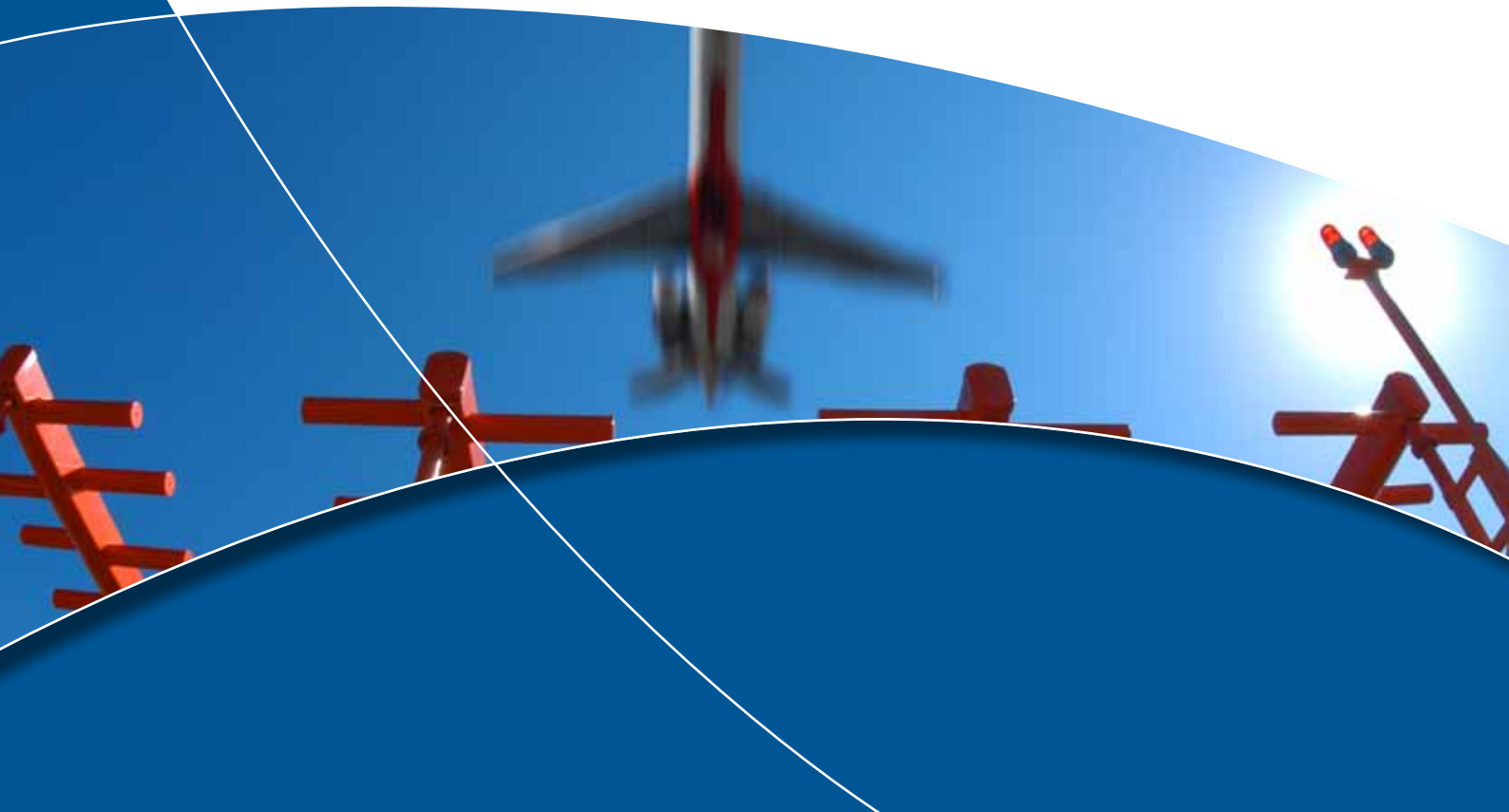




Corporate Plan **2010-2015**



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Letter of transmittal





Chairman's message

The journey for Airservices over the past five years has involved an extensive remake of the organisation. In 2005 we were an organisation with technical and operational strengths but we lacked good systems, processes and planning.

Our infrastructure required significant upgrading and there was a need to refocus on core business, customer service delivery and cultural change. Each of these areas has undergone significant improvements in recent years. The organisation is now ready for the next stage. It is ready to step up and tackle some of the more difficult issues that have long challenged our industry.

In December 2009, the Government released the National Aviation Policy White Paper. It is the first time that such a detailed aviation policy has been brought together and it is an important reference document for the development of the industry over the coming decades.

In June 2010, we released our updated Workforce Plan for 2010-13 which outlines our strategy to build a new workforce for the future. It includes modifying our workplace culture to welcome a greater diverse range of people and continuing the promotion of a 'just safety culture' to further imbed our safety principles.

