Total loan facilities	990,000	990,000
Amount utilised	(425,000)	(405,000)
Unused loan facilities	565,000	585,000

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25 Remuneration of auditors

	2013 \$	2012 \$
Auditing services provided by the Australian National Audit Office	<u>270,000</u>	<u>270,000</u>

Audit services for Airservices Australia are provided by the Australian National Audit Office and are subcontracted to Crowe Horwath. No other services were provided by Crowe Horwath.

Note 26 Remuneration of directors

	2013 No.	2012 No.
The number of non-executive directors of the entity included in these figures are shown below in the relevant remuneration bands:		
\$0 - \$29,999	1	2
\$30,000 - \$59,999	2	4
\$60,000 - \$89,999	5	3
\$90,000 - \$119,999	-	1
\$120,000 - \$149,999	1	-
Total	<u>9</u>	<u>10</u>
	\$	\$
Total remuneration received or due and receivable by directors of the entity	<u>573,839</u>	<u>533,337</u>

The remuneration of the Chief Executive Officer (who was an Executive Director during the year) is disclosed with the remuneration of senior executives and is not included in Director's remuneration.

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
Note 27 Senior executive remuneration
(a) Senior executive remuneration expense for the reporting period

	2013 \$'000	2012 \$'000
Short-term employee benefits:		
Salary	2,033	2,719
Annual leave accrued	200	238
Performance bonus	495	570
Total short-term employee benefits	2,728	3,527
Post-employment benefits:		
Superannuation (post-employment benefits)	356	402
Total post-employment benefits	356	402
Other long-term benefits:		
Long service leave	119	141
Total other long-term benefits	119	141
Termination benefits	-	697
Total	3,203	4,767

Notes:

Note 27 (a) was prepared on an accruals basis (so the performance bonus expenses disclosed above differ from the cash 'Bonus paid' in Note 27 (b)).

Note 27 (a) excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$180,000.

Airservices Australia NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(b) Average annual reportable remuneration paid to substantive senior executives during the reporting period

	Senior Executives	2013				
		Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total
Average annual reportable remuneration ¹	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
Less than \$180,000	2	86,615	9,594	-	30,932	127,141
\$270,000 to \$299,999	1	209,761	24,224	-	42,750	276,735
\$300,000 to \$329,999	2	273,209	28,920	-	15,686	317,815
\$360,000 to \$389,999	2	251,062	43,052	-	70,897	365,011
\$390,000 to \$419,999	1	299,250	32,639	-	83,416	415,305
\$480,000 to \$509,999	2	337,842	57,426	-	101,619	496,887
Total	10					
2012						
Average annual reportable remuneration ¹	Senior Executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
Less than \$180,000	2	83,655	9,038	-	-	92,693
\$180,000 to \$209,999	1	100,695	7,023	-	74,026	181,744
\$270,000 to \$299,999	2	215,716	21,583	396	52,657	290,352
\$330,000 to \$359,999	2	252,479	27,895	-	69,149	349,523
\$360,000 to \$389,999	1	223,664	81,149	-	74,411	379,224
\$420,000 to \$449,999	1	323,380	30,189	-	68,440	422,009
\$450,000 to \$479,999	2	322,153	49,515	-	93,853	465,521
\$900,000 to \$929,999	1	728,944	48,087	-	127,603	904,634
Total	12					

Airservices Australia NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable Salary' includes the following:
 - (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - (b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - (c) salary sacrificed superannuation.
3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
6. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column.

Airservices Australia
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(c) Other highly paid staff

	2013					
	Average annual reportable remuneration ¹	Other highly paid staff	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Total
		No.	\$	\$	\$	\$
Total reportable remuneration (including part time arrangements):						
\$180,000 to \$209,999		316	168,041	25,050	25	196,803
\$210,000 to \$239,999		414	191,413	30,383	27	223,690
\$240,000 to \$269,999		160	213,787	35,874	35	252,531
\$270,000 to \$299,999		42	230,662	39,481	47	280,239
\$300,000 to \$329,999		5	263,872	36,980	-	308,333
\$330,000 to \$359,999		7	311,287	31,121	455	348,172
\$360,000 to \$389,999		4	350,585	25,932	-	376,517
\$390,000 to \$419,999		1	363,153	20,005	-	408,938
\$450,000 to \$479,999		1	430,383	24,438	-	454,821
\$480,000 to \$509,999		1	452,588	42,927	-	495,515
Total		951				

	2012					
	Average annual reportable remuneration ¹	Other highly paid staff	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Total
		No.	\$	\$	\$	\$
Total reportable remuneration (including part time arrangements):						
\$180,000 to \$209,999		441	168,936	24,776	26	196,143
\$210,000 to \$239,999		313	191,082	29,242	23	223,041
\$240,000 to \$269,999		88	210,833	34,663	20	250,925
\$270,000 to \$299,999		21	231,184	37,877	39	279,993
\$300,000 to \$329,999		4	264,072	27,356	581	307,536
\$330,000 to \$359,999		5	320,804	24,511	138	345,453
\$360,000 to \$389,999		2	335,392	29,135	51	364,578
\$390,000 to \$419,999		1	379,328	35,509	-	414,837
\$420,000 to \$449,999		2	392,222	43,658	-	435,880
Total		877				

Airservices Australia NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. This table reports staff:
 - a) who were employed by the entity during the reporting period;
 - b) whose reportable remuneration was \$180,000 or more for the financial period; and
 - c) were not required to be disclosed in Tables A, B or director disclosures.

Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable Salary' includes the following:
 - (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column), which includes early retirement benefits which have been elected to be taken as a lump sum as described in note 17(c);
 - (b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits) and
 - (c) salary sacrificed superannuation.
3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period. Note that these balances reflect the age profile of the organisation's employees and that a significant number of employees included are part of the AVSuper Defined Benefit Scheme.
4. Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
6. Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 28 Related party transactions****(a) Directors**

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

	Status	Commenced	Finished
Chairman			
Angus Houston		On-going	Current
Deputy Chairman			
Warren Mundy		On-going	Current
Directors			
Samantha Betzien		On-going	Current
David Burden		On-going	Current
Annette Kimmitt		On-going	Current
Paul Lucas		On-going	Current
Tony Mathews		On-going	Current
Judith Munro		On-going	3-May-13
Fiona Balfour		3-Jun-13	Current
Chief Executive Officer			
Andrew Clark	Acting	On-going	12-Oct-12
	Acting	5-May-13	10-May-13
Margaret Staib		15-Oct-12	Current
Jason Harfield	Acting	2-Jan-13	20-Jan-13

(b) Executives

The names of persons who were Executives of the Group during the financial year (excluding the CEO, included above) and up to the date of signing these financial statements are as follows:

Executives	Title	Commenced	Finished
Stephen Angus	Executive GM Safety & Assurance	On-going	Current
Michelle Bennetts	Executive GM Environment	On-going	12-Aug-12
	A/ Executive GM Aviation Rescue & Fire Fighting	13-Aug-12	24-Jan-13
	Executive GM Aviation Rescue & Fire Fighting	25-Jan-13	Current
Andrew Clark	Chief Financial Officer	15-Oct-12	Current
Jason Harfield	Executive GM Air Traffic Control	On-going	Current
Paul Logan	A/Chief Financial Officer	On-going	14-Oct-12
Unni Mennon	Executive GM Corporate and Industry Affairs	On-going	Current
Mark Rodwell	Executive GM Projects & Engineering	On-going	Current
Andrew Rushbrook	Executive GM Aviation Rescue & Fire Fighting	On-going	10-Aug-12
Robert Weaver	A/Executive GM Environment	13-Aug-12	24-Jan-13
	Executive GM Environment	25-Jan-13	Current
Andrew Boyd	Executive GM People and Culture	23-Jan-13	Current
Kate Gardiner	A/ Executive GM People and Culture	01-Jul-12	22-Jan-13

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(c) Transactions with related parties

Certain director-related entities have transactions with the Group that occur within normal customer or supplier relationships on terms and conditions no more favourable than those which it is reasonable to expect the Group 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:

- the Group received legal services from Minter Ellison amounting to \$1,020,634 for the period 1 July 2012 to 30 June 2013 during which time Samantha Betzien was both a director of the Group and a partner with Minter Ellison.
- the Group received professional services from Ernst and Young amounting to \$1,072,807 for the period 1 July 2012 to 30 June 2013 during which time Annette Kimmitt was both a director of the Group and a partner with Ernst and Young.
- To the extent permitted by law, the Group provides indemnities to its directors and officers to complement the insurance arrangements that it has in place.

Airservices Australia

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29 Financial instruments

The Airservices Group has exposure to credit risk, liquidity risk, market risk and foreign exchange risk arising from its financial instruments. The Airservices Group uses financial instruments to manage these risks within a framework of a comprehensive set of risk management policies. These risks are managed centrally and speculative trading is strictly prohibited.

(a) Fair value measurements

The fair values of foreign currency Forward Exchange Contracts (FECs), Interest Rate Swaps (IRSs) and Medium Term Notes (MTNs) are calculated using current market rates/prices. For FECs, the fair value is the difference between the contracted FEC foreign currency rate and the current market foreign currency rate for an FEC with the same maturity. In the case of IRSs, the fair value is the difference between the contracted IRS interest rates and the current market interest rates for an IRS with the same maturity and the same interest payment/receipt schedule (eg. quarterly, semi-annually). The MTN prices reflect what an existing investor is prepared to receive if they were to sell their investment to another investor in the secondary market.

	Carrying amount 2013 \$'000	Fair value 2013 \$'000	Carrying amount 2012 \$'000	Fair value 2012 \$'000
Assets				
Forward exchange contracts	628	628	(3,214)	(3,214)
Cash and cash equivalents	57,243	57,243	63,759	63,759
Receivables	112,253	112,253	101,683	101,683
Interest rate swaps	5,804	5,804	5,451	5,451
Other financial assets	2,784	2,784	6,585	6,585
Total assets	178,712	178,712	174,264	174,264
Liabilities				
Medium Term Notes	348,633	364,998	348,030	361,105
Trade and other payables	95,256	95,256	90,027	90,027
Commercial Paper	74,576	74,617	54,744	54,830
Total liabilities	518,465	534,871	492,801	505,962
2013				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value				
Forward exchange contracts	-	628	-	628
Interest rate swaps	-	5,804	-	5,804
Other financial assets	-	-	2,784	2,784
Total	-	6,432	2,784	9,216
2012				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value				
Forward exchange contracts	-	(3,214)	-	(3,214)
Interest rate swaps	-	5,451	-	5,451
Other financial assets	-	-	6,585	6,585
Total	-	2,237	6,585	8,822

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****(b) Financial risk**

The Group's financial risk management policy identifies the risks faced by the organisation. It sets the risk limits, identifies the controls and determines the process for monitoring and adhering to limits. The policy is designed to add value without adding to the overall risks of the organisation.

The financial risk management policy and systems are reviewed regularly to reflect changes in market practices and the Group's activities. Internal audit undertakes ad hoc reviews of financial risk management policy, controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

The Group uses financial instruments to manage its financial risks. The central Treasury unit identifies and evaluates the financial risks in close co-operation with other Airservices Group units and seeks to minimise potential adverse effects on the financial performance of the Group.

As a result of the nature of the Group's business and internal policies dealing with the management of financial risk, the Group's exposure to credit, liquidity and market risk is considered to be low.

(c) Credit risk

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 invests money and enters into financial derivative contracts with authorised counterparties whose long term credit rating is at, or above, A- (Standard and Poor's) or A3 (Moody's). The maximum credit limit for each approved counterparty is currently \$70 million. Counterparty credit exposure is assessed using the principles of the Australian Prudential Regulatory Authority 'Current Exposure Method'.

The Group is exposed to credit risk arising from potential default of debtors. This is equal to the total amount of trade and other receivables (2013: \$112.687m and 2012: \$101.683m). The Airservices Group has assessed the risk of the default on payment and has allocated \$2.321m in 2013 (2012: \$2.597m) as an allowance for impairment.

The Airservices Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Credit risk of financial instruments not past due or individually determined as impaired.

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Loans and receivables	83,086	81,559	26,729	7,807
Total	83,086	81,559	26,729	7,807

The Group is also exposed to credit risk arising from the cross-border financing arrangement as detailed in Note 32.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****(d) Liquidity risk**

Liquidity risk management is concerned with ensuring there are sufficient funds available to meet financial commitments in a timely manner whilst also planning for unforeseen events which may curtail cash flows and cause pressure on liquidity.

The primary objectives of short term liquidity risk management are to ensure sufficient funds are available to meet daily cash requirements, whilst ensuring that cash surpluses in low interest bearing accounts are minimised.

The primary objective of long term liquidity risk management is to ensure that funding (i.e. debt) facilities are in place to meet future long term funding requirements.

	Average interest rate	Floating interest rate	1 year or less	1 to 5 years	Non- interest bearing	Total
2013	%	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Trade and other payables	-	-	-	-	95,256	95,256
Medium term notes	5.70	-	149,761	198,872	-	348,633
Interest rate swaps ⁽¹⁾	-	225,000	(75,000)	(150,000)	-	-
Interest rate swaps ⁽²⁾	-	(157,500)	24,500	133,000	-	-
Commercial paper	2.87	74,576	-	-	-	74,576
Net financial liabilities		142,076	99,261	181,872	95,256	518,465

(1) weighted average interest rates at 30 June were pay float at 2.77% and receive fixed at 5.08%.

(2) weighted average interest rates at 30 June were pay fixed at 4.79% and receive float at 2.78%.

	Average interest rate	Floating interest rate	1 year or less	1 to 5 years	Non- interest bearing	Total
2012	%	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Trade and other payables	-	-	-	-	90,027	90,027
Medium term notes	5.70	-	-	348,030	-	348,030
Interest rate swaps ⁽³⁾	-	225,000	-	(225,000)	-	-
Interest rate swaps ⁽⁴⁾	-	(157,500)	24,500	133,000	-	-
Commercial paper	3.89	54,744	-	-	-	54,744
Net financial liabilities		122,244	24,500	256,030	90,027	492,801

(3) weighted average interest rates at 30 June were pay float at 3.61% and receive fixed at 5.08%.

(4) weighted average interest rates at 30 June were pay fixed at 5.27% and receive float at 3.63%.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****(e) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The following table is a sensitivity analysis of the market risk that the Airservices Group is exposed to through the use of foreign exchange and interest rate derivatives as well as investments and borrowings.

Interest rate sensitivity analysis is calculated on a 'reasonably possible' basis with reference to the key drivers of interest rates, market expectations and historical data. In analysing interest rate sensitivities the Group has adopted to vary actual interest rates by +/- 1.20%.

The Airservices Group has adopted a simplified approach to calculate market risk sensitivities for foreign exchange contracts. A standard sensitivity variable of 15.7% has been applied to all currencies. The Group acknowledges that it is necessary to monitor annual movements in currencies to ensure the relevance of using a single constant rate.

2013			Effect of positive movement		Effect of negative movement	
	Carrying amount \$'000	Change in risk variable +/- %	Profit and loss \$'000	Equity \$'000	Profit and loss \$'000	Equity \$'000
Currency risk						
Buy EUROs	11,793	15.70	-	(1,660)	-	2,276
Buy US Dollars	231	15.70		(31)	-	43
Interest rate risk						
Cash and cash equivalents	57,243	1.20	687	-	(687)	-
Medium term notes	348,633	-	-	-	-	-
Interest rate swaps	382,500	1.20	(1,640)	-	1,688	-
Commercial paper	74,576	1.20	(900)	-	900	-
2012			Effect of positive movement		Effect of negative movement	
	Carrying amount \$'000	Change in risk variable +/- %	Profit and loss \$'000	Equity \$'000	Profit and loss \$'000	Equity \$'000
Currency risk						
Buy EUROs	11,111	15.00	-	(1,395)	-	1,588
Buy US Dollars	6,860	15.00	-	(631)	-	809
Interest rate risk						
Cash and cash equivalents	63,759	1.40	893	-	(893)	-
Medium term notes	348,030	-	-	-	-	-
Interest rate swaps	382,500	1.40	(4,613)	-	4,951	-
Commercial paper	54,744	1.40	(770)	-	770	-

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****(f) Forward exchange contracts**

Airservices uses Forward Exchange Contracts (FECs) to hedge foreign currency exchange rate risk arising from committed transactions primarily relating to capital expenditure program undertakings. Airservices classifies all of its FECs as Fair Value Hedges. The Group's policy is to achieve 100% hedge effectiveness. All foreign currency exposures have a greater than 95% certainty of occurring as all exposures are committed.