Our infrastructure investment program is aggressive and we are well engaged in a \$900 million plus program to rebuild our asset base over the next five years. In December last year we achieved an historic milestone when we commissioned the world's first satellite-based navigation system to cover an entire continent.



While some improvement to our services is becoming visible, a lot of work on enhancing safety and increasing capability is underway 'below the waterline' that will not become clear for some years.

We still have challenges ahead, for instance:

- The project by the Department of Defence and Airservices to procure and operate a harmonised ATM system for Australia is a generational opportunity for both organisations to concurrently upgrade and harmonise our ATM capability over the next five to seven years. This is an enormously important project that will enhance aviation safety, deliver efficiencies for our industry and improve national security
- The impacts of aviation activities on the environment must be carefully managed and engagement with the industry and community on these issues strengthened as the demand for a greater range and volume of aviation services increases
- The pathway the industry will take with respect to navigation and surveillance technology can save millions of dollars by not replacing over half of our existing nav aids and turning instead to satellite based technology.

This Corporate Plan outlines our continued commitment to delivering safe, customer focused, efficient and environmentally sustainable air navigation and aviation rescue and fire fighting services in Australia.

David Forsyth
Chairman
August 2010



Our vision

Airservices Australia will be a safe and efficient provider of air traffic management and aviation rescue and fire fighting services with an international reputation for excellence

Airservices aspiration is to be recognised as an international leader in safety, innovation and environmental performance and to create greater value for its key industry stakeholders and the community.

Our vision and strategic priorities reflect Airservices legislated obligations, the Government's expectations, the primacy of safety and the need for continual business improvement.

To meet our vision, we have identified three strategic priorities:

Delivering excellent core performance

In meeting regulatory and legislated obligations, Airservices will continually improve the quality and cost-effectiveness of its services.

In the short term, this means maintaining a clear focus on safety, continuing to replace the extensive asset base and delivering tangible environmental improvements for the community by:

- efficiently delivering world-class safety performance
- achieving a just safe and healthy work environment
- minimising the effect of aircraft operations and our footprint on the environment through future-focused environmental initiatives

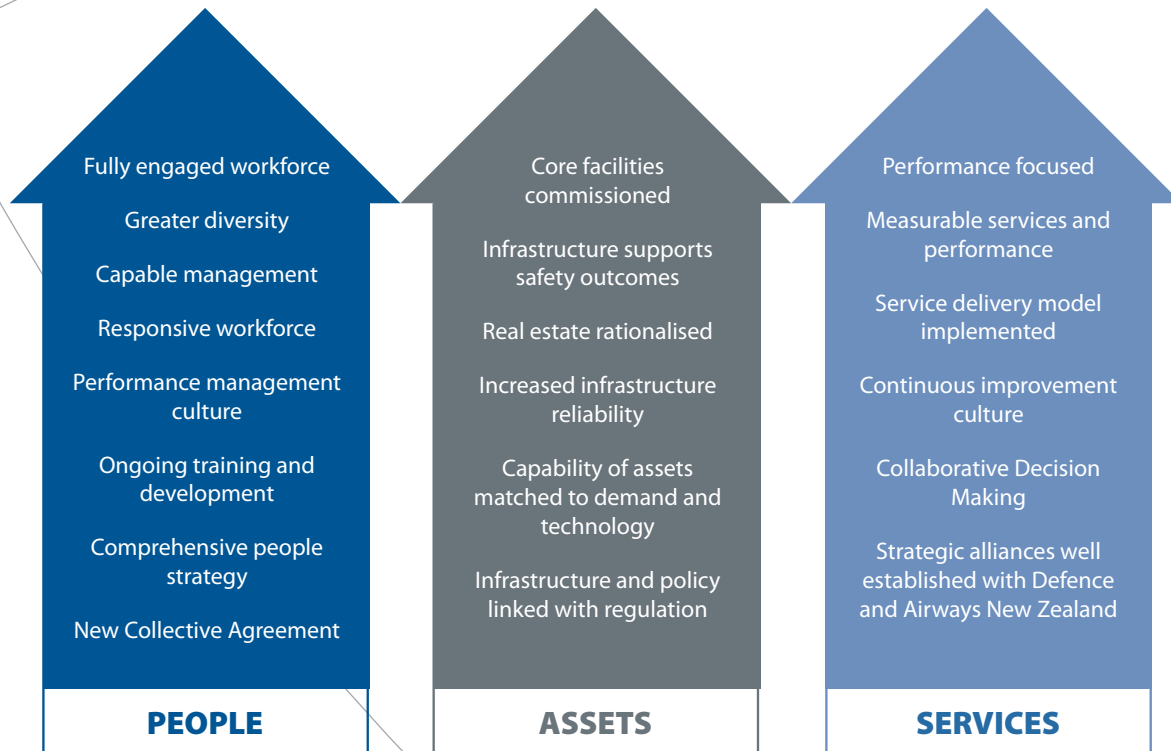
- performing functions in a manner that supports government policy and meets legislative requirements
- maintaining and improving the organisation's financial platform to support investment in infrastructure and deliver a reasonable return on investment.

Building a high-achieving organisation

Airservices will develop its people, leadership and operational capabilities to meet industry's needs. In the medium term, this means pursuing people, systems and service delivery improvements by:

- delivering excellent cost-effective services to customers
- developing a culture of continuous improvement and performance
- developing highly effective team leadership
- developing and retaining a highly skilled and diverse workforce.

Imagine 2013



Delivering the future

Airservices will meet the challenges of a continually changing aviation industry. The organisation has a long history of innovation and intends to remain a global leader in the implementation of new technology that supports greater safety and efficiency, while minimising the effect of aircraft operations on the environment.

This means preparing for the introduction of satellite based technology and partnering with industry to trial new operational concepts through:

- achieving timely implementation of next generation ATM services and technologies in collaboration with customers and other stakeholders, including the community
- fostering safety, harmonisation and integration of ATM in the Asia-Pacific region, with an emphasis on neighbourhood countries
- effectively managing recruitment and development of core talent.

Underpinning Airservices strategic priorities is a comprehensive suite of major initiatives and programs that are outlined in this plan.

Imagine 2013

To achieve its vision, Airservices has aimed its strategic focus on a strategy that describes a set of outcomes that relate to people, assets and services.

In the short to medium term this strategy is being driven by the organisation's Imagine 2013 program.

Imagine 2013 centres the organisation's focus on what its people, assets and services will look like in the near future and what needs to be achieved to support industry as it grows in the years ahead.

It builds on key corporate and business improvement programs of the past five years which are business improvement, working together and customer efficiency.



Our role

Airservices is a Commonwealth Statutory Authority, established by the *Air Services Act 1995*.

Our role is to provide air navigation and aviation rescue and fire fighting services, subject to regulation by the Civil Aviation Safety Authority (CASA), and independent investigation by the Australian Transport Safety Bureau (ATSB).

Airservices is required, as far as is practicable, to minimise the effects of aircraft operations on the environment, promote and foster civil aviation and comply with Australia's international aviation obligations.

In exercising its powers and performing its functions, Airservices regards the safety of air navigation as the most important consideration. Each year, services are provided for over four million flights carrying 73 million passengers across Australian and oceanic airspace covering 11 per cent of the earth's surface.

Air navigation service delivery environments

As the nation's air traffic control provider, Airservices is currently responsible for managing the safe and efficient passage of aircraft from two major centres in Melbourne and Brisbane and locally at 26 towers at international and regional airports across the country.

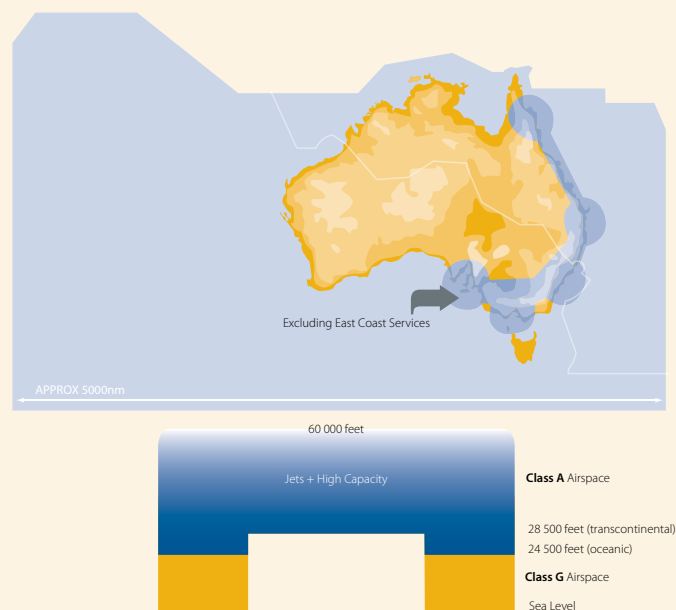
Every minute of every day, Airservices uses its nation-wide communication, surveillance and navigation infrastructure to ensure the national airways system operates safely and efficiently.

Services are delivered under a performance based air traffic management (ATM) framework that is aligned with International Civil Aviation Organisation (ICAO) guidelines and aimed at enhancing performance in safety, the environment, capacity matching, flight efficiency and cost effectiveness.

Airservices has three air navigation service delivery environments; East Coast, Upper Airspace and Regional Services. These are underpinned by an integrated network management service to ensure Airservices provides a cohesive national ATM network through strategic and pre-tactical demand and capacity management.