The effectiveness test is on a FEC rate to market rate comparison. Prospective testing is on a critical terms basis with the retrospective test based on an effectiveness ratio of 80-125%. Gains or losses are recognised on the hedging instrument (i.e. the FEC) and hedged item (i.e. the committed foreign exchange exposure) with any ineffectiveness recognised in the statement of comprehensive income.

At balance date, the details of outstanding contracts are (Australian dollar equivalents):

Buy EUROS	Sell Australian Dollars		Average Exchange Rate	
	2013 \$'000	2012 \$'000	2013 EURO/\$1	2012 EURO/\$1
Maturity				
3 months or less	3,527	2,724	0.7010	0.7059
Greater than 3 months but less than 1 year	5,136	2,097	0.7459	0.7160
Greater than 1 year	3,130	6,290	0.7665	0.7105

Buy US Dollars	Sell Australian Dollars		Average Exchange Rate	
	2013 \$'000	2012 \$'000	2013 US/\$1	2012 US/\$1
Maturity				
3 months or less	231	5,350	0.9289	0.67590
Greater than 3 months but less than 1 year	-	1,509	-	0.72510

(g) Capital management

The Airservices Group is a price regulated government-owned statutory authority providing air navigation services. Pricing for Airservices core airways services is subject to the price notification provisions of the Competition & Consumer Act 2010 and any increase in prices must be notified to the Australian Competition and Consumer Commission (ACCC) for its review.

The Airservices Group sets its prices with airlines and other customers using a five-year Long Term Pricing Agreement (LTPA). Endorsed by the ACCC the agreement allows pricing to recover all reasonably incurred costs (including a return on capital employed) relating to the delivery of services. The current Long Term Pricing Agreement was established in October 2011. It provides price certainty for customers through to June 2016 and a price path with annual changes on 1 July each year, incorporating nominal price increases of 3.3% for the five year period, translating to real price reductions of 11.4% over the next five years.

The Airservices Group target was to achieve a return on equity after tax for 2013 of 14.8%; during the year ended 30 June 2013 the return was 14.8% (30 June 2012: 12.1%).

The Airservices Group practice has been to provide for and pay a dividend to Government in two instalments.

There were no changes to the Group's approach to capital management during the year.

Airservices Australia

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30 Monies held on behalf of third parties

The Group 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 the Group 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 on behalf of third parties totalled \$0.473m (2012: \$0.491m) for the Solomon Islands and \$0.045m (2012: \$0.056m) for Nauru.

Note 31 Economic dependency

The Group is dependent on airline activity in the Australian aviation industry, of which the Qantas Group is the dominant operator. Of the airways revenue earned during the year 29% (2012: 31%) related to the Qantas Group excluding the Jetstar Group and 11% (2012: 11%) related to the Jetstar Group.

Note 32 Cross-border financing arrangement

During 2003 and 2004, the Airservices group completed cross-border financing arrangements in relation to equipment associated with The Australian Advanced Air Traffic System (TAAATS) and radar systems. The arrangements were initially for periods up to 2026, but now only relate to periods up to 2022.

The Airservices group has provided certain guarantees and indemnities to various participants in the transaction. If certain events occur, the Group could be liable to make substantial payments under the lease guarantees and indemnities. In December 2012, the Group negotiated an early termination of two of its cross-border financing arrangements. These terminations significantly reduced the value of the guarantees and indemnities provided to participants involved in the transactions. The future underlying exposure against which these guarantees and indemnities have been provided are up to a maximum of US\$376m (30 June 2012: US\$615m).

The Group actively monitors and manages its exposures under the transaction in order to mitigate any material risk factors affecting this transaction on an ongoing basis.

Expert external advisors consider that, unless exceptional circumstances arise, the Group would not be required to make a significant payment under these guarantees and indemnities.

Airservices Australia**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 33 Notes to the statement of cash flows**

	2013	2012
	\$'000	\$'000
Reconciliation of cash and cash equivalents		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Cash advances and cash on call	57,243	63,759
Total cash and cash equivalents	57,243	63,759
Reconciliation of net profit after income tax to net cash flows from operations		
Net profit after income tax	63,141	45,556
Adjustments for:		
Depreciation	84,796	75,793
Amortisation	29,732	26,402
Impairment	4,106	6,112
Interest received	(1,792)	(2,883)
Reversal of previous asset write-downs	7,017	(2,957)
Net loss on sale/write-off of non-current assets	1,866	1,919
Fair value adjustments to derivatives	(1,616)	(5,473)
Prepayments & accruals relating to plant and equipment	(4,377)	17,523
Excess AvSuper defined benefit contributions (after tax)	(15,855)	(7,676)
Change in assets		
(Increase)/decrease in gross receivables	(23,102)	(3,434)
(Increase)/decrease in inventories	(113)	(41)
(Increase)/decrease in prepayments	(1,365)	(1,175)
(Increase)/decrease in income tax receivable	12,394	14,313
(Increase)/decrease in other assets	1,839	1,465
(Increase)/decrease in deferred tax	5,037	(21,443)
Change in liabilities		
Increase/(decrease) in employee benefits	1,392	34,961
Increase/(decrease) in allowance for impairment	(276)	1,480
Increase/(decrease) in legal provisions	(1,600)	1,460
Increase/(decrease) in other liabilities	4,196	(35)
Increase/(decrease) in other provisions	(1,494)	463
Increase/(decrease) in creditors and accruals	9,674	(11,170)
Increase/(decrease) in revenue to be returned to customers provision	4,485	(40,402)
Net cash flow from operating activities	178,085	130,758

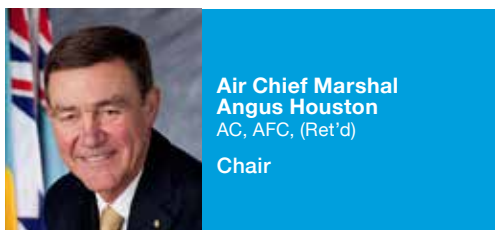
APPENDICES

06

Appendix 1: Board membership, meetings and committees

Directors of the Board and their terms of appointment

The Airservices Board Directors for the period 1 July 2012 to 30 June 2013 were as follows.

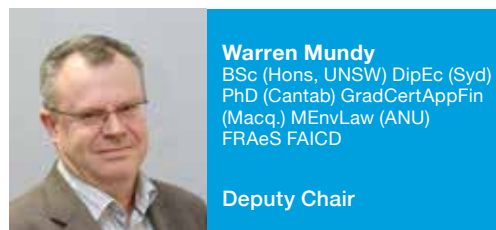


Air Chief Marshal Angus Houston AC, AFC (Ret'd) was appointed to the Board on 6 December 2011 and appointed Chair on 3 June 2012. His current term expires on 2 June 2015.

He was the Chief of the Defence Force from 4 July 2005 until 4 July 2011. Before that, he was Chief of Air Force for four years and Commander Integrated Air Defence System from 1999 to 2000 in Malaysia.

During 1992–93, ACM Houston (Ret'd) was the Director Air Force Policy and served at Headquarters Australian Theatre from 1997–1999 as Chief of Staff, and was Head Strategic Command in Canberra from 2000–01.

ACM Houston (Ret'd) is also Chair of the Anzac Centenary Advisory Board, Chair of the Council for the Order of Australia and Chair of the Canberra Symphony Orchestra. He is also a board member of the Australian Cancer Research Foundation, the Lowy Institute for Internal Policy and the South Australian Defence Advisory Board, and a patron of numerous charitable organisations.



Dr Warren Mundy was appointed to the Board on 3 June 2008 and appointed Deputy Chair on 1 June 2009. In 2011, he was re-appointed as Deputy Chair for a further three years until 2 June 2014. He is a member of the Environment Committee, the Audit and Risk Committee, the Safety Committee and the Remuneration and Human Resources Committee.

Dr Mundy has well over a decade's experience in the infrastructure sector covering management, planning and development, economic and environmental regulation, and commercial negotiation of access agreements. For a number of years, he was the principal regulatory and economic adviser to the Australian Council for Infrastructure Development. He has held senior executive roles in the airports industry in both Australia and Europe and has worked for the Reserve Bank, the Western Australian Treasury Corporation and McKinsey & Company.

He is a Commissioner of the Productivity Commission and a member of the University of NSW Aviation Industry Advisory Committee.

Dr Mundy was a member of the Joint New South Wales—Commonwealth Government Steering Group, overseeing the development of the Aviation Strategic Plan for Sydney. He was Director of the Airport Operators Association of the United Kingdom, James Watt College of Higher and Further Education in Scotland, and VicForests. He was also a business adviser to the Board of Sports Medicine Australia.



David Burden
BSc (Mathematics) Bristol
University, FRAeS

David Burden was appointed to the Board on 1 June 2009. In June 2012, he was re-appointed for a second term, which expires on 31 May 2014. He is a member of the Safety Committee and the Environment Committee.

Mr Burden received a First in Special Honours Mathematics from the University of Bristol, and worked in operations research consulting in the United Kingdom, France and Canada for a subsidiary of Paribas.

After 10 years in technology venture capital, he served as a senior advisor to the Canadian Prime Minister's National Advisory Board on Science and Technology. Subsequently, he was the Chief Information Officer of Air Canada in Montreal.

In 1994, Mr Burden joined Qantas Airways Limited as Group Executive General Manager of Technology and Services, with responsibility for information technology, purchasing, property and fuel services.

In 2002, he was appointed to the Board of Directors of Royal Mail Group Plc, the United Kingdom postal service, as an Executive Director with responsibility for Information Technology, postal automation, engineering services and procurement. He retired from the Royal Mail in 2007.



Tony Mathews
Chair Board Safety
Committee

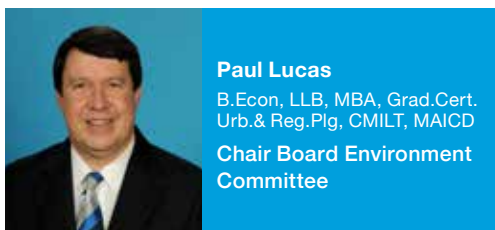
Tony Mathews was appointed to the Board on 4 June 2012 and his current term expires on 3 June 2014. He is Chair of the Safety Committee.

He has over 40 years experience in the aviation industry including extensive work in regional aviation as a chief pilot and general manager.

He is Chair of the Board of Advice, Mildura Private Hospital and a director of the Mildura District Hospital Fund and RCP Finance Limited.

Mr Mathews is a qualified airline transport pilot and commercial pilot.

He has held managerial positions with Qantas Regional Airlines, served as Chair and Board member of the Mildura Cooperative Fruit Company, Chair of the Murray Campaign Committee and Mildura Murray Outback Tourism, President and Board member of the Regional Aviation Association of Australia, a Board member of the Chances for Children Committee and a Board member of the First Mildura Irrigation Trust.

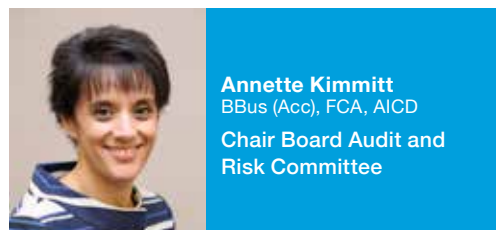


Paul Lucas was appointed to the Board on 4 June 2012 and his current term expires on 3 June 2015. He is Chair of the Environment Committee.

Mr Lucas has 10 years experience in private legal practice, followed by over 15 years in Queensland Government including ministerial responsibilities in infrastructure, planning and state aviation matters.

Mr Lucas has served in numerous ministerial capacities including Deputy Premier, Minister for Infrastructure and Planning, Minister for Transport and Main Roads, Attorney General and Minister for Local Government, Minister for Health, and Minister for Innovation and Information Economy.

He is a Chartered Member of the Institute of Logistics and Transport, and a Member of the Australian Institute of Company Directors.



Annette Kimmitt was appointed to the Board on 6 June 2012 and her current term expires on 5 June 2015. She is Chair of the Audit and Risk Committee.

Ms Kimmitt is the Managing Partner at Ernst & Young, Melbourne and also leads Ernst & Young's Victorian Government practice. She has over 28 years professional and commercial experience, including significant experience in public sector financial reporting. She has provided advice to government and the private sector, including to the transport and communications industry.

Ms Kimmitt is a member of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Accountants in Australia. She is a Director of the Committee for Melbourne, the Melbourne Business School and the Victoria University Foundation. She is also a member of the Selection Committee, University of Melbourne's Australian Accounting Hall of Fame, and is a former Councillor and Victorian Chair of the Institute of Chartered Accountants in Australia.



Samantha Betzien
BA, LLB (Hons)
Chair Board
Remuneration and Human
Resources Committee

Samantha Betzien was appointed to the Board on 4 June 2012 and her current term expires on 3 June 2015. She is Chair of the Remuneration and Human Resources Committee and a member of the Safety Committee.

Ms Betzien is a Partner with Minter Ellison Lawyers based in Brisbane. She practices in all aspects of employment, industrial relations and work health and safety law and has over 15 years experience advising government and major employers in the private sector in the aviation, energy and resources and infrastructure areas. A key aspect of her practice includes advising Boards and executive teams in relation to the legal aspects of safety governance. She has been named as a Recommended lawyer in the employment area in Doyle's Guide in 2010, 2011 and 2012.

Ms Betzien holds the management role of Staff Partner for Minter Ellison's Brisbane office. She is also a member of the Australian Human Resources Institute.



Fiona Balfour
BA (Hons) Grad.DiplM MBA
FAICD Fellow of The University,
Monash University.

Fiona Balfour was appointed to the Board on 3 June 2013 and her current term expires on 2 June 2016. She is a member of the Audit and Risk Committee and the Remuneration and Human Resources Committee.

Ms Balfour has over 34 years experience across aviation, information and telecommunication services, financial services, distribution and logistics and governance. She has been an advisor to Medibank Private Limited and was previously Chief Information Officer at Telstra Corporation Limited. Ms Balfour also spent 14 years with Qantas Airways Limited during which time she held various positions including Chief Information Officer and Executive General Manager Qantas Business Services.

Ms Balfour has been a non-executive director since 2002 and currently sits on the boards of Metcash Limited, Salmat Limited and TAL Dai-ichi Life Australia. She is a Councillor of Knox Grammar School, Chair of the St James' Kings Street Conservation Appeal and a Councillor of Chief Executive Women.

Former Director



Margaret Staib, AM, CSC
BBus, MBusLog,
MA(Strategic Studies)
Chief Executive Officer
Airservices Australia

Margaret Staib was appointed Chief Executive Officer of Airservices on 15 October 2012 after a distinguished career over three decades in the Royal Australian Air Force.

From January 2010, she held the position of Commander Joint Logistics. In 2000, Ms Staib's contribution and leadership in the field of Australian Defence Force Aviation Inventory Management was recognised when she was awarded the Conspicuous Service Cross. Ms Staib was a member of the Chief of Air Force Advisory Committee.

A posting with the United States Air Force at the Pentagon furthered her experience of logistics transformation, including strategic procurement initiatives with industry, supply chain integration and technology. Her service during this period was recognised with the United States Meritorious Service Medal.

In January 2009, Ms Staib was appointed as a Member in the Military Division of the Order of Australia.

Ms Staib was also recognised by Australian industry when she received the Outstanding Contribution to Supply Chain Management in Australia award at the 2011 Smart Supply Chain Conference.

Ms Staib is a member of the Industry Advisory Board for the Centre for Aeronautical & Aviation Leadership of Embry-Riddle Aeronautical University, a Certified Practicing Logistician, and a Fellow of the Chartered Institute of Logistics and Transport.



Jude Munro, AO
BA Hons (University of Melbourne) Grad Dip Public Policy (Melbourne) Grad Dip Business Administration (Swinburne)

Jude Munro was appointed to the Board on 3 June 2010 and retired from the Board on 3 May 2013.

She is a Director of Uniting Care Queensland and the Director of Jude Munro and Associates. She is a member of the Australian Preventive Health Authority Advisory Board, and the NSW Independent Panel to Review Local Government. She is also a fellow of the Australian Institute of Company Directors and the Australian Institute of Public Administration. Ms Munro was Chair of Queensland Urban Utilities—Australia's fourth largest water distributor-retailer—and the Queensland Public Service Renewal Board. She was a Director of the Translink Transit Authority, the Brisbane Institute, Australia Trade Coast Pty Ltd, City of Brisbane Investment Corporation, International River Foundation, United Way Queensland, Brisbane Riverfestival, Adelaide City Marketing, Adelaide Convention and Tourism Authority, and the 7th Australian Masters Games Board. She is a former chair of the National Local Government Drugs and Alcohol Committee and Queensland President of the Institute of Public Administration Australia. She was also a member of the Prime Minister's Expert Panel on Cities.

She was formerly Chief Executive Officer of the Brisbane City Council, the largest local government in Australia with a budget of \$3.2 billion and 10 000 employees, serving a population of 1.1 million. Ms Munro was also Chief Executive Officer of the Cities of Moreland and St Kilda in Victoria, and of the City of Adelaide.

Benefits and interests in contracts with Airservices Australia

Details of directors' benefits and interests in contracts with Airservices are set out in notes 26 and 28 of the financial statements.

Directors' and officers' indemnities and insurance

In 2012–13, Airservices held a directors and officers liability insurance policy. It is a condition

of this policy that the nature of the limits of liability, the liability indemnified and the premium payable is not disclosed to third parties except to the extent that:

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

Meetings of the Board, Board committees and Directors' attendance

TABLE 3 Meetings of the Board, Board committees and Directors' attendance 2012–13

	Board	Safety	Audit	Remuneration	Environment
No. of meetings convened	13	8	4	5	6
Angus Houston ^{ab}	13	8	4	5	5
Warren Mundy ^{cd}	13	8	3	5	6
Jude Munro ^{ef}	9	6	2	3	3*
David Burden	13	8	1*	1*	6
Annette Kimmitt ^{gh}	13	7*	4	2*	4*
Sam Betzien ^{ij}	12	6*	2*	4	3*
Tony Mathews ^{kl}	13	8	1*	0*	2*
Paul Lucas ^{mn}	12	6*	4*	1*	6
Fiona Balfour ^o	1	0*	0*	0*	0*
Andrew Clark ^p	3	2	1	0	1
Margaret Staib ^q	8	5	3	4	5

a Chair of the Board from 3 June 2012

b Chair of the Safety Committee from 2 June 2012 to 21 August 2012

c Deputy Chair of the Board

d Chair of the Environment Committee until 6 December 2012

e Chair of the Audit and Risk Committee until 12 November 2012

f Term expired 3 May 2013

g Commenced as a Board Member from 6 June 2012

h Chair of the Audit and Risk Committee from 12 November 2012

i Commenced as a Board Member from 4 June 2012

j Chair of the Remuneration and Human Resources Committee from 5 December 2012

k Commenced as a Board Member from 4 June 2012

l Chair of the Safety Committee from 22 August 2012

m Commenced as a Board Member from 4 June 2012

n Chair of Environment Committee from 6 December 2012

o Commenced as a Board Member from 3 June 2013

p Acting Chief Executive Officer until 19 October 2012

q Chief Executive Officer and ex officio member of all Board Committees (excluding the Board Audit and Risk Committee) from 15 October 2012

* not a committee member during relevant period

Appendix 2: Statutory and administrative information

Work health and safety—executive commitment

Our organisation supported a strategic approach to work health and safety (WHS) in 2012–13. Our work program continued to focus on improving risk management of identified hazards and building our capability to improve work health and safety outcomes. The strategy covers all aspects of work health and safety, from prevention to injury management. It is designed to embed our systematic risk management approach to work health and safety in specific programs and business processes.

Legislative change to occupational health and safety

The *Fair Protection for Firefighters Bill 2011* was enacted in December 2012 as an amendment to the *Safety, Rehabilitation and Compensation Act 1988* and specifically relates to aviation fire fighters. The amendment creates an assumption that, if a fire fighter has been employed for a certain period before being diagnosed with one of seven primary site cancers, the employment is taken to have been the dominant cause of the contraction of the cancer.

Under transitional arrangements, a number of duties under the *Work Health and Safety Regulations 2011* came into effect on 1 January 2013. The impact of these changes on our organisation has been reviewed, with necessary changes implemented to assure legal compliance.

Consultation and health and safety committees

Our National Health and Safety Committee met on four occasions. Two open staff forums with the committee were held during 2012–13. Four formal local health and safety committees exist, with other forums involving workers and management, providing opportunities for consultation on work health and safety matters.

Online communication is used to advise of WHS consultative arrangements. The health and safety management arrangements were reviewed with the committee during the year and in consultation with staff.

Education

Education initiatives undertaken during 2012–13 to ensure WHS principles were embedded in our day-to-day activities included:

- the roll-out of a new online asbestos awareness package, which 99 per cent of employees completed
- an online induction package for staff which was completed by 73 per cent of employees
- training for 194 managers and supervisors on a new occurrence and hazard reporting application
- the re-launch of refreshed training programs covering the management of WHS risks for contractors and projects, and the enhancement of skills for site supervisors.

WHS incidents

Our required reporting to Comcare complied with the *Work Health and Safety Act 2011*.

Table 4 compares performance for the past four financial years.

WHS performance

Airservices performance against key WHS targets is detailed in table 5.

Workers compensation premium

Our workers compensation premium for 2012–13 has been revised from 0.75 per cent to 0.89 per cent of payroll (2011–12 was 0.74 per cent).

This revision responded to development to the end of December 2012 of our claims for injuries sustained in 2009, 2010 and 2011.

This result remains lower than the combined rate for all Comcare scheme members, which was 1.77 per cent for 2012–13 (1.41 per cent in 2011–12).

Comcare investigations and notices

The Comcare investigation in relation to a 2011 fatal road incident involving an ARFF vehicle in Darwin has been completed with the coronial inquest findings released in June. This will

now allow Comcare to finalise its report during 2013–14.

Inspections conducted

During the year, 284 workplace safety inspections took place in Facilities Management Services technical sites. Asbestos surveys (26) were conducted at our national sites to a planned schedule.

TABLE 4 WHS incidents 2009–10 to 2012–13

Incident category	2009–10	2010–11	2011–12	2012–13
Workplace fatality	1	0	3*	0
Serious injury or illness*	16	6	4	6
Dangerous incidents#	35	34	22	16

* relates to deaths of members of the public due to vehicle accident.

notification definition change occurred in work health and safety laws from 1 January 2012.

TABLE 5 WHS performance 2012–13

Target	Performance
Target 1: Incidence of workplace injury and disease	Airservices frequency of injury and disease increased to 27 claims during 2012–13, up from 17 in 2011–12
Target 2: Work-related fatalities	Airservices had one claim for death during 2012–13, an increase from zero claims in 2011–12
Target 3: Weeks lost time	Airservices number of weeks lost during 2012–13 was 607.64 weeks. 2011–12 was 296.34
Target 4: Average weeks to commence return to work activity	Airservices average weeks during 2012–13 was 32.62 weeks 2011–12 average of 20.24 weeks 2010–11 average of 44.29 weeks

TABLE 6 Corporate Plan performance measures for 2012–13

Performance measure	Purpose and definition	Performance standard	Rate as at 30 June 2013
OHS incident rate	Occurrences per 100 staff per month	< 0.2	0.71
Serious personal injury rate	Number of medically treated injuries per 1 000 000 hours worked	0	0.77

An implementation plan was developed during the reporting period that prioritises initiatives to insure a direct and measurable reduction in WHS incidents which have previously resulted in lost time injuries. This plan was finalised, including consultation with staff and unions, in June to ensure it can be traced and monitored throughout 2013–14.

Provisional improvement notices

No provisional improvement notices were raised by health and safety representatives during 2012–13.

Aviation security

Our organisation maintains a Transport Security Program, as well as an Aviation Security Identification Card program as required under the *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*. These programs describe the security measures and procedures that we use to minimise the risk of unlawful interference with aviation and major security threats against critical air traffic, aeronautical navigation, telecommunications and surveillance and emergency response facilities.

Protective security

Our physical, procedural and personnel security measures affect all of our organisation's operations and facilities, including non-operational facilities and functions. For facilities and functions not subject to the requirements of the Act and Regulations, we apply standards consistent with the Australian Government's Protective Security Policy Framework.

Fraud control

Fraud risk assessments and maintenance of the Fraud Control Plan has occurred with appropriate fraud prevention, detection, investigation, reporting and data collection procedures in place. We have taken all reasonable measures to

minimise the incidence of fraud and to investigate and recover the proceeds of fraud against our organisation.

Resilience

We collaborate with the Attorney-General's Department, the Office of Transport Security, various state and Commonwealth law enforcement agencies, and operators of critical infrastructure, on various activities to support the Australian Government's Critical Infrastructure Resilience Strategy. These activities include participating in several state and federal based resilience exercises and information sharing forums aimed at improving the ability of critical infrastructure operators to plan and respond to hazards that may affect our operations. We also conduct annual internal resilience exercises for our executive team, senior managers and subject matter experts, all of who are involved in the response to abnormal operations.

Privacy

The *Privacy Act 1988* requires our organisation 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
- how individuals can access records about themselves.

Our personal information digest record is available from the Office of the Federal Privacy Commissioner at www.privacy.gov.au. During 2012–13, the Privacy Commissioner did not undertake any investigations under section 40 of the Privacy Act in relation to our organisation.

Freedom of information

Australian Government agencies subject to the *Freedom of Information Act 1982* are required

to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

Powers and functions

Our legislative framework, powers and functions are set out in the corporate overview section of this report.

Procedures and initial point of contact

Under the Act, the Chief Executive Officer or authorised officers may grant or refuse access to any document held by our organisation. Within the organisation, the Freedom of Information and Legal Inquiries Coordinator in the Office of Legal Counsel makes initial decisions about access and fees. A request under the Act must be in writing and state an address to which notices can be sent. Applicants may have to pay administrative charges to process a request. Rates are prescribed by the Freedom of Information Act and Regulations.

The address for lodging requests is:

Freedom of Information and Inquiries Coordinator
Office of Legal Counsel
Airservices Australia
GPO Box 367
Canberra ACT 2601

Telephone: (02) 6268 5108
Fax: (02) 6268 5148
Email: foi@airservicesaustralia.com

Freedom of Information activity in 2012–13

Table 7 shows our Freedom of Information activity for 2012–13.

TABLE 7 Freedom of Information activity for 2012–13

Activity in 2012–13	Numbers
Requests	
On hand at 1 July 2012	2
New requests received	54* (12 requests dealt with outside of the Act.)
Total requests handled	44
Total requests completed at 30 June 2013	40
Outstanding at 30 June 2013	4
Action on requests	
Access in full	14
Access in part	15
Access refused	7
Access transferred in full	0
Request withdrawn	4
Response times (excluding withdrawn)	
0–30 days	31
31–60 days	3
61–90 days	1
90+ days	1
Internal review	
Requests received	1
Decision affirmed	1
Decision amended	0
Request withdrawn	0
Review by Office of the Australian Information Commissioner	
Applications received	0

Commonwealth Ombudsman activity

During 2012–13, we responded to no formal requests for information from the Office of the Commonwealth Ombudsman.

Aircraft Noise Ombudsman activity

Since September 2010, we have responded to 144 formal requests for information from the Office of the Aircraft Noise Ombudsman, including 62 which were responded to during 2012–13.

Consultative arrangements

We welcome comment from other organisations and the public on our policies and practices.

We maintain many channels for consultation, including airport community aviation consultation groups and other forums, the Airservices website—www.airservicesaustralia.com—the Noise Complaint and Information Service, telephone enquiry services, industry and pilot briefings, and, when required, locally advertised public meetings. The Minister, the Board, Chief Executive Officer, Executive and business centre managers also respond to posted comments.

The National Aviation Policy White Paper outlined a requirement for major airports to establish community aviation consultation groups to give community and industry representatives the opportunity to comment on airport planning and operations. We participate in these meetings at federally leased airports and similar community forums at some non-federal airports including Cairns and the Sunshine Coast.

During the year, our representatives attended 100 per cent of community aviation consultation groups as well as other community noise forums and airport technical noise forums.

In February, we hosted the annual industry national noise forum in partnership with the Australian Airports Association. This event was well received with almost 60 participants from

airports around Australia, the Department of Infrastructure and Transport, Defence, airlines and Airservices, taking part.

We are a member of various Australian and international aviation bodies, including:

- regional core planning groups of the International Civil Aviation Organization (ICAO)
- ICAO's Air Transport, Air Navigation Commission and legal panels and technical committees
- regional planning groups
- National Association of Testing Authorities
- Air Coordinating Committee
- Sydney Airport and Basin development committees
- International Air Transport Association
- Civil Air Navigation Services Organisation
- Joint Airservices-Defence working parties and committees
- Sydney Airport Community Forum
- Sydney Long Term Operating Plan Implementation and Monitoring Committee
- Central Traffic Management System Steering Group
- Airport Development Committee
- Regional Airspace Users Advisory Committee
- Aviation Policy Group
- Aviation Implementation Group
- Standards Consultative Committee
- Australian Firefighters Council.

Categories of documents held by Airservices

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

Legal and ministerial: legislation affecting the organisation; 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; *Freedom of Information Act 1982* 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; 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: Integrated Aeronautical Information Package containing the Aeronautical Information Publication (AIP), AIP amendments, AIP supplements, NOTAMs and Aeronautical Information Circulars; communication systems handbooks; airways 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, email and webform enquiries and aircraft noise complaints.

Airspace: airspace change proposals and associated data; change assessment guidelines, procedures, standards and manuals; records in support of decisions; audit, monitoring and review procedures, plans and findings; consultation material; website subscription and stakeholder records.

Air traffic control: separation policy, guidelines, standards, instructions and manuals; training records, standards, curriculum, syllabus and examination records; procedure development records; air traffic control 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; national operation standards, safety and surveillance system records, policies and manuals.

Aviation rescue and fire fighting: operational, engineering, quality assurance and safety management procedures and instructions; documents and procedures on recruitment, occupational health and safety, environment, hazardous materials and fire safety; aviation fire fighting manual; Australian Public Safety Training Package and associated training manuals, including module descriptors, assessment manuals and associated records; aviation rescue and fire fighting systems training/instruction manuals, incident and investigation records.

Superannuation

Our employer superannuation arrangements 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 that Act. Employees are generally defined benefit and/or defined contribution members of the AvSuper fund. AvSuper's trustee, AvSuper Pty Ltd, holds a public offer Registrable Superannuation Entity (RSE) licence (L0000147). The AvSuper defined benefit scheme was closed to new members in 2002.

We are a Commonwealth Superannuation Scheme (CSS) approved authority under the Superannuation (CSS) Approved Authority

Declaration (1995). Approximately 194 employees are defined benefit members of the CSS, which is administered by the Australian Reward Investment Alliance (RSE licence L0001397).

The CSS has been closed to new members since 1 July 1990. Except for members of the CSS and some non-collective agreement employment instruments, employees are able to select an eligible choice fund other than AvSuper to receive employer contributions.

Judicial decisions and reviews by outside bodies

On 7 August 2011, a fatal collision occurred between an Airservices ARFF vehicle and a privately owned vehicle, resulting in the death of three passengers in the other vehicle. A coronial inquest into this accident was held in Darwin in May. The inquest findings were handed down on 20 June and six recommendations were made, including the following four which relate to our organisation:

- changes be made to the appearance of the yellowish green Mk8/9 Fire Tender vehicles to ensure that they are obvious as emergency services vehicles
- Airservices to initiate an education campaign to alert members of the public that its fire tenders are emergency services vehicles exempt from traffic regulations if operating lights and sirens
- a revision of the ARFF Standard Operation Procedure when it comes to the emergency driving policies
- when driving 'lights and siren' outside the airport boundary, a passenger be positioned in the seat behind the driver to assist them to identify obstacles caught in the right blind spot.

We have had a significant program of work underway for some time that addresses each of these recommendations.

Appendix 3: Staffing, equity and diversity progress report

Background

As a Commonwealth authority employer, we are bound by the:

- *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*
- *Human Rights Commission Act 1986*
- *Racial Discrimination Act 1975*
- *Sex Discrimination Act 1984*
- *Disability Discrimination Act 1992*
- *Age Discrimination Act 2004.*

This report to the Minister for Infrastructure and Regional Development is made under Section 9 (2) of the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*. The Act requires our organisation to report on the employment of women and people in designated groups—people with disability, Indigenous Australians and people from culturally and linguistically diverse backgrounds (CALD).

Reporting obligations

The *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* requires our organisation to undertake the following actions as part of its equity and diversity program.