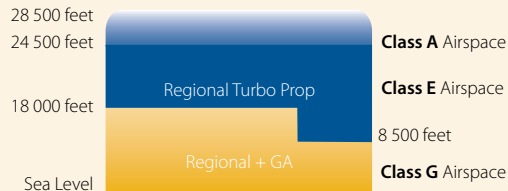
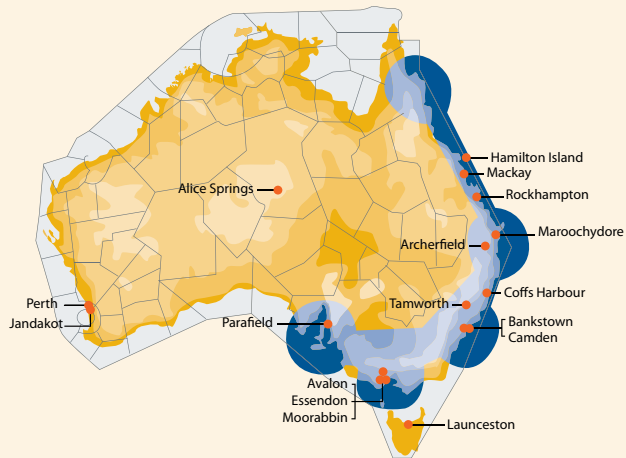
Upper Airspace Services

Upper Airspace Services provides ATM services for high-capacity jet aircraft operating on long-haul routes over continental Australia and oceanic areas.



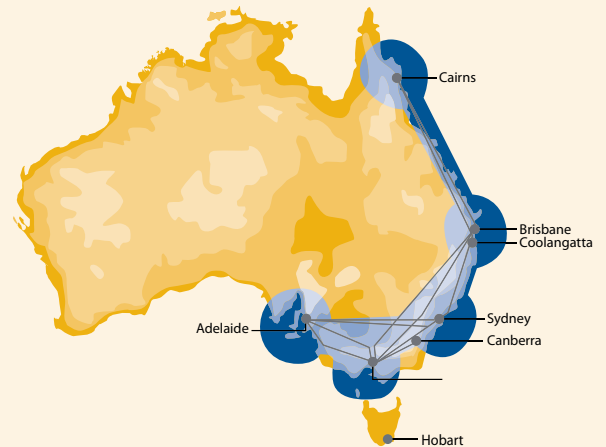
Regional Services

Regional Services covers all classes of regional airspace below flight level 28,500 feet (continental) and flight level 24,500 feet (along the east coast) in which lower capacity RPT and general aviation aircraft operate.



East Coast Services

East Coast Services provides 'gate to gate' ATM services for high-capacity regular public transport (RPT) flights between major east coast cities.



Aviation rescue and fire fighting services

Airservices aviation rescue and fire fighting services are provided at 21 of Australia's busiest airports.

Fire fighters are equipped to respond to fires in aircraft and buildings at airports and provide rescue and first-aid services for aircraft passengers and crew.

Over the next five years, the demand for aviation fire fighting services will increase as the industry grows and the size and frequency of aircraft operations change to meet the influx of new aircraft.

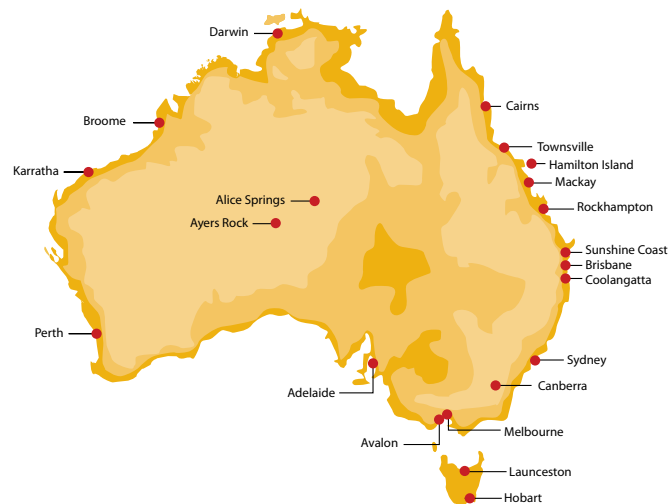
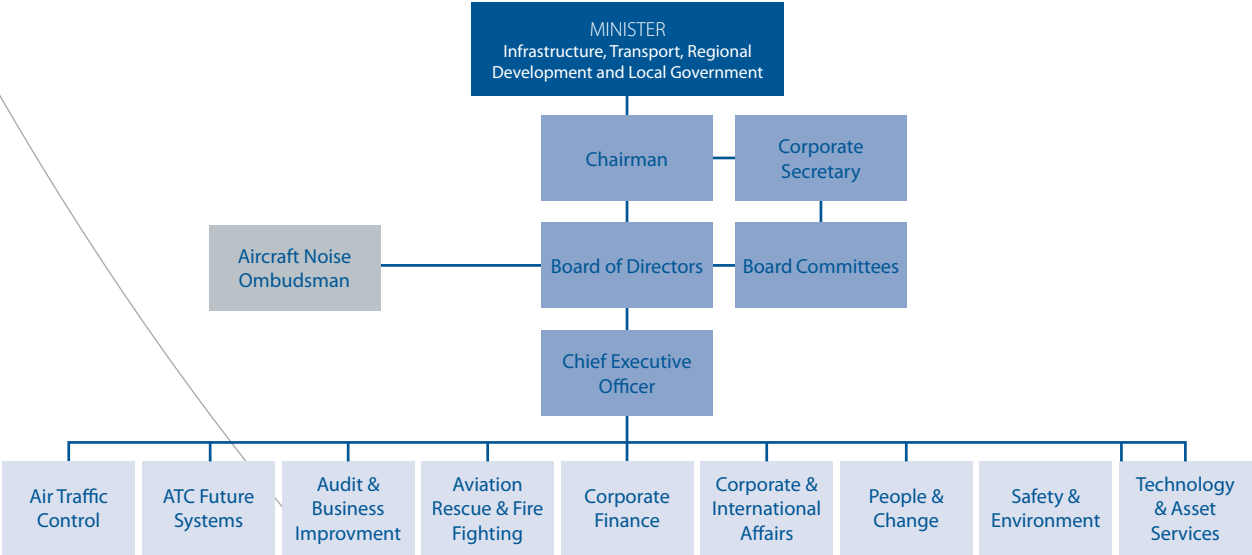