Informing employees—s. 6(a)

Employees are informed about our equity and diversity initiatives through staff induction, the internal website and our staff newsletter *Azimuth*. Each year's progress report is available online together with policies, procedures and information on fairness and diversity. Updates on diversity initiatives and re-launched policies and procedures are provided in *Azimuth*.

Conferring responsibility—s. 6(b)

Overall accountability for the National Equity and Diversity Program has been conferred to our CEO and Executive Committee. The People

and Culture business group is responsible for oversight and continuous review of the program. Individual business groups are responsible for implementing program strategies within their areas. All employees have a responsibility to ensure their behaviour is compliant with the code of conduct which sets the standard to treat everyone with fairness, equity, dignity, respect and courtesy at all times.

Consultation with trade unions—s. 6(c)

We consult with each trade union that represents our employees. These are the Association of Professional Engineers; Scientists and Managers, Australia; the Communications, Electrical, Electronic, Plumbing and Allied Workers Union of Australia; the Civil Air Operations Officers' Association of Australia; the Community and Public Sector Union and the United Firefighters' Union.

We meet with the National Consultative Council twice a year to discuss relevant organisational and employee issues.

The council is comprised of representatives from each trade union and members of the Airservices Executive Committee.

Consultations with employees—s. 6(d)

In 2012–13, we continued our Chief Executive Officer and Executive visits program to metropolitan and regional sites, to meet with employees to discuss current organisational initiatives and any areas of concern. The visits provide employees, particularly those in regional locations, with the opportunity to engage directly with the Airservices Executive Committee.

Our People Systems Governing Documents, comprising of the Code of Conduct, Code of Conduct Management Instruction, the Code of Conduct Investigation Procedure, the Performance Improvement Procedure, and the Process Review Procedure were launched in

December 2012 following extensive consultation with employees and union representatives.

Collection of statistics—s. 6(e)

The *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* requires organisations to collect and record statistics and related information about their employees, including the number of, and the types of jobs undertaken by employees of either gender, and employees in designated groups.

New employees in Airservices are invited to provide their equity and diversity information. All employees are encouraged to self disclose and update their own equity and diversity data within the Human Resource Information System. Submission of such data is voluntary due to privacy considerations.

Our latest organisation—wide Employee Opinion Survey was conducted in March 2013. The survey was redesigned to include a diversity and inclusion index as well as the inclusion of additional questions on workplace flexibility. The information gathered will be used to guide development and improvement of equity and diversity programs in the organisation.

Consideration of policies, examination of practices—s. 6(f)

We promote a workplace that is free from discrimination by providing practices and policies that promote equity and diversity.

Every year, our people systems, policies and procedures are reviewed and revised if necessary. In 2012–13, the Fair Treatment Review System, Code of Conduct and Behaviour and Improvement Procedure (collectively known as the People Systems Governing Documents) were reviewed with recommendations made to improve their efficiency and effectiveness.

After an extensive consultation period with employees and unions, the new procedures were published and came into effect on

12 December 2012. The People Systems Governing Documents now include the Code of Conduct, Code of Conduct Management Instruction, Code of Conduct Investigation Procedure, a Performance Improvement Procedure and the Process Review Procedure.

We monitor the impact of legal decisions on anti-discrimination legislation.

Setting objectives and selecting indicators—s. 6(g)

We are committed to building the capability of our workforce and accessing the broader labour market through initiatives relating to attraction, recruitment, development and advancement, and inclusion of diverse and previously under-represented groups.

In 2012–13, Airservices Executive Diversity Council, chaired by the Chief Executive Officer, continued to meet regularly to focus and guide the delivery of diversity programs and initiatives across the organisation.

Taking into account our Workforce Plan 2012–13, an organisational-wide Workforce Diversity Strategy 2012–16 was developed and approved by the council to formally recognise the value of diversity and provide a clear and coherent framework to integrate diversity into our organisation's culture, programs and services.

Our Workforce Diversity Strategy 2012–16 incorporates four themes that target diversity groups identified as being under represented in our organisation. These include:

- Indigenous Australians
- women
- people with a disability
- people from CALD backgrounds.

An action plan to identify priorities and initiatives relating to attraction, recruitment, development, advancement and the creation of an appropriate

work environment will be developed and approved by the council for each target group over the life of the strategy.

Monitoring and evaluation—s. 6(h)

Our Workforce Diversity Strategy 2012–16 will allocate responsibilities and set performance indicators so that its objectives and strategies can be monitored.

The strategy will be reviewed annually to ensure currency and effectiveness. The results, measured against milestones set out in action plans, will be reviewed by the council on a three-monthly basis.

Workforce data about trends in the employment of women and designated groups form the basis for monitoring and evaluating the strategy with three monthly reporting to the council and our Board.

Feedback regarding employees' experience using the revised People Systems Governing Documents is currently being collected from our employees across the country. A post-implementation review is being conducted to determine any elements that need to be refined. Further data regarding the number and type of complaints and enquiries help us monitor and evaluate the effectiveness of our equity and diversity programs.

Summary of progress

We recognise and value diversity and are committed to increasing the representation of Indigenous Australians, women, people with disability and people from CALD backgrounds.

We aim to create a work environment where all employees are supported and differences are embraced.

The Workplace Diversity Strategy 2012–16 clearly articulates Airservices diversity priorities in this regard. It provides a framework to

manage workplace diversity to enhance the capability of employees and better deliver on our purpose to provide safe, secure, efficient and environmentally-responsible services to the aviation industry.

Women

We are committed to attracting, recruiting and developing female employees.

In August and September, Women in Leadership Forums were held in Canberra, Melbourne and Brisbane offering development and networking opportunities to both current and potential women managers in the organisation and encouraging input and feedback on initiatives to better support women in the workplace. The forums were attended by 120 current and potential women leaders. Future Women in Leadership Network events will be planned taking into consideration the objectives of our management leadership and development framework and programs.

During the past financial year, we began to improve the representation of women in operational aviation rescue and fire fighting roles following a review of the Aviation Rescue and Fire Fighting (ARFF) recruitment methodology in 2011–12 to remove gender and cultural barriers.

A coaching program designed to increase the managerial capability of ARFF managers was trialled during 2012–13. This program will be implemented next financial year and include specific elements designed to ensure stations are prepared for increased diversity including female staff.

Work has commenced to assess impacts following the introduction of the *Workplace Gender Equality Act 2012* in November which is intended to increase equality in the workplace. Plans to implement a revised reporting framework are also underway to ensure we are ready to report on key gender equality indicators which will be set by the Government in 2014.

In 2012–13, our Wagga Wagga based technical trainee program included three female participants who are now completing the Electronic and Communications Engineering Diploma, which has been developed with TAFE NSW Riverina Institute to meet our aviation specific business requirements.

The overall representation of women in the organisation also increased over the reporting period to 19.5 per cent of the total workforce.

Indigenous Australians

We aim to close the gap in employment between the wider Australian population and Indigenous Australians.

In August 2012, we launched our inaugural Reconciliation Action Plan 2012–2016, which highlights a commitment to reconciliation and to creating meaningful relationships and sustainable opportunities for Aboriginals and Torres Strait Islanders. To guide the plan's development, we established a dedicated working group of nine Airservices employees and two Indigenous Australian community representatives.

Our plan is a part of the Workforce Diversity Strategy 2012–16. The plan will be reviewed in conjunction with the Workforce Diversity Strategy 2012–16 and progress will be reported annually to Reconciliation Australia.

An Indigenous Employment Strategy is currently being developed and will identify steps to address the critical under-representation of Indigenous Australians in our workforce. The document focuses on recruitment, retention and workforce projections.

Employees from CALD backgrounds

We are committed to improving the attraction and retention of employees from CALD backgrounds as part of our commitment to cultural diversity.

During 2012–13, we revised our recruitment processes to encourage a diversity of applicants

including people from CALD backgrounds. A calendar highlighting opportunities to celebrate diversity has been developed for the organisation to encourage participation at various internal and external events. This is promoted to staff through our intranet, *Azimuth* and Chief Executive Officer communications.

Information regarding the purpose of, and application for, cultural leave has been updated in our leave guidelines.

Employees with disability

We are committed to removing barriers for, and encouraging the participation of, people with disability in our workforce.

We are currently trialling a number of transition to work programs such as that in our Finance and Corporate group's Records Management Unit. This program has seen employees with intellectual disability engaged through a specialist disability personnel company. The program has seen managers and staff provided with training and support to ensure that they are able to structure work, the workplace and their relationships with these employees.

In the reporting period, we engaged the Canberra-based not-for-profit disability services organisation Koomarri, to coordinate and collate information packs and large mail outs through their 'Pack N Post' service. The service is currently being trialled and, if effective, will be promoted for future use in our other Canberra based business groups.

Work is currently being completed to incorporate Australian Public Service best practice principles for the management of reasonable adjustments for employees with a disability into our policies and procedures.

Mature-aged workers

With nearly half of our employees aged over 45, we aim to enhance the contribution and job satisfaction of mature-aged staff.

Our organisation continues to maintain strong relationships with the alumni network. This provides access to the knowledge and experience of our retired workforce.

By investing in our alumni, we are able to tap into the specialist skills of ex-employees, reconnect with past colleagues and facilitate collaboration and knowledge-sharing opportunities. As of 30 June, there were 299 registered alumni members. During the reporting period, networking events were held in Brisbane and Melbourne in December and January with more than 150 members attending. Members continue to participate in our social activities including an open day we held in May at our Brisbane centre.

A large percentage of our employees over the age of 50 remain in defined benefit superannuation funds such as the CSS, PSS and AvSuper Defined. Management has structured transition to retirement arrangements with AvSuper to facilitate the ongoing employment of these employees after their defined benefits reach a maximum level. These arrangements allow our organisation to continue to employ this group of staff long after their nominal retirement age.

Strategic achievements

Both our Workforce Plan 2012–13 and the Workforce Diversity Strategy 2012–2016 encourage diversity across four key strategic areas of attraction, recruitment, development and advancement, and create an appropriate work environment.

These four areas represent opportunities for our organisation to remove barriers for applicants from diverse groups, develop current employees and ensure the organisation is culturally aware and inclusive.

Attract

We have developed specifically-targeted advertising campaigns to attract women and Indigenous Australians, particularly for operational roles such as those in our Air Traffic

Control, ARFF and Projects and Engineering business groups.

During the reporting period, a number of different advertising approaches were successfully trialled to increase the number of applications for our ARFF service from under-represented market segments. This included the use of online and radio advertising channels in addition to traditional print media. This resulted in a 28-fold increase in the number of applications received from Indigenous candidates, as well as a 20 per cent increase in the number of applications from women.

Recruit

During 2012–13, we reviewed our recruitment system to identify opportunities to increase and encourage the diversity of applicants.

We also reviewed the ARFF recruitment methodology and an interim physical assessment process was designed and implemented. This is currently being trialled to evaluate the extent to which gender and cultural barriers have been addressed.

The initiative that at least one woman must be on every interview panel continued during the reporting period.

Develop and advance

For new employees, our Corporate Induction Program provides information on policies and procedures relating to fairness and diversity.

In 2012–13, the Management Essentials leadership programs continued to include compulsory modules on fairness and diversity.

Our People and Culture business group worked with the Learning Academy in the reporting period to complete a training needs analysis for an organisational-wide cultural awareness training package. Development and delivery of this training package will progress over the 2013–14 financial year.

Create appropriate work environment policies, procedures and information

We are committed to ensuring that all employees are treated fairly within the workplace, in an environment that recognises and accepts diversity.

A review of the Code of Conduct Procedure, Code of Conduct, Performance and Behaviour Improvement Procedure, and the Fair Treatment Review System was undertaken during 2012–13 to create clearer, easier-to-use procedures that provided greater fairness and transparency to employees, reflecting our values. The new procedures were published and came into effect in December.

Comprehensive training workshops were delivered across the country in the reporting period to ensure employees' understanding of the new procedures. Changes were also communicated to staff through the *Azimuth* newsletter as well as a permanent information page available on the internal website with links to the new procedures.

While the Workforce Diversity Strategy 2012–2016 will see the development of action plans to address specific issues relating to individual diversity groups, we will continue to pursue more general initiatives to encourage and support a stronger culture of diversity within our organisation. These include the ongoing review of recruitment and other people processes, development of cultural awareness training, research and promotion of flexible work arrangements and a communications strategy to encourage organisational understanding and support of diversity.

Contacts

Our Executive Diversity Council, chaired by the Chief Executive Officer, continued to meet regularly during the reporting period to focus and guide the delivery of diversity programs and initiatives across the organisation.

Regular engagement has been undertaken with the network of 19 Fair Treatment Contact Officers to discuss opportunities, challenges and provide details on use of the service, and the themes and patterns of enquiries. All officers received training in the revised People Governing Documents to ensure advice provided to employees on policies and procedures is accurate, consistent and helpful.

Statistics for 2012–13

Enquiries and complaints

The number of disclosures and enquiries received via the Ethics Hotline in 2012–13 is shown in table 8. The Ethics Hotline is an independent avenue available to any employee, contractor, consultant or external party who would like to confidentially report a potential breach of our Code of Conduct.

During the reporting period, the organisation changed its ethics hotline service provider and conducted an associated internal awareness campaign. This has resulted in an increase in disclosures which are oversighted by the Ethics Committee, chaired by the Executive General Manager Safety and Assurance.

Diversity profile

As detailed in table 9, our diversity profile has remained relatively consistent over the past seven financial years, with only slight decreases in the number of employees with disability and people from a CALD background since the last reporting period.

Gender

As at 30 June 2013, women made up 19.5 per cent of our total workforce (819 women). The number of women in the workforce has increased since last financial year. Table 11 shows the breakdown of gender by job classification. The number of women in management roles has increased by 2.4 per cent since the last reporting period.

TABLE 8 Equity and diversity enquiries and complaints 2005 to 2013

	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13
Employee numbers	2929	2996	3130	3237	3462	3853	3991	4204
Ethics Hotline enquiries¹	38	35	10	1	4	6	6	3
Ethics Hotline disclosures²	8	6	3	0	1	4	4	17
Formal complaints³	2	5	3	10	6	16	18	55 ³ 9 ⁴

1. These relate to enquiries regarding an alleged breach of the Code of Conduct received via the Ethics Hotline, or from 1/7/2012 onwards, the Ethics Manager.
2. These relate to formal disclosures reported to the Ethics Hotline.
3. These relate to code of conduct complaints received by the People and Culture business group.
4. These relate to complaints reported via the Process Review Procedure in the first instance where an individual believes that an Airservices system, policy or procedure has been applied incorrectly. It also includes any complaints that are escalated to the Grievance Board.

TABLE 9 Representation of designated groups among permanent staff 2005 to 2013

Designated groups*	2005–06 %	2006–07 %	2007–08 %	2008–09 %	2009–10 %	2010–11 %	2011–12 %	2012–13 %
Indigenous Australians	1.5	1.3	1.2	1.1	1.0	0.9	0.9	0.9
People with disability	1.6	1.6	1.5	1.6	1.6	1.5	1.4	1.3
People from a CALD background	8.5	4.3	4.9	5.6	6.3	7.5	8.0	7.1

* Note that disclosure is voluntary and not all staff provide equity and diversity data for these groups.

Indigenous Australians

As shown in table 10, there are 37 employees who identified as Indigenous Australians in 2012–13. This represents 0.9 per cent of our employees, however may not reflect the actual numbers of Indigenous employees as many in this group choose not to disclose.

People with disability

Table 9 and figure 3 show a small decrease in employees reporting a disability over the past few years. However, it should be noted that legislated safety standards preclude those with certain disability from holding some positions, for example air traffic controllers and aviation and rescue fire fighters.

TABLE 10 Employment of permanent staff in designated groups by job classification

Job family	Indigenous employees		CALD backgrounds		Employees with disability	
	Total June 2012	Total June 2013	Total June 2012	Total June 2013	Total June 2012	Total June 2013
Air traffic controller	10	8	37	37	12	12
Air traffic controller (trainee)	0	0	8	5	2	2
Air traffic support specialist	3	3	7	7	2	2
Clerical administration	4	5	130	121	17	18
Executive manager	0	0	0	0	0	0
Fire fighter	3	7	14	12	3	2
Fire officer	4	6	0	2	1	1
Flight data co-ordinator	1	1	2	1	0	0
Flight information service officer	1	1	2	2	0	0
Flight service officer	0	0	0	0	0	0
Professional	0	0	7	8	1	1
Senior manager	1	0	9	11	0	0
Senior technical officer	0	0	0	0	0	0
Team leader	0	0	2	2	1	1
Technical manager	0	0	0	0	0	0
Technical officer	6	5	56	53	12	12
Technology professional	2	1	40	39	1	2
Trades and target generator officer	0	0	4	2	4	3
Total headcount	35	37	318	302	56	56
Percentage of workforce	0.9	0.9	8.0	7.1	1.4	1.3

*Note that disclosure is voluntary and not all staff provide equity and diversity data for these groups.

CALD backgrounds

As shown in figure 3, as at 30 June 2013 there are 302 identified people from CALD backgrounds employed by our organisation, which represents 7.1 per cent of our total workforce.

Mature-aged employees

As shown in table 12, we increasingly rely on mature-aged employees (45 years and over) who in 2012–13, represented 45 per cent of our ongoing workforce. Implications of an ageing workforce are being addressed through our annual Workforce Plan review and refinement of strategies and initiatives.

FIGURE 3 Headcount by designated group 2009–2013

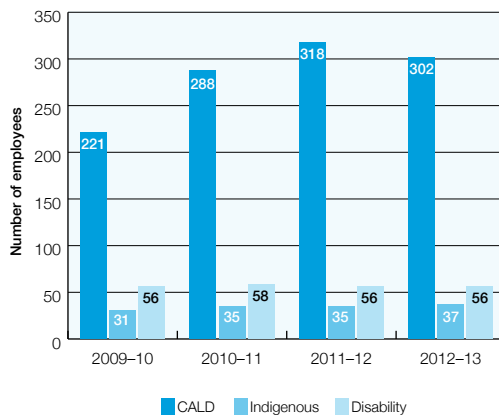


TABLE 11 Gender by job classification at 30 June 2013

Job family	% Female	Female	Male
Air traffic controller	12.6%	133	921
Air traffic controller (trainee)	12.4%	17	120
ATS support	19.7%	35	143
Aviation fire fighter	2.5%	15	582
Clerical administration	51.6%	461	433
Executive manager	21.4%	3	11
Fire officer	1.2%	2	168
Flight data co-ordinator	20.8%	5	19
Flight information service officer	17.6%	12	56
Professional	17.3%	13	62
Senior manager	27.9%	75	194
Team leader	16.7%	8	40
Technical officer	5.2%	20	366
Technology professional	8.8%	19	197
Target generator officer	0.0%	0	4
Trades	1.4%	1	69
Total	19.5%	819	3385

TABLE 12 Airservices employee age profile at 30 June 2013

Age range	Number of employees	Proportion of employees %
Under 25	173	4.1
25-34	938	22.3
35-44	1179	28.0
45-54	1194	28.4
55-64	657	15.6
65+	63	1.5

TABLE 13 Number of permanent ongoing staff, by classification and state, at 30 June 2013

	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	TOTAL
Air traffic controller	12	146	4	402	59	12	339	80	1054
Air traffic controller (trainee)	0	2	0	32	1	0	100	2	137
ATS support	3	9	0	50	0	0	112	4	178
Aviation fire fighter	17	67	53	186	36	34	117	87	597
Clerical administration	514	41	1	155	2	0	174	7	894
Executive manager	14	0	0	0	0	0	0	0	14
Fire officer	10	20	16	57	9	11	24	23	170
Flight data co-ordinator	0	0	0	12	0	0	12	0	24
Flight information service officer	8	0	0	59	0	0	1	0	68
Professional	16	1	0	26	0	0	31	1	75
Senior manager	167	9	1	38	3	0	42	9	269
Team leader	12	5	1	13	3	1	10	3	48
Technical officer	16	83	15	131	19	5	90	27	386
Technology professional	78	5	0	64	5	0	60	4	216
Target generator officer	0	0	0	2	0	0	2	0	4
Trades	5	11	3	19	6	0	18	8	70
TOTAL	872	399	94	1246	143	63	1132	255	4204

These include succession planning, knowledge and skills transfer, part-time working arrangements and phased retirement plans. Additionally, employees approaching retirement age are provided with information on the superannuation benefits of deferred retirement.

Work life balance

As part of our Workforce Plan, we have committed to increasing opportunities for promoting flexible working arrangements as a strategy to improve diversity, retention and staff engagement.

Our 2013 Employee Opinion Survey identified a continued need to focus on work life balance and work place flexibility across the organisation.

At 30 June 2013, there were 196 employees working in part-time roles. This represents 4.6 per cent of the workforce. This number has increased since last financial year from 167 part-time employees (4.1 per cent).

Appendix 4: Environmental sustainability report

This section is presented in accordance with the requirements of section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

How our organisation applies the ecologically sustainable development principles

We develop and implement policy and programs that protect and conserve the natural

environment and contribute to ecologically sustainable development.

The table below sets out how the organisation applies the principles of ecologically sustainable development.

Principles	Activities
<p>Integration principle: decision making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations.</p>	<ul style="list-style-type: none"> ▪ Undertaking environmental impact assessments for changes to aircraft operations in accordance with the <i>Environment Protection and Biodiversity Conservation Act 1999</i> requirements to minimise community noise impacts associated with flights paths. ▪ Continuing to examine ways to reduce our environmental footprint and that of the aviation industry. ▪ Providing efficient routing options for our customers. ▪ Implementing Required Navigation Performance procedures. ▪ Participating in international initiatives to reduce emissions including the: <ul style="list-style-type: none"> - Asia and South Pacific Initiative to Reduce Emissions (ASPIRE) - Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE). ▪ Enhancing the WebTrak service, which provides public access to information about aircraft noise and operations around eight of Australia's busiest airports. ▪ Pre-departure tactical air traffic management. ▪ Implementing the Metron Traffic Flow tool to reduce airborne holding into Sydney, Brisbane, Perth and Melbourne airports.

Principles	Activities
Precautionary principle: if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.	<ul style="list-style-type: none">▪ Implementing an environment management plan to manage potential issues arising from the use of fire fighting foams containing fluorosurfactants at Aviation Rescue and Fire Fighting (ARFF) training grounds.▪ Continuing active involvement in the Civil Air Navigation Services Organisation (CANSO) Environment Working Group.
Intergenerational principle: the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.	<ul style="list-style-type: none">▪ Training our staff on environmental issues, the environmental management system, risk management and staff accountabilities.▪ Promoting environmental awareness and initiatives (including Earth Hour and Greenfleet Tree Planting Day) through internal communications.▪ Aligning the organisation's environmental management system with ISO14001 (the international standard for environmental management systems) and maintaining ISO14001 certification at two sites.▪ Helping preserve Australia's aviation history through the Civil Aviation Museum and Civil Aviation Historical Society, and implementation of our heritage strategy.▪ Ensuring the impacts of our executive fleet and ARFF vehicle operations are offset by membership of Greenfleet, which plants trees as carbon offsets.▪ Improving the system to monitor our greenhouse gas emissions and energy consumption and production to enable reporting in accordance with <i>National Greenhouse and Energy Reporting Act 2007</i> requirements for 2011–12.▪ Assessing potential heritage values of ARFF stations, towers and nav aids.
Biodiversity principle: the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision making.	<ul style="list-style-type: none">▪ Ongoing monitoring of a threatened species at the Launceston fire station site.▪ Undertaking environmental impact assessments in accordance with <i>Environment Protection and Biodiversity Conservation Act 1999</i> requirements in support of new and changing internal business processes for projects, property and operational procedures.

Environmental performance of operations

Our annual Environment Action Plan was developed to deliver our Environment Strategy 2011–2016 and to track environmental performance. The Board Environment Committee monitors the following aspects of our environmental performance:

Services—aircraft emissions, aircraft noise and community engagement, ARFF services.

Infrastructure—infrastructure footprint, biodiversity, heritage and climate adaptation, pollution and contamination.

People and processes—environmentally focused workforce, innovation, management and measurement.

In addition, we have an environmental management system in place which provides a framework for achieving sound environmental outcomes and ensuring the organisation meets its associated legislative and regulatory obligations. The system includes policy, requirements and detailed procedures, and emphasises that all staff are responsible for environmental management and all managers are accountable for managing environmental risks and performance in their areas.

The environmental management system is aligned with ISO14001 and certified for ground-based operations at two sites: Gold Coast Airport and Gellibrand Hill Radar. The system is reviewed and updated regularly to ensure it is fit for purpose, aligned with best practice wherever practicable, and effectively manages our environmental aspects and risks.

Environmental protection and ecologically sustainable development

In 2012–13, we reduced greenhouse gas emissions and protected the environment through air traffic management initiatives including:

- using and expanding air traffic flow management software to reduce airborne holding into Sydney, Perth and Brisbane airports
- using Flextracks and User Preferred Routes
- implementing new Required Navigation Performance procedures and Smart Tracking
- participating in the Asia and South Pacific Initiative to Reduce Emissions program
- participation in the Indian Ocean Strategic Partnership to Reduce Emissions program
- revising procedures and standards for environmental impact assessments of changes to aircraft operations.

See the 'Core operational and business excellence' and 'Creating new value for industry' sections in the report on performance for further details on a number of these initiatives.

In internal operations, we protected the environment by:

- training our staff on environmental issues, the environmental management system, risk management, and staff environment accountabilities
- promoting environmental awareness and initiatives, including Earth Hour, World Environment Day and Greenfleet Tree Planting Day, through internal communications
- conducting environmental audits and assurance assessments of our facilities, operational activities and renovation projects
- maintaining a fit for purpose environmental management system
- continuing our involvement in the CANSO Environment Working Group

- helping enhance the WebTrak service, which provides public access to information about aircraft noise and operations around eight of Australia's busiest airports
- examining ways to reduce our environmental footprint and that of the aviation industry
- maintaining ISO14001 certification for operations at Gold Coast Airport and Gellibrand Hill radar site—the international standard for environmental management systems
- implementing an environment management plan to manage potential issues from fire fighting foams containing fluorosurfactants at ARFF training grounds
- preserving Australia's aviation history through the Civil Aviation Museum
- monitoring a threatened species at the Launceston fire station site
- undertaking assessments in accordance with *Environment Protection and Biodiversity Conservation Act 1999* requirements to support new and changing business processes for projects, property and operational procedures
- ensuring that the impacts of our executive fleet and ARFF vehicle operations are offset by membership of Greenfleet (through which trees are planted as carbon offsets)
- improving the system for monitoring our greenhouse gas emissions and energy consumption and production to enable reporting in accordance with the *National Greenhouse and Energy Reporting Act 2007* requirements
- providing dedicated specialist environmental support to project teams to effectively identify and manage environmental risks from our capital expenditure program.

Appendix 5: Statement of expectations



The Hon Anthony Albanese MP
Minister for Infrastructure and Transport
Leader of the House

Reference: 01420-2011

2 MAY 2011

Mr David Forsyth
Chair
Airservices Australia
GPO Box 367
CANBERRA ACT 2601

CHAIRMAN

04 MAY 2011

RECEIVED

Dear Mr Forsyth

David,

I am writing to you about my Statement of Expectations (SOE) for the Board of Airservices Australia (Airservices), which I have enclosed.

This SOE, covering the period from 1 July 2011 to 30 June 2013, replaces the previous statement of 10 June 2010 and represents a notice of strategic direction under Section 17 of the *Air Services Act 1995*. The two year term better reflects the number of ongoing initiatives in the Statement, including those covered by longer term infrastructure investment by Airservices.

Aviation safety remains my highest priority. The initiatives in the SOE will contribute to the enhancement and maintenance of the provision of a high standard of air traffic and rescue and fire fighting services by Airservices.

The management of the environmental effects of aircraft is a fundamental role for Airservices. The establishment of the Aircraft Noise Ombudsman (ANO) was an important first step in improving community engagement on these issues and I expect Airservices to continue to support the office of the ANO. Active engagement in planning coordination forums and community aviation consultation groups will further enhance Airservices environmental role.

I ask that you provide me with a Statement of Intent, within a month of the date of this letter, outlining how you intend to meet the SOE. Similarly the next Airservices corporate plan should clearly reflect Airservices response to the SOE. It is important to note that in drafting your Statement of Intent, that it outlines targets and key performance indicators, so that Airservices performance can be measured accordingly.

Yours sincerely

ANTHONY ALBANESE

Enc

PARLIAMENT HOUSE CANBERRA ACT 2600
Telephone: 02 6277 7680 Facsimile: 02 6273 4126

**Statement of Expectations
For the Board of Airservices Australia
For the period 1 July 2011 to 30 June 2013**

This Statement of Expectations (SOE) outlines in a formal and public way, my expectations concerning the operations and performance of Airservices Australia (Airservices) from 1 July 2011 – 30 June 2013. This SOE serves as a notice of strategic direction to Airservices under section 17 of the *Air Services Act 1995* and commences on 1 July 2011.

The Government's vision for Airservices is that it efficiently and effectively performs its statutory functions to deliver safe, high quality air navigation and related services for the benefit of the Australian community. The Government expects that, consistent with subsection 9(1) of the *Air Services Act 1995*, Airservices must regard the safety of air navigation as the most important consideration in performing its functions.

As the Board of Airservices, I expect that you:

- will ensure that Airservices acts in accordance with the *Air Services Act 1995*, *Commonwealth Authorities and Companies Act 1997* (and associated regulations) as well as other relevant legislation and legal instruments; and
- will keep me and the Secretary of the Department of Infrastructure and Transport (the Department), through the Chair of the Board, fully informed of Airservices' actions in relation to the initiatives and activities stated below, and alert me to events or issues that may impact on the operations of Airservices, including the provision of timely Board reports and quarterly reports of progress against the Corporate Plan.

My expectations are that Airservices will:

1. undertake effective stakeholder engagement with the community, industry and Government on the development and implementation of significant changes by Airservices to air traffic and rescue and fire fighting services.
2. perform its functions in a manner that supports Government policy, specifically the following three key aviation goals outlined in the National Aviation Policy White Paper:
 - safety remains the highest priority;
 - a responsible approach to managing the environmental impacts of aviation; and
 - a coordinated approach to airport planning and investment.
3. continue to implement relevant Government air traffic management and other airspace policy initiatives in the Aviation White Paper (in conjunction with the Department, the Australian Transport Safety Bureau (ATSB), the Civil Aviation Safety Authority (CASA) and the Department of Defence).
4. engage constructively in processes where it can provide information, assistance or advice for policy formulation, implementation and regulation undertaken by Government agencies, both within and outside my portfolio.
5. assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including:
 - supporting the ongoing role of the Aircraft Noise Ombudsman;

- implementing the recommendations from the Aircraft Noise Ombudsman's review of complaints handling including the appropriate resourcing of the Noise Complaints Unit;
 - undertaking an annual update of a detailed work program outlining Airservices initiatives in managing, monitoring and reporting on the environmental effects of aircraft, including the Sydney Airport Long Term Operating Plan; and
 - continuing work on an implementation plan for the potential for wider use of Required Navigation Performance (RNP) approaches at Australian airports to enhance safety and efficiency, reduce emissions, and minimise noise impacts, and the steps Airservices will take to consult with community and industry stakeholders on the plan.
6. contribute to a coordinated approach to airport planning including appropriate participation in, and providing information to, planning coordination forums, community aviation consultation groups, and the National Aviation Safeguarding Advisory Group.
 7. support the Government's Air Traffic Management (ATM) Policy through the development and implementation of an ATM Services and Facilities Plan.
 8. provide a clearly defined Aerodrome Rescue and Fire Fighting Service (ARFFS) for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety Regulations 1998, and develop Memorandum of Agreements with State and Territory fire authorities.
 9. progress the implementation of agreed joint civil and military aviation harmonisation initiatives in conjunction with the Department of Defence.
 10. continue to invest in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program, including enhanced air traffic and surveillance services at regional airports.
 11. commit to a strong focus on human resource issues, including publication of an annual update of the Airservices Australia Workforce Plan, and the development and implementation of proactive training and retention policies.
 12. continue to support the Government's aviation safety agenda in the Asia/Pacific region.
 13. adhere to values and a code of conduct that maintains high standards of professionalism, customer service, probity, reporting, accountability and transparency, consistent with the Government's aim of excellence in the public sector.



ANTHONY ALBANESE
Minister for Infrastructure and Transport

2 May 2011

EXPLANATORY STATEMENT

AIRSERVICES AUSTRALIA – STATEMENT OF EXPECTATIONS

Statement of Expectations – Airservices Australia

Outline

The Statement of Expectations was issued by the Government as a notice of strategic direction under Section 17 of the *Air Services Act 1995* to Airservices Australia (Airservices).