Table 1: Airservices Australia structure



Governance

Airservices is accountable to the Australian Parliament through the Minister for Infrastructure, Transport, Regional Development and Local Government, and its operations are regulated by the Civil Aviation Safety Authority (CASA).

The Minister provides Ministerial Directions (Appendix A) and a 'Statement of Expectations' (Appendix B) which represents a notice of strategic direction concerning the operation and performance of Airservices.

Airservices 'Statement of Intent' (Appendix C) and this Corporate Plan respond to the Government's expectations by identifying the organisation's key strategic priorities and deliverables.

The Board of Airservices oversees a functionally based business structure. The two operational groups—Air Traffic Control (ATC) and Aviation Rescue and Fire Fighting (ARFF)—are supported by a Technology and Asset Services group (TAS) and corporate support groups.

The Board Audit Committee and Board Safety Committee provide oversight on the integrity and safety of Airservices operations while the newly established Board Environment Committee focuses increasing attention on this important area.

In December 2009, the Government released its National Aviation Policy White Paper which sets out the Government's long-term policy objectives for the aviation industry.

Airservices is either directly or indirectly impacted by many of the policy initiatives (Appendix D) and is collaborating with government agencies and industry to implement the initiatives outlined in the White Paper.

An important White Paper initiative is the role of the Aircraft Noise Ombudsman (ANO) which commences on 1 September 2010.

The ombudsman will:

- independently review noise complaints handling procedures and make recommendations for improvements where necessary
- make recommendations to improve Airservices consultation arrangements and the presentation and distribution of aircraft noise-related information to the general public.

International co-operation

Airservices plays an active role in promoting core air navigation safety activities in the region and has developed strong ties with neighbouring air navigation service providers.

This is important because more than two thirds of the air traffic in and out of Australia transits through Indonesian and Papua New Guinea airspace.

The strong relationship Airservices has forged with Airways New Zealand in recent years has provided opportunities to share operational knowledge and experience and has led us to collaborate on a wide range of projects.

Airservices, with the Department of Infrastructure and CASA, contributes significantly to the work of ICAO, which sets international standards for civil aviation and is the global forum for civil aviation.



'Waypoint' is Airservices annual industry consultation forum designed to bring together industry partners to consult on the air navigation issues and initiatives that are critical to the future success of the aviation industry in Australia.

Waypoint 2010 was held on 2 June 2010 and was attended by 130 delegates.

Stakeholders

Airservices has a comprehensive engagement and coordination program with a diverse range of stakeholders.

This includes participation in a wide range of established community forums and industry groups, as well as managing a comprehensive program of direct engagement with individual airlines, airports and government agencies.

Airservices works closely with other government authorities concerned with aviation safety, regulation, policy and search and rescue. These include the Department of Defence, Australian Transport Safety Bureau (ATSB), the Australian Maritime Safety Authority and the Bureau of Meteorology.

Services Charter

Airservices recognises the importance of being held accountable for the way in which it delivers its services.

Through extensive consultation with key stakeholders, Airservices has now developed a Services Charter to describe the services which the organisation provides together with key performance indicators which are set out in the table below and throughout this plan.