Section 17 of the *Air Services Act 1995* provides that the Minister may notify Airservices in writing of the Minister's views on the appropriate strategic direction for Airservices and the manner in which it should perform its functions.

The Statement of Expectations outlines the Minister's expectations for the agency in regard to its operations and performance over the period 1 July 2011 to 30 June 2013.

The new Statement replaces the previous statement which was issued by the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP, on 10 June 2010.

The Statement emphasises the need for Airservices to perform its functions in a manner that supports Government policy including that aviation safety remains the highest priority. Airservices is also expected to comply with relevant legislation and to keep the Minister and the Secretary of the Department of Infrastructure and Transport informed of Airservices' actions and initiatives.

Other major areas covered by the Statement include Airservices' infrastructure investment, supporting the role of the Aircraft Noise Ombudsman, implementation of environmental initiatives, stakeholder engagement and workforce planning.

The Statement outlines the Government's expectations in relation to the way Airservices conducts its functions and the need for consultation with the community, industry and Government agencies.

Details of the Statement of Expectations are set out in the [Attachment](#).

Airservices was consulted in finalising the Statement.

Notices issued under section 17 of the *Air Services Act 1995* are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Statement of Expectations commences on 1 July 2011 and expires on 30 June 2013.

Authority: Section 17 of the *Air Services Act 1995*.

ATTACHMENT

Details of the Statement of Expectations

Item 1 – Stakeholder Engagement

This item requires Airservices to effectively engage with key stakeholders i.e. the community, industry and Government in relation to the development and implementation of significant changes to air traffic and fire fighting services.

Item 2 – Government Policy

This item requires Airservices to ensure that its activities are aligned with all relevant Government policies, with the highest priority afforded to aviation safety.

Item 3 – Implementing Relevant White Paper Initiatives

The Government has outlined a number of ongoing air traffic management and other airspace initiatives in the National Aviation Policy White Paper. Effective implementation of these initiatives requires a good working relationship between Airservices and the Department of Infrastructure and Transport, the Australian Transport Safety Bureau, the Civil Aviation Safety Authority and the Department of Defence.

Item 4 – Provision of Information, Assistance or Advice

This item aims to ensure that Airservices engages constructively and provides information and advice to Government to assist in the work of portfolio agencies performing aviation regulatory and policy functions, including relevant aviation and airport studies.

Item 5 – Environmental Responsibilities

This item requires Airservices to play a key role in supporting the Government's initiatives in relation to the management of environmental impacts of aircraft operations, including aircraft noise. Airservices is expected to implement the recommendations from the Aircraft Noise Ombudsman's report on Airservices handling of noise complaints, establish and annually update a detailed environmental work program and to continue work on an implementation plan for the potential wider use of Required Navigation Performance (RNP) at Australian airports.

Item 6 – Airport Planning

This item requires Airservices to contribute to a coordinated approach to airport planning including the appropriate participation in a number of cross agency, industry and community forums including Planning Coordination Forums and Community Aviation Consultation Groups.

Item 7 – Air Traffic Management Policy

Consistent with the Government's Air Traffic Management Policy, Airservices is expected to develop and implement an Air Traffic Management Services and Facilities plan which outlines Airservices' future planned investment in infrastructure, equipment and personnel skills and training.

Item 8 – Provision of Aerodrome Rescue and Fire Fighting Services (ARFFS)

Airservices will continue to provide ARFFS functions for civil and joint user airports where required in accordance with aviation safety regulations and detail arrangements with State and Territory fire authorities on each agency's roles and responsibilities at the ARFFS airports.

Item 9 – Joint Civil and Military Aviation Harmonisation Initiatives

This item requires Airservices to continue to work with the Department of Defence to enhance civil and military air traffic management system harmonisation to realise the benefits of improved safety, better investment in personnel and infrastructure, seamless systems compatibility and smarter procurement practices.

Item 10 - Future Investment in Technology and Infrastructure

This item articulates the need for Airservices to support investment in aviation infrastructure, including at regional airports.

Item 11 – Sustainable Workforce Planning

Airservices needs to ensure that it can maintain a sustainable and highly skilled workforce to service growing demand for services and support current and future investment in infrastructure and technology. The provision of an ongoing Airservices workforce plan, annually updated, is consistent with this objective.

Item 12 – Harmonisation, Regional Safety

Australia has an important role to play in assisting our regional partners to meet their air traffic management responsibilities. Airservices will continue to support the Australian Government's aviation safety initiatives in the Asia Pacific region.

Items 13 – Public Sector Professionalism and Accountability

This item aims to ensure that Airservices operates in a manner consistent with the standards expected of a highly professional public sector organisation with a strong culture of accountability and transparency.

Appendix 6: Statement of intent



AIRSERVICES AUSTRALIA

Chairman

GPO Box 367, Canberra ACT 2601
25 Constitution Avenue, Canberra ACT 2601
t 02 6268 4189
f 02 6268 5686
ABN 59 008 720 885

The Hon Anthony Albanese MP
Minister for Infrastructure and Transport
Parliament House
CANBERRA ACT 2600

Dear Minister

A handwritten signature in cursive script, appearing to read 'Anthony', written over the printed name 'Anthony'.

Airservices Australia Statement of Intent

The Board of Airservices Australia was pleased to receive your Statement of Expectations for the period 1 July 2011 to 30 June 2013. On behalf of the Board I am responding with our Statement of Intent.

In developing the Statement of Intent, the Board has been cognisant of the need to provide appropriate targets and performance indicators. The detailed key actions and associated performance indicators will be provided in the 2011-2016 Corporate Plan.

The Corporate Plan is currently in the process of being finalised and will provide an update on the organisation's priorities for the next five years. It also outlines performance measures and budget outcomes against key objectives and business strategies in addition to addressing the areas highlighted in your Statement of Expectations.

As is our usual practice, management is consulting with your Department on its development.

If your Office requires any further information, please contact Sue Freeland, Secretary to the Board on 02 6268 4859.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'David Forsyth', written over the printed name 'David Forsyth'.

David Forsyth
Chairman
1 June 2011

cc: Mr Mike Mrdak, Secretary, Department of Infrastructure and Transport

airspace | airside | AIRSERVICES AUSTRALIA

www.airservicesaustralia.com

Airservices Australia Statement of Intent

This Statement of Intent responds to the Statement of Expectations (July 2011 to June 2013) received from the Minister for Infrastructure and Transport. The Statement draws on Airservices Australia Corporate Plan 2011-2016 which represents the organisation's priorities, specific performance measures and budget outcomes against key objectives and business strategies. A series of key performance indicators (KPIs) have been developed to provide appropriate measures by which the organisation's performance can be assessed with the specific quantitative targets outlined in Airservices Corporate Plan. As is current practice, progress against the KPIs will be reported to you on a quarterly basis.

Airservices Australia formally commits to meeting the expectations of the Minister. This will be achieved through the following key actions.

Statement of Expectations	Statement of Intent
<p>1. Undertake effective stakeholder engagement with the community, industry and Government on the development and implementation of significant changes by Airservices to air traffic and rescue and fire fighting services</p>	<p>Airservices will develop and maintain relationships with key stakeholders in Government and industry and participate in relevant community, industry and Government forums to support the integrity of operations and whole-of-industry safety outcomes.</p>
<p>2. Perform its functions in a manner that supports Government policy, specifically the following three aviation goals outlined in the National Aviation Policy White Paper:</p> <ul style="list-style-type: none"> • safety remains the highest priority; • a responsible approach to managing the environmental impacts of aviation; and • a coordinated approach to airport planning and investment. 	<p>Airservices will ensure that safety system enhancements and infrastructure replacement programs optimise safety benefits. Airservices will meet or exceed safety and performance benchmarks established in the Corporate Plan. In addition, Airservices will develop initiatives to improve the environmental performance of operations.</p> <p>Airservices will focus on connecting the component parts of the Australian aviation industry to enable the best business outcomes for individual participants.</p> <p>Airservices will create and deliver new value to the industry through innovation and the delivery of new services, products and technology particularly with respect to ground surveillance at airports and air traffic flow management.</p>

<p>3. Continue to implement relevant Government air traffic management and other airspace policy initiatives in the Aviation White Paper (in conjunction with the Department, the Australian Transport safety Bureau (ATSB), the Civil Aviation Safety Authority (CASA) and the Department of Defence).</p>	<p>Airservices will continue to work cooperatively with the Department and Government agencies through the Aviation Policy Group and other forums to implement relevant air traffic management and other airspace policy initiatives contained in the Aviation White Paper.</p>
<p>4. Engage constructively in processes where it can provide information, assistance or advice for policy formulation, implementation and regulation undertaken by Government agencies, both within and outside my portfolio.</p>	<p>In line with Government policy, Airservices will coordinate and foster aviation industry relationships.</p> <p>Airservices will continue to participate in cross-agency forums and provide technical advice to assist with policy formulation in areas such as safety, airspace policy, airport planning and aviation environmental impacts.</p>
<p>5. Assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including:</p> <ul style="list-style-type: none"> • supporting the role of the Aircraft Noise Ombudsman; • implementing the recommendations from the Aircraft Noise Ombudsman's review of complaints handling including the appropriate resourcing of the Noise Complaints Unit; • undertaking an annual update of a detailed work program outlining Airservices' initiatives in managing, monitoring and reporting on the environmental effects of aircraft, including the Sydney Airport Long Term Operating Plan; and • continuing to work on an implementation plan for the potential wider use of Required Navigation Performance (RNP) approaches at Australian airports to enhance safety and efficiency, reduce emissions, and minimise noise impacts, and the steps Airservices will take to consult with community and industry stakeholders on the plan. 	<p>Airservices will continue to develop Air Traffic Management and Aviation Rescue and Fire Fighting initiatives to improve the environmental performance of operations.</p> <p>Airservices will implement an Environment Strategy with an action plan with particular emphasis on the management of aircraft noise and its impact on affected communities. Specifically, Airservices will:</p> <ul style="list-style-type: none"> • consult with the community on aircraft noise issues; • enhance management of the Noise Enquiry Unit to enable improved complaints handling; • maintain an independent Aircraft Noise Ombudsman's Office; and • implement the recommendations of the Aircraft Noise Ombudsman. <p>Airservices will focus on implementing a range of new systems and tools across the core air traffic management suite that support optimal operations, including performance based navigation, to improve capacity, enhance safety, improve cost effectiveness, realise environmental benefits and meet customer needs.</p>

6. Contribute to a coordinated approach to airport planning including appropriate participation in, and providing information to, planning coordination forums, community aviation consultation groups, and the National Aviation Safeguarding Advisory Group.	Airservices will continue participation in the National Aviation Safeguarding Advisory Group and other relevant forums and maintain a high level of stakeholder and community satisfaction.
7. Support the Government's Air Traffic Management (ATM) Policy through the development and implementation of an ATM Services and Facilities Plan.	<p>Airservices will develop and implement an ATM Services and National Facilities Plan that delivers long-term tangible improvements in safety, capacity management, flexibility and resource efficiency.</p> <p>Airservices will review service requirements in key traffic growth areas such as Western Australia.</p>
8. Provide a clearly defined Aerodrome Rescue and Fire Fighting Services (ARFFS) for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety Regulations 1998, and develop Memorandum of Agreements with State and Territory fire authorities.	<p>Airservices' Aviation Rescue and Fire Fighting (ARFF) service will continue to operate in line with relevant Civil Aviation Safety Regulations and in cooperation with State and Territory fire authorities.</p> <p>Airservices will continue to pursue outcomes based operating regulations for ARFF and establish Memoranda of Agreement as to roles and responsibilities established with State and Territory fire authorities for all airport locations.</p>
9. Progress the implementation of agreed joint civil and military aviation harmonisation initiatives in conjunction with the Department of Defence.	Airservices will collaborate with the Australian Defence Force to harmonise civil and military air traffic management operations to improve operational efficiency and cost effectively manage increasingly complex civil-military airspace integration requirements.
10. Continue to invest in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program, including enhanced air traffic and surveillance services at regional airports.	<p>Airservices will work collaboratively across the industry to anticipate, understand and plan for future needs.</p> <p>Airservices will develop a long-term plan for the replacement of the core air traffic management system to deliver operational flexibility and robust business continuity while meeting capacity growth and increasing flexibility.</p>

<p>11. Commit to a strong focus on human resource issues, including publication of an annual update of the Airservices Australia Workforce Plan, and the development and implementation of proactive training and retention policies.</p>	<p>Airservices will attract and retain talent, deliver a flexible, empowered and engaged workforce that is supported by strong leadership.</p> <p>Airservices will develop leaders who are focussed on guiding and motivating the organisation's workforce to deliver future outcomes and will create opportunities for individuals to develop and excel and to ensure the workforce as a whole is ready to take on challenges of the future.</p> <p>Airservices will provide an annual Workforce Plan update, with specific emphasis on increasing workforce diversity, and developing a values based culture that does not tolerate bullying and harassment.</p>
<p>12. Continue to support the Government's aviation safety agenda in the Asia/Pacific region.</p>	<p>Airservices will collaborate internationally with neighbouring partners and support the Australian Government's aviation safety initiatives in the Asia Pacific region to improve the safety outcomes for the industry across the region.</p> <p>In particular, Airservices will assist air navigation service providers in Indonesia and Papua New Guinea to build air traffic service capability to facilitate increased safety, harmonisation and integration of air traffic management with Australia's adjoining airspace.</p>
<p>13. Adhere to values and a code of conduct that maintains high standards of professionalism, customer services, probity, reporting, accountability and transparency, consistent with the Government's aim of excellence in the public sector.</p>	<p>Airservices will continue to maintain a high level of compliance with relevant legislative requirements, policy and guidelines and will provide regular reporting to industry with performance KPIs embedded in the Service Charter. This will be supported by a comprehensive internal audit program.</p> <p>Airservices will maintain integrated management systems that support and promote excellence.</p>

Appendix 7: Noise complaints and information service data

TABLE 14 Number of clients and contacts received by our Noise Complaints and Information Service in 2012–13 for eight major airports.

Airport	Clients	Contacts
Adelaide	178	781
Brisbane	465	5 040
Cairns	26	51
Canberra	35	61
Gold Coast	266	3 982
Melbourne	313	1 168
Sydney	638	21 180
Perth	1 230	18 591
Total	3 151	50 854

In 2012–13, the Noise Complaints and Information Service received a total of 50 854 contacts from the eight major airports from 3151 clients. In total there were 4403 complainants in 2012–13 which represents a 9.1 per cent reduction in the total number of complainants compared to 2011–12.

Appendix 8: Aircraft noise ombudsman annual report

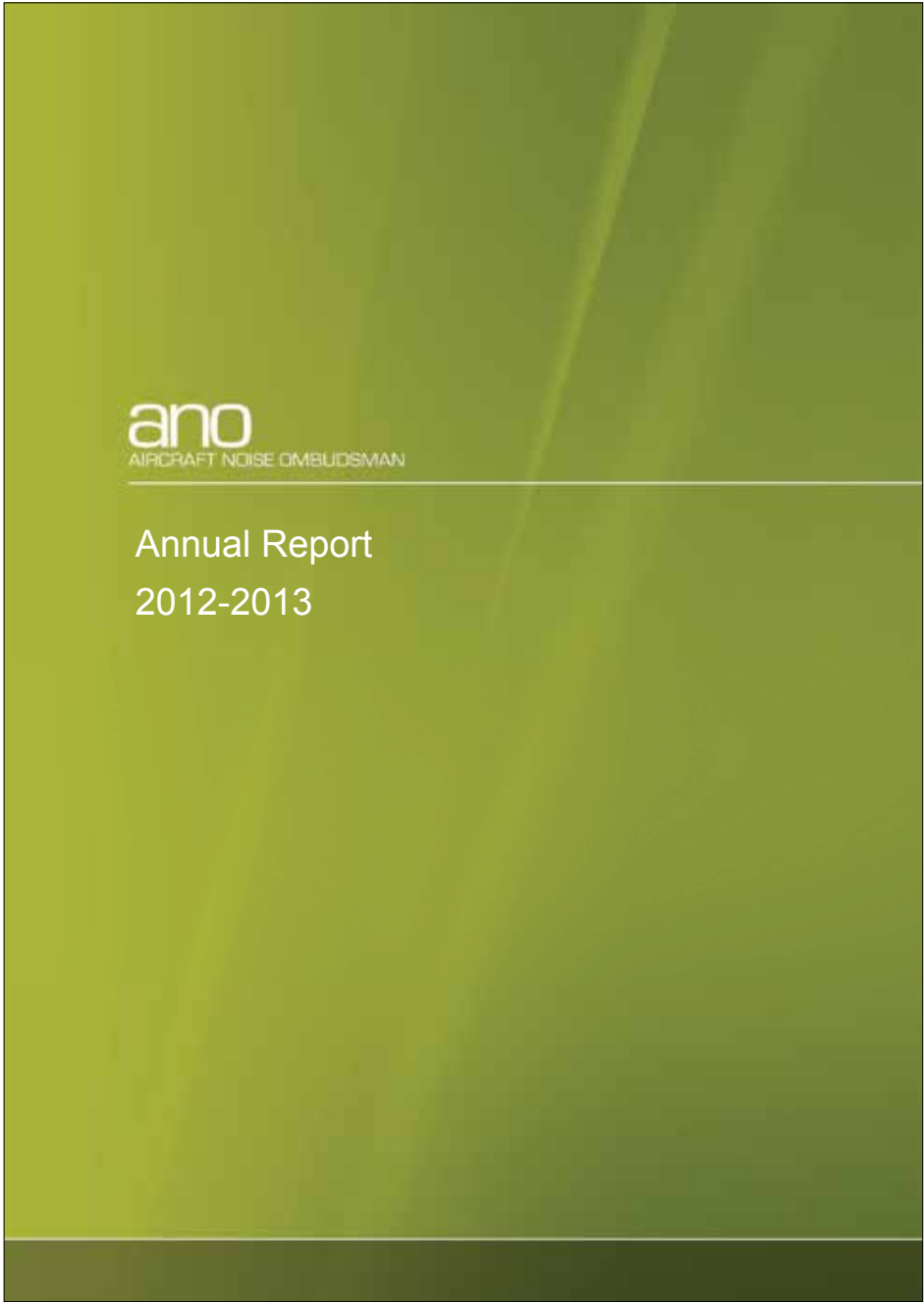


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ANO contact

Website: www.ano.gov.au

Email: ano@ano.gov.au

Freecall: 1800 266 040

Write to: Aircraft Noise Ombudsman
GPO Box 1985
Canberra City ACT 2601

1 From the Ombudsman

1.1 The past 12 months have been in large part about helping Airservices Australia (Airservices) to bed in new processes and I am pleased this has led to real progress in pursuing some of the noise improvement opportunities raised by this office. Airservices has finalised all but three of our review recommendations and there were no new major reviews completed in the period.

1.2 While I understand that the reform process underway in Airservices has, for many complainants, seemed unnecessarily slow, the progress in recent months is promising and I am looking forward to the next year being even more focussed on tangible actions and decisions.

1.3 Our key achievements in the past year have included the finalisation of some significant noise improvement opportunities (see, for example, the case studies included in this report). In some cases, investigation of these opportunities has resulted in changes that individuals and their communities have been seeking for some time, and will provide noticeable improvements in the noise environment.

“A focus for next year is on more open public information and reporting on the investigations planned, underway, and concluded”

In other cases, the opportunities have been found not to be feasible. For those affected by the noise, this outcome can, understandably, be very disappointing. Nevertheless, serious and thorough exploration of opportunities has been undertaken by Airservices in reaching a decision not to pursue an opportunity further. This work provides a clearer case for not making a change, and in turn may assist in complainants accepting a disappointing outcome. A focus for next year is on more open public information and reporting on the investigations planned, underway, and concluded.

1.4 My charter is to provide an independent administrative review of Airservices' management of aircraft noise issues, specifically focussed on three areas:

- Complaint handling
- Information presentation and distribution
- Consultation

Our work with Airservices is consequently quite structured around these three areas, so I will briefly summarise the year for each below.



“I am pleased this has led to real progress in pursuing some of the noise improvement opportunities raised by this office”

1.5 Complaint handling

1.5.1 Our complaint load fell during 2012-13, with the average number of complaints per month falling from just over nine in the previous year to just over seven this year, with the last quarter having been the lowest quarter since the function commenced in September 2010. It is not entirely clear why this trend has emerged. I hope it is, at least in part, a reflection of the improving management of aircraft noise issues by Airservices, in response to our early recommendations now being implemented.

1.5.2 A revealing statistic that I rate as an achievement of this office, is the dramatic decrease in the number of contacts Airservices is receiving. The analysis in sections 3.9 and 3.10 tells this story. Again I hope that this is a sign that the implementation of ANO recommendations by Airservices is starting to deliver tangible outcomes. Importantly, when complainants contact the organisation less often, Airservices has the capacity to devote more effort and resources to the substance of the complaint.

1.5.3 Airservices' handling of complaints has come a long way and recent staff and management changes are setting Airservices up for even more positive change in the future. To contribute to this, in December 2012 we released the Terms of Reference for a Case Study Review "to identify any lessons learnt, or opportunities for improvement, through an analysis of a select sample of complaints that have not resulted in the complainant contacting the ANO". We commenced this work in the last few months and already have made a number of important findings that will lead to constructive recommendations for further improvement of Airservices' complaint handling service. Our report will be published following its submission to the Board of Airservices.

"We have made a number of important findings that will lead to constructive recommendations for further improvement of Airservices' complaint handling"

1.6 Consultation

1.6.1 We have continued to engage with community members and industry stakeholders through attendance at various community consultation group meetings and other industry forums. This is an integral part of our role in monitoring Airservices' consultation and information provision, but also a way in which we gather information about emerging aircraft noise issues.

"We have continued to engage with community members and industry stakeholders"

1.6.2 As with previous years, we have not made any formal recommendations to Airservices on their consultation activities, but we have provided feedback as appropriate. Airservices has been undertaking consultation activities in line with its *Communications and Consultation Protocol*, and the ANO office has recently reviewed Airservices' update of this document and provided feedback.

1.7 Information provision

- 1.7.1 Two of our reviews (Perth and Sydney) have had a strong focus on information presentation. Throughout the past year, Airservices has implemented most of the recommendations from these reviews and has made significant progress in this area. That said, because I consider information provision such an important component of managing aircraft noise issues, it will remain a key focus for the ANO in the next year.

“Information provision will remain a key focus”

- 1.8 Another significant piece of work undertaken during 2012-13 has been to research and assess options for the procurement of a complaint analysis and management system. While our existing systems have been adequate for our needs, we are now looking to implement a system to provide enhanced capability for identifying and assessing issues and trends. It will be implemented early in the coming financial year.
- 1.9 As mentioned, the ANO team is small and in my view ‘punches well above its weight’. There was no template for an Aircraft Noise Ombudsman when we started essentially from scratch in September 2010. What we have achieved since is down to the intellect, creativity, and consistently high quality of work produced by the team, and I commend them for their ongoing commitment.
- 1.10 I must also note that I have been strongly supported by the Chair and Directors of the Board of Airservices. The staff and management of Airservices have also been very supportive, and have been engaging positively in implementing recommendations and addressing systemic issues.
- 1.11 Finally, I wish to thank all of the community members who have engaged with the ANO office, either through community consultation group meetings or by lodging a complaint. My role, as Aircraft Noise Ombudsman, is to provide an independent administrative review of Airservices’ management of aircraft noise issues. The point of my role is ultimately to help Airservices to improve its handling of aircraft noise issues. Such improvements come through the analysis and identification of opportunities that in turn come from information provided by the community, including complaints.

- 1.12 Dealing with complaints, especially aircraft noise complaints, will always be a difficult and frustrating role, not least because so often there is nothing that can be done to reduce the noise. Nevertheless, I believe we have helped to achieve improvements in aircraft noise, and to help people understand why improvements can’t be made in other cases. I look forward to another productive year fostering improved noise outcomes for communities across Australia.

“We have helped to achieve improvements in aircraft noise, and to help people understand why improvements can’t be made in other cases”



Ron Brent
Aircraft Noise Ombudsman
8 August 2013

2 Report Format

- 2.1 Previously we have structured our Annual Report around the three key areas of focus as defined in the ANO Charter (complaint handling, information provision, and consultation). While these remain our areas of focus, this year, we have taken a different approach with how we present our report.
- 2.2 Our considerations of Airservices activities have focussed on seeking better noise outcomes. We accept that there are many cases in which there is no viable alternative that will improve the noise outcome, but this remains the ultimate objective. We have sought a change in approach to complaints and other feedback about noise issues: looking for a better noise outcome where possible rather than assuming none is possible.
- 2.3 Given this emphasis on better noise outcomes, we have tailored our report this year around the inputs and achievements of the ANO office in pursuing better noise outcomes.
- “We have sought a change in approach: looking for a better noise outcome where possible rather than assuming none is possible”**

3 Seeking better noise outcomes – inputs

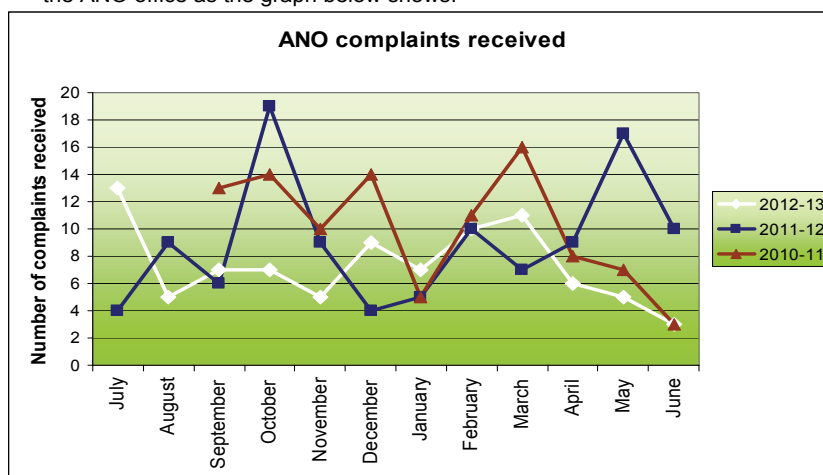
Complaints

3.1 The ANO has received fewer complaints in 2012-13 than in previous years.

	Total fin. year	Ave per month	% Change
Sep 2010-Jun 2011 (10 mths)	101	10.1	
Jul 2011-Jun 2012 (12 mths)	109	9.1	↓ 10.1%
Jul 2012-Jun 2013 (12 mths)	88	7.3	↓ 19.3%

3.2 It is not entirely clear why complaint numbers are falling, although it is what we would hope for as a result of changes made by Airservices in their handling of aircraft noise issues in response to ANO recommendations.

3.3 There is no apparent trend for what month or period complaints are received by the ANO office as the graph below shows.



3.4 We started the financial year with 32 open complaints and received a further 88 during the year, making the total number of complaints handled in the financial year 120, which is the same as the previous financial year. Of these, 98 were closed, 82 of which were reviewed. The remaining 16 were not reviewed as they were referred directly to Airservices for management, related to matters that fell outside our charter, or because the complainant did not provide any further information to enable the investigation to proceed. Twenty-two complaints remained open at the end of the financial year. **Attachment 1** summarises the year's complaint statistics.

- 3.5 As can be seen from the table below, a majority of the complaints reviewed were closed without any change being possible (74.1%). In these cases, complainants are provided with comprehensive explanations of why no change is possible. Generally, this is because safety or other operational factors require aircraft to fly where they do, or because changing where the aircraft fly would simply move the noise impacts to other residents and would not provide an overall noise improvement.

Complaints reviewed and closed:	81	
No change possible - explanation provided	60	74.1%
Change adopted by Airservices Australia	3	3.7%
Change adopted by Airport operator	15	18.5%
Change adopted by Operator	3	3.7%

- 3.6 When changes were able to be made, the majority this year were initiated by Airport operators, using tools such as Fly Friendly Agreements to reduce circuit training times and amend arrival or departure practices. Some improvements introduced during 2012-13 are outlined in chapter 4.

- 3.7 In line with last financial year, the average time taken to close complaints this year was 59 days (2011-12 average was 58 days).

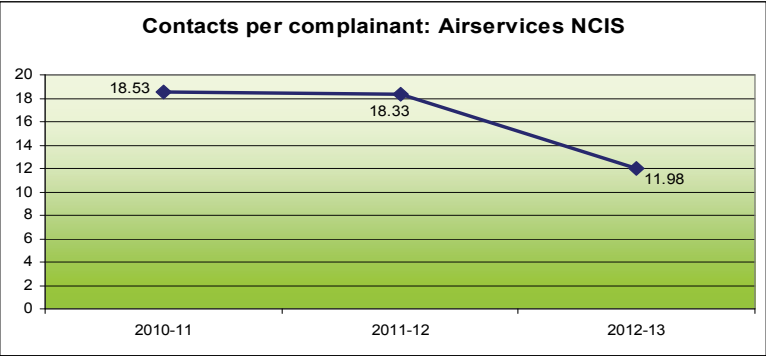
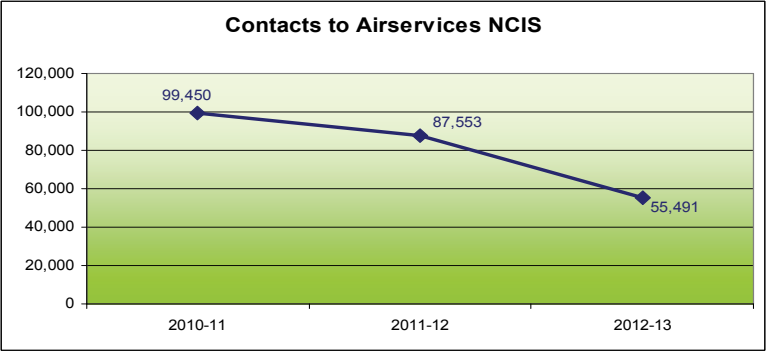
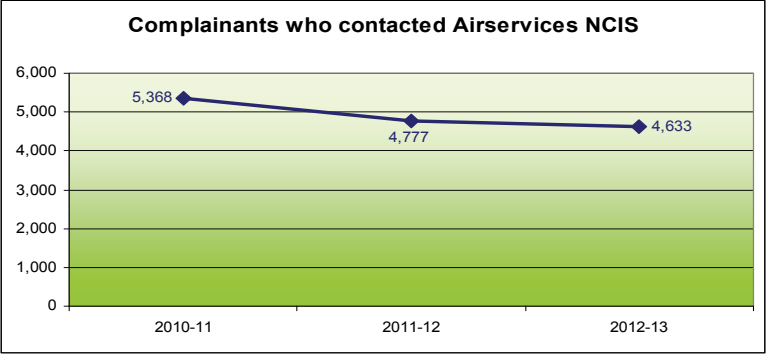
- 3.8 Interestingly, while the ANO has had a significant fall in the number of complaints received in 2012-13 compared to 2011-12, Airservices has had only a small reduction in the number of complainants who contacted its Noise Complaints & Information Service. Given the 3% reduction in complainants that contacted Airservices in the past year compared with the previous year, an almost 20% reduction in complaints being escalated to our office is a positive sign.