Performance measure	Purpose and definition	Performance Standard 2010–11
Air navigation services (ANS)		
Air navigation services availability	Hours of service availability as a % of total hours of coverage	>99.9%
% Restoration times met	Percentage of systems/equipment faults and failures fixed within agreed timeframes	>95%
ATS Attributable Flight Delays (Total)	Number of total ATS attributable flight delay events (where the delay is greater than 10 minutes)	<7 per quarter
ATS Attributed Runway incursions	Number of ICAO Class A or B Airservices ATS attributable runway incursions	<3 per quarter
Aviation rescue and fire fighting (ARFF)		
% ARFF operational preparedness	Percentage of time ARFF resources were available to meet required capacity according to the regulated ARFF service category (level) for the aerodrome	>99%
% ARFF responsiveness	Percentage of total responses to aircraft incidents on the aerodrome movement area within 3 minutes	100%
Stakeholders		
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 its service delivery	>75%



Industry, environment and outlook

Industry trends

Airservices derives the majority of its revenue from charges levied on the aviation industry.

These charges are based on a combination of aircraft weight and distances travelled.

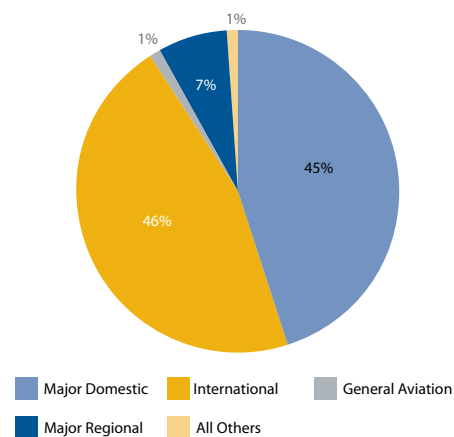
Airways revenue is overwhelmingly sourced from international and major domestic airlines (see Figure 1) where competition is strong and margins are tight.

Industry expects Airservices to provide cost effective services that increase operational efficiency and safety, reduce delays and facilitate fuel burn reductions.

In order to meet these needs, while at the same time building capacity for future growth, Airservices is continually investing in emerging technologies and core infrastructure.

Over the next five years, Airservices will continue to maintain a significant investment program focused on building, upgrading and replacing its air traffic management system and ground and satellite based communications surveillance infrastructure.

Figure 1: Total revenue by category 12 months to April 2010



Economic environment

The impact of the global financial crisis on the international aviation industry was severe, with the industry experiencing its worst ever post-war decline in 2009.

During this same period, the industry was impacted by the advent of Influenza A (H1N1) and renewed security concerns in the United States.

In 2010, the industry is showing signs of recovery but this remains patchy as some airlines are slowly returning to profitability having suffered significant losses in 2008 and early 2009.

On the back of continuing improvements the International Air Transport Association (IATA) halved its industry loss forecast for 2010 to US\$2.8 billion, compared to US\$5.6 billion in December 2009.

These improvements are providing stronger revenues for major operators in the Australian market as load factors and yields particularly in the business market segment appear to be recovering.

The overall forecast of weighted activity growth has historically been linked to the performance of real gross domestic product.

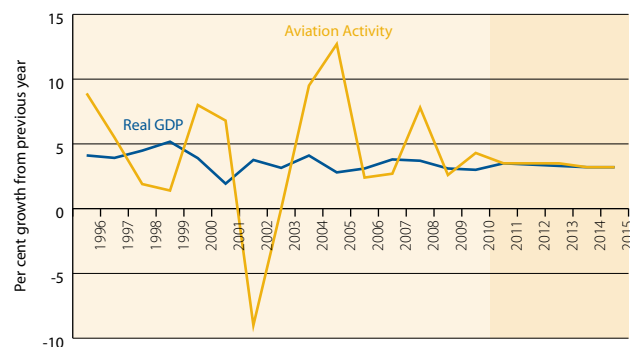
It is anticipated that current economic growth will continue to underpin aviation activity and the need for new air navigation and

rescue and fire fighting services in the short to medium term (see Figure 2).

A forecast of moderate growth in 2009-10 followed by continued growth of approximately 3.5 per cent from 2010-11 and beyond is anticipated.

The forecast is predicated upon the announced aircraft delivery intentions of major international and domestic operators and projected growth in regional Australia brought about largely by an expansion in the mining industry.

Figure 2: Long Term Performance of Real GDP Growth and Aviation Activity Weighted Across Main Service Lines



Planning outlook

Airservices business environment is continually changing and impacted by new opportunities and challenges. These include:

- **Civil/military cooperation:** in the pursuit of a harmonised air traffic management system for Australia will yield savings and efficiencies in operations, training and procurement for both Airservices and Defence.
- **New services:** industry growth and Government safety related regulation has an impact on Airservices service capacity, staffing levels and the establishment of new facilities.
- **Capital expenditure:** requirements exist to fund short term industry requirements and the continual replacement of core infrastructure for the future.
- **Pricing:** the terminal navigation pricing framework and Long Term Pricing Agreement (LTPA) are being reviewed with the goal of implementing a revised pricing model in July 2011.

Impact of outlook

Other impacts that have resulted in changes to the Corporate Plan from the previous year are:

- an adjustment in staffing levels to address higher staff requirement associated with:
 - transitioning GAAP towers to Class D

- transitioning to new tower and ARFF services
- new initiatives to strengthen compliance, safety management, operational training and project management skills
- the establishment of the Aircraft Noise Ombudsman
- an ongoing commitment to a substantial training program to ensure future workforce capability
- the revision of future service delivery plans and capital investment needs to meet safety, environmental and operational improvements.

The combined impact of these changes to the financial plan from the previous year are as follows:

- a small net price increase of 0.5 per cent to 2.0 per cent per annum have been included in this plan
- net profit after tax and dividends over the five-year plan are projected to remain largely in line with the current plan
- gearing is lower than the previous plan and is projected to align with target levels of around 40 per cent across the plan period.

Further details on these projections are in the Financial Plan section.

Airservices
number one priority is
safety



Safety priorities

The integrity and safety of Australia's air navigation system is Airservices most important consideration. Airservices is committed to providing the highest standard of safety for all the services it provides and a safe and healthy working environment for employees, contractors and visitors.

Industry and operations

Airservices industry safety program is aimed at continuous safety improvement and designed to support an increase in air traffic, demands for greater flight trajectory flexibility and continued step-change in surveillance and navigation infrastructure.

The program includes:

- improvements to safety investigation processes and tools to identify and reduce systemic and high consequence risks
- embedding additional safety resources into the development and implementation of capital projects to ensure new systems and infrastructure incorporate 'safety by design'
- establishing runway safety teams at all towered locations in partnership with industry
- supporting Indonesia and Papua New Guinea in their implementation of technology and systems that improve safety.

Workplace

Staff health and safety is a critical component of Airservices safety improvement program and will continue to improve by:

- introducing contemporary risk based fatigue management systems across the organisation
- enhancing processes to ensure regulatory compliance
- continue the roll out of an improved risk management framework
- introducing workplace emergency training for all staffed locations
- reducing the number of workplace incidents and injuries through the 'Homesafe' program which includes early prevention and early return to work initiatives.

Corporate reporting

Safety performance is closely monitored by Airservices through the Board Safety Committee. The performance measures are set out in the table below, and the key initiatives and programs that will drive Airservices safety agenda in 2010-11 are set out in the Major Initiatives and Programs section of this plan.

Performance measure	Purpose and definition	Performance Standard 2010-11
ATS attributed enroute BoS rate	ATS attributed number of enroute breakdowns of separation (BOS) per 100,000 flight hours (12-month moving average)	<1.25
ATS attributed terminal area (TMA) BoS rate	ATS attributed number of terminal area breakdowns of separation per 100,000 movements (12-month moving average)	<1.5
ATS attributed tower BoS rate	ATS attributed number of tower breakdowns of separation per 100,000 movements (12-month moving average) (excluding GA towers)	<1.5
OH&S Incident Rate	Occurrences per 100 staff per month	0.2 (2010-11) 0.1 (2011-12)
Serious Personal Injury	Number of doctor treated injuries per 1,000,000 hours worked	0



Environment priorities

Airservices legislative responsibility is to minimise the impact of aircraft operations on the environment. The two major environmental issues are greenhouse gas emissions and noise.

In addressing these environmental demands, Airservices aims to achieve the lowest possible overall noise impact on the community while improving airspace safety, efficiency and aircraft emissions.

Internally the organisation works towards minimising the consumption of its resources and creating a more environmentally aware and committed organisational culture.

Noise

Aircraft noise is an unavoidable by-product of aviation activity and to varying degrees will impact communities surrounding an airport.

As aviation activity continues to grow there is an ongoing challenge to implement technology and procedures that lessen the impact of aircraft noise and to ensure that communities are appropriately consulted.

Airservices is working to improve this by:

- improving the quality of publicly accessible noise information on aircraft operations and responses to the community
- strengthening noise consultative processes by actively participating in airport and community noise committees and improving consultation with local authorities and the community on key flight path change proposals
- investing in noise monitoring analysis and reporting capabilities to more accurately identify potential aircraft noise impacts
- establishing an Aircraft Noise Ombudsman
- examining alternative operating strategies and technologies to reduce noise impacts on communities.

Emissions

ICAO has committed industry to a two per cent improvement in fuel efficiency per annum until 2020.

Airservices contribution to this target is being achieved through comprehensive industry collaboration initiatives that include:

- the introduction of Collaborative Decision Making (CDM) to reduce flight times on high frequency routes utilising coordinated ground delay programs
- exploring the application of Required Navigation Performance (RNP) technology to improve safety and provide more efficient air routes which minimise flight distance and reduce the impact of aircraft noise on the community
- enhancing national satellite based surveillance systems to allow aircraft to operate at more fuel efficient altitudes
- investing in emission monitoring analysis and reporting capabilities to further understand and reduce aircraft emissions
- participating in programs such as at the Asia and South Pacific Initiative to Reduce Emissions (ASPIRE) and the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE) to reduce greenhouse gas emissions from aviation activities in the region through technological innovation and the promotion of best practice air traffic management procedures.

Footprint

As Airservices continues to maintain and upgrade its facilities, buildings and equipment, it is acutely aware of the opportunities to reduce its overall environmental footprint by:

- establishing targets for new works that meet significantly higher environmental performance ratings for energy efficiency
- implementing water harvesting, waste disposal and energy use initiatives
- continuing staff-focused initiatives that increase awareness of environmentally friendly practices in the workplace and at home.

Corporate reporting

The Airservices Board Environment Committee ensures legislative obligations are met and that there are continuous improvements in environmental impact and performance assessments, monitoring and reporting.

The performance measures are set out in the following table. The key initiatives and programs that will drive Airservices environment agenda in 2010-11 are set out in the Major initiatives and programs section of this plan.



Performance measure	Purpose and definition	Performance Standard 2010–11
Organisation environment		
Energy	Percentage reduction in Airservices annual energy use by normal operations	2% reduction
Water	Percentage reduction in Airservices annual water use by normal operations	2% reduction
Noise measures		
Complaints*	Number of complainants per 100,000 movements	2% reduction
Consultation (excluding those implemented to address immediate safety issues)	Number of procedural changes implemented without consultation in accordance with Airservices Consultation Protocol	0
Noise abatement* (note: an allowance has been made in the target against a 100% compliance for uncontrollable events such as weather.)	Adherence to noise abatement procedures at all controlled aerodromes	90% compliance
Aircraft noise NEU	Noise Enquiry Unit compliance to prescribed response times for complaints and enquiries	95% compliant
Emissions measures		
CO2 Emissions*	Annual improvement in overall fuel efficiency	2% reduction
Fuel use	Increase participation in ASPIRE	2 new participants
Aircraft holding*	Percentage reduction in total airborne holding delay	10% reduction
Continuous Descent Arrival*	Percentage of RNP approaches provided for RNP capable flights at those aerodromes where RNP has been implemented after community consultation in accordance with Airservices Consultation Protocol	55% provision
Flexible Routes*	Percentage of flexible routing accessible to long haul international flights	10% increase

*these measures are trial indicators to allow time for proper monitoring, feedback and assessment of potentially more appropriate targets.



People

Airservices workforce comprises 3,660 staff.

Operational (air traffic control and aviation rescue and fire fighting) and technical specialists comprise 80 per cent of this workforce (2,930).

Workforce strategic plan

Over the past several years Airservices has built a comprehensive workforce plan which is updated annually and provides a critical link between the organisation's strategic objectives and ongoing people initiatives and programs.

An analysis of the overall demographic profile of Airservices workforce (Figure 3) reveals significant challenges for the organisation. Almost 50 per cent of the workforce is aged over 45 years and as these employees prepare for retirement, Airservices needs to prepare for a changing mix of generations and experience within the workforce.

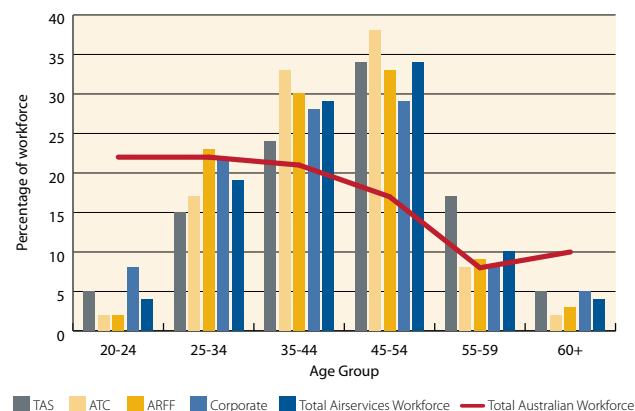
The plan projects the potential attrition of up to 37 per cent of the workforce during the next five years, however unlike planning for previous generations, predicting retirement numbers has become more complex as a result of the global economic crisis and what appears to be an emerging trend of people working past historical retirement ages.

This seems to be the case in Airservices, however it does not mean the organisation is yet in a position to relax its commitment to an extensive recruitment and training program.

The organisation's ageing workforce profile and the tightening Australian labour market will require Airservices to carefully monitor its future requirements and be more innovative and flexible in order to attract and retain people.

As the new entrants to the labour pool market contracts, Airservices needs to recruit employees from previously under represented demographic sectors, most notably women, indigenous and ethnic employees.

Figure 3: Airservices age profile



The Plan outlines a five stream strategy to attract and retain a diverse and highly skilled workforce and a focus on:

- **Building the capability of its people** – to support current and future service and technology demands.
- **Diversifying the workforce** – to increase representation from all sections of the community to optimise the pool of talent available and be competitive in a tightening labour market.
- **Lifting employee engagement** – to develop and prepare the organisation's people for the challenges of the future.
- **Aligning the organisation's values** – to the expectations of industry and acknowledging the need for continuous improvement and change.
- **Developing strong