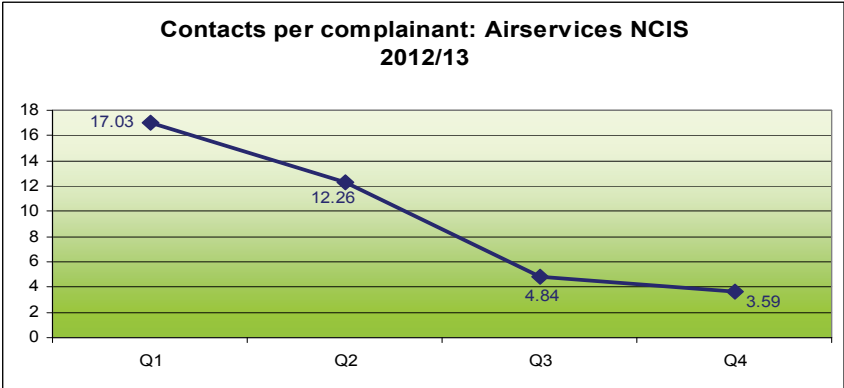
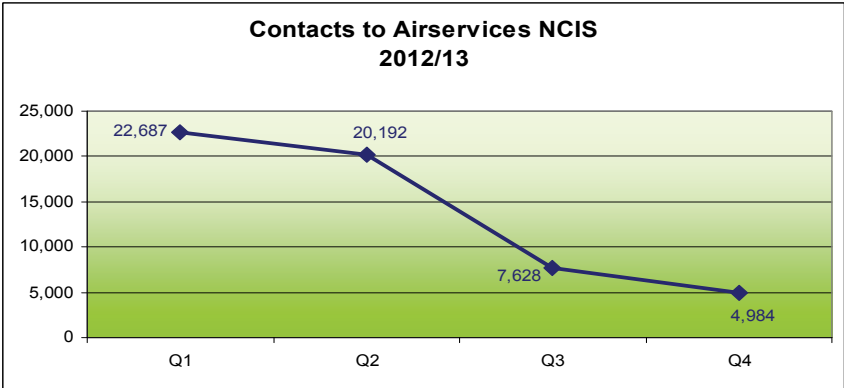
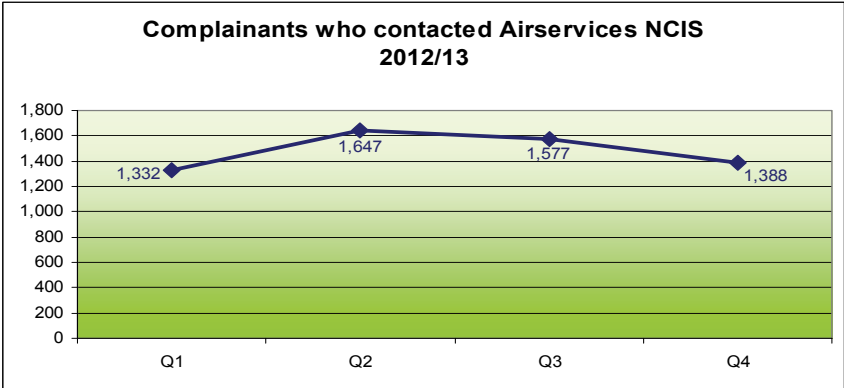
- 3.9 It is also particularly pleasing to see a marked reduction in the number of contacts Airservices has received, a fall of over 30,000, equivalent to almost 37% fewer contacts than in the previous year. This was a major element of our first review of Airservices' complaint handling and we have devoted significant effort to assisting Airservices in transitioning away from focusing on contacts. The graphs below show these statistics and an aggregated graph of contacts per complainant over the previous three financial years.

“...we have devoted significant effort to assisting Airservices in transitioning away from focusing on contacts”

- 3.10 This trend is even more dramatic when studied across the past year only, when the effects of a change in approach is likely to have started to really translate into changed behaviours by complainants. The second page of graphs below show the quarterly results for complainants, contacts and the aggregate contacts per complainant. These demonstrate that, while complainant numbers have been roughly consistent through the 2012-13 financial year, the number of contacts has fallen markedly across the period.

3.11 This is a highly pleasing result because, not only are complainants not wasting their own time lodging many contacts on the same issues, Airservices' staff are no longer spending large amounts of time processing repeat contacts and can divert this resource to seeking better noise outcomes.





Complaint analysis and management system

- 3.12 Another significant piece of work undertaken during 2012-13 has been to research and assess options for the procurement of a complaint analysis and management system. While our existing systems have been adequate for our needs, we are now looking to implement a system that will provide enhanced capability for identifying and assessing issues and trends.
- 3.13 Following a comprehensive market research and comparison exercise, we have settled on a service provided by the Bruel & Kjaer EMS Pty Ltd. It will be implemented early in the coming financial year and we look forward to undertaking some more powerful analysis of our complaints data with a view to identifying opportunities for improvement.

Community and industry engagement

- 3.14 By attending community and aviation industry meetings across Australia, the ANO office is able to better understand the community and industry perspectives, monitor Airservices' information presentation and consultation activities, and identify emerging issues. It also provides an opportunity to increase public awareness of the ANO role, our recent activities, and the opportunities we are pursuing to improve noise outcomes.
- 3.15 This year the ANO attended or was represented at 13 Airport Community Aviation Consultation Group (or equivalent) meetings. Additionally, we attended various industry meetings, including the major annual conferences of the Australian Airports Association (AAA), the Regional Aviation Association of Australia (RAAA), the Australian Mayoral Aviation Council (AMAC) and the Australian Strategic ATM Planning Council (ASTRA). The ANO also participated in a review workshop that considered the Australian Standard AS2021-2000 (Acoustics: Aircraft Noise Intrusion – Building Siting and Construction), met with individuals and representatives of community groups, and mediated in a long-standing complaint between a complainant and an Airport.
- 3.16 A further opportunity pursued this year has been the provision of seven training sessions on 'Finding Better Noise Outcomes' to Air Traffic Control (ATC) groups at the major airports across Australia. This provided Airservices' senior air traffic control staff with direct access to the ANO in a workshop environment to discuss and explore how the ATC group can contribute to Airservices' management of aircraft noise issues. It also helped the ANO team in understanding the challenges of the ATC working environment and the less obvious factors that can inhibit noise improvement opportunities from being pursued. Further sessions are planned for the next financial year.

“By attending community and aviation industry meetings, the ANO is able to better understand the community and industry perspectives”

Research

- 3.17 To ensure we can help Airservices to identify and deliver valuable improvements in its management of aircraft noise issues, the ANO keeps abreast of Australian and International approaches to managing aircraft noise. As well as considering whether standards, regulations and practices from other countries could benefit Airservices and the Australian community, this has included specific investigations, such as considering the viability of noise-attenuation measures for small aircraft engines (see Case Study 1).

C Noisy cars have to have a muffler – why don't noisy planes?

A In response to queries raised by complainants living near Parafield and Moorabbin Airports, the ANO looked into the potential to fit mufflers for a type of aircraft that was noted by residents as being particularly noisy. We discovered how difficult and expensive such a solution might be.

S Unlike cars, aircraft are manufactured under strict certification standards, and any alteration to an aircraft, such as fitting a muffler, must meet these standards. For the aircraft type investigated, the ANO found that no such muffler system had been approved. We did find an overseas company willing to design, fit and seek certification for a muffler, but this relied on the Australian operator sending one of their aircraft overseas for the design, installation and test flying (which would represent a substantial cost to the client). The total cost was likely to be in the order of \$100,000 and no guarantee could be provided that the system would meet the Australian certification requirements.

T It is also not clear if the noise improvement from some aircraft operating with a muffler would translate to a noticeable noise improvement for those on the ground, who would still be over-flown by repeated circuit flights from a mix of aircraft types.

D Further, silencer systems, such as mufflers, do reduce performance (usually only 1-2%) and this would need to be taken into account for certification, as the twin-engine aircraft must be able to continue climbing after departure if one engine fails.

Y All these factors need to be considered and they led us to the conclusion that a muffler for the particular aircraft type investigated is not a viable option at present. We do not rule out some further consideration of either the fitting of mufflers, or other redesign to reduce the noise (such as a different exhaust configuration). The ANO will continue to consider the issue to identify opportunities for noise improvements.

4 Seeking better noise outcomes – achievements

Noise improvement opportunities explored

- 4.1 The ANO's ultimate goal in seeking to improve Airservices' management of aircraft noise is to deliver a better overall noise outcome for the community. There are many factors that mean that making change can be particularly challenging in a safety-critical, "24/7", and complex operating environment like aviation. It is also the case that the industry and Airservices has been actively managing the environmental impacts of aviation for a long time, so the scope for improvement is generally at the margins. However, this does not mean that there are no opportunities to be found, or that the changes are not worth pursuing because they are small or at the edges. Complaints are an excellent insight into where such opportunities lie.

C Planes are dive-bombing our homes!

A Mr R contacted the ANO in July following extended exchanges with Airservices about his concern that circuit training aircraft were 'dive-bombing' the homes in his area near Jandakot Airport during engine failure simulations. Mr R described the experience as follows:

S *"Trainee pilot flies out from runway 24/06 a certain distance, usually just short of the residential area. Then he cuts his engine, turns right, descends to just above our homes and, at a few hundred feet, restarts with a tremendous roar."*

E Airservices responded a number of times, eventually advising that the rules for circuit training are a national standard, that under these rules engine failure simulations were allowed, that such simulation exercises will continue to occur, and that Airservices could not identify any likely improvement in the noise exposure at Mr R's location.

S The ANO investigated operations at other training airports and discovered that training restrictions existed at almost all other training airports such that engine failure simulations did not occur over residential areas or, in some locations, were not permitted at all. On the basis of this, the ANO requested that Airservices explore the option of introducing restrictions at Jandakot Airport. Airservices subsequently pursued this with the Airport management, training operators and the Civil Aviation Safety Authority. The result was that engine failure simulations are no longer performed over residential areas near Jandakot Airport. New procedures have been adopted to restrict such practices to areas over the aerodrome. The change has removed noise and potential safety impacts, with no apparent negative operational impacts.

- T** 4.2 The above case study highlighted the need for Airservices to change its approach to complaints and other feedback about noise issues. Emphasis must be placed on looking for how a better noise outcome can be achieved rather than presenting reasons to explain the existing outcome. This is an important cultural shift and we have been pleased that Airservices has restructured its complaints team in a way that places emphasis on the role of investigating complaints to find better noise outcomes.

- 4.3 Airservices has also created a Strategic Noise Improvement Plan through which it records noise improvement opportunities, manages priorities, and tracks progress of investigations underway. The ANO is keen for as much information about the opportunities under consideration and already considered to be made available to the public in as open and transparent a manner as is practical. We are also keen to see more first level investigations undertaken and all investigations finalised more quickly, again with the results presented to affected communities and the broader public in a timely and open fashion. This is an area we expect to be working on with Airservices over the coming year.
- 4.4 The ANO has done a few investigations of this type and our reports are available on the ANO website. For example, in May 2012, the ANO received a letter from a federal MP about the potential for improving the noise exposure in Perth by increasing the number of 'full power' and/or 'full length' runway takeoffs. Case Study 3 below outlines our investigation.

CASE STUDY 3 Less noise from 'full power' or 'full length' runway takeoffs?

Full power takeoffs were previously considered by the Perth Airport Noise Management Consultative Committee (ANMCC). The result was that they were not considered to be a viable noise reduction strategy. Accordingly we advised Mr Irons and did not consider this option further.

The ANO did look at the option of starting all takeoffs at the beginning of the runway, rather than from an intersection along the runway. Although this would increase taxiing for aircraft, the idea was that it might result in aircraft being higher sooner and this would reduce noise.

We compared the noise recorded at Airservices' noise monitors for full length runway takeoffs and takeoffs from an intersection. We then considered the results alongside the information available from Airservices' aircraft noise modelling software and previous considerations undertaken by the ANMCC. The ANO concluded:

- While there are minor differences in the findings between the three sources (the ANO analysis, Airservices' modelling and the ANMCC findings), the measured increases or decreases are well within the levels of statistical variation that can be expected from the small sample size. In effect, the results from our analysis match the theoretical modelling. All three sources show no significant or discernible difference in noise for Perth residents when full length departures are used for jet aircraft.
- Given the potential detrimental effects of using full length departures (increased taxiing, potential safety implications due to additional runway crossings, reduced airport capacity/flexibility) and that there did not appear to be evidence of discernible improvements in noise outcomes, there is no justification for additional investigation at this time.

Information enhancements

- 4.5 Where changes cannot be made, it is important that communities have access to relevant information so that they can manage the noise issues they are experiencing. This might be in the form of helpful information about how to reduce noise impacts in their home, what the noise situation is like in different areas for those considering a move, how and why aircraft fly as they do, why different runways are selected and, importantly, why a change that seems reasonable cannot be made.

4.6 In the 2012-13 year, the ANO did not issue any new report on information provision as Airservices continued to implement the recommendations of our two reports on this subject issued in the previous financial year. One year after each report was initially issued, the ANO published an assessment of Airservices' response at that time. All but three of the recommendations from the reviews have now been implemented. This resulted in Airservices making important improvements in the presentation of their Aircraft Noise Information reports and the material available on their website. A useful suite of fact sheets and location-specific information packs has been developed. There is always room for improvement and information resources will continue to develop and evolve over time. Airservices will also implement the remaining three recommendations from previous reports. Airservices has made solid progress in the past year and we look forward to the momentum continuing.

Case study review

4.7 One of the objectives of the ANO is to review the handling of aircraft noise complaints or enquiries made to Airservices. In February 2011, we released our first report into Airservices' complaint handling practices and processes and Airservices completed all recommendations from this report by early 2013 (see **Attachment 2** for a summary of all recommendations made by the ANO).

4.8 Airservices' handling of complaints has come a long way and recent staff and management changes are setting Airservices up for even more positive change in the future.

4.9 To contribute to this process of continuing improvement, in December 2012 the ANO released the Terms of Reference for a Case Study Review "to identify any lessons learnt, or opportunities for improvement, through an analysis of a select sample of complaints that have not resulted in the complainant contacting the ANO". We commenced this work in the last few months and already have made a number of important findings that will lead to constructive recommendations for further improvement of Airservices' complaint handling service.

4.10 A report will be published following its submission to the Board of Airservices.

Publications

4.11 During 2012-13 the ANO published the following reports and articles, in addition to our quarterly reports and last year's annual report (available on our website):

- ANO assessment of Airservices Australia's response to the Assessment of Aircraft Noise Information (Sydney)
- The Truth About Aircraft Noise article
- ANO assessment of Airservices Australia's response to the Perth Aircraft Noise Information Review
- Parafield aircraft noise issues
- Full length departures - potential noise benefits (Perth)
- Case studies in complaint management - Airservices Australia - Terms of Reference

5 Financial Results

- 5.1 The ANO operates autonomously in managing its financial accountabilities. In line with the ANO Charter, although funding is provided by Airservices, the ANO independently determines how funds and resources are allocated. Nevertheless, those funds are provided from the Airservices budget and detailed accounting appears in the Airservices financial reporting.
- 5.2 In 2012-13, the total costs of the office were \$591,220 which includes all staff salaries and entitlements, travel, and administrative overhead costs. Staffing levels have remained unchanged through the year, at a full-time equivalent of 3.0.

Attachment 1 ANO Complaint Statistics

The following summarises the ANO complaint statistics for 2012-13.

Complaints carried forward from 2011-12	32
Complaints received 2012-13	88
Total complaints 2012-13	120

Complaints closed during 2012-13	98
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<u>Closed complaints - reviewed</u>	
No change possible - explanation provided	61
Change adopted by Airservices Australia	3
Change adopted by Airport operator	15
Change adopted by operator	3
Total complaints reviewed	82

<u>Closed complaints - not reviewed</u>	
Referred to Airservices to respond directly	9
Complainant did not provide further information	2
Outside Charter scope	5
Total complaints not reviewed	16

Complaints carried forward to 2013-14	22
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Attachment 2 ANO assessment of action on Review Recommendations

During the 2012-13 year the ANO closed all recommendations associated with the following reviews:

- *Complaints Handling Review – Airservices Australia, February 2011*
- *Aircraft Noise Information and Complaint Resolution: Perth, November 2011*

Three recommendations remain in progress from the *Assessment of Aircraft Noise Issues: Sydney, February 2012*, as per the following table.

Sydney Review	
Recommendation	ANO assessment of Airservices' response
Sydney Issues Recommendation 2: Airservices should improve the clarity of maps produced in reports used to convey aircraft noise information.	The ANO notes that action is underway.
Sydney Issues Recommendation 3: Airservices should provide more textual and qualitative assessment of aircraft noise in reporting.	The ANO notes that action is underway.
Sydney Issues Recommendation 7: Airservices should explore the provision of a more timely (as well as historical) method for complainants to understand why a particular Runway Mode was in use, or why a preferred Runway Mode (noise sharing) was not able to be used at that time.	The ANO notes that action is underway.

Glossary

ADS-B	Automatic Dependent Surveillance—Broadcast
AIP	Aeronautical Information Publication
ANSPs	Air Navigation Service Providers
ARFF	Aviation Rescue and Fire Fighting
ASIC	Aviation Security Identification Card
ASPIRE	Asia and South Pacific Initiative
ATC	air traffic control
ATS	air traffic service
ATSB	Australian Transport Safety Bureau
CACG	Community Aviation Consultation Group
CALD	people from culturally and diverse backgrounds
CANSO	Civil Air Navigational Services Organisation
CASA	Civil Aviation Safety Authority
CSS	Commonwealth Superannuation Scheme
ERSA	En Route Supplement Australia
GAAP	General Aviation Aerodrome Procedures
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
INSPIRE	Ocean Strategy Partnership Initiative to Reduce Emissions
ITSAP	Indonesia Transport Safety Assistance Package
NHSC	National Health and Safety Committee
NOTAM	notices to airman
PRM	Precision Runway Monitor
RNP	Required Navigation Performance
RSE	Registrable Superannuation Entity
VHF	very high frequency
WHS	Work health and safety

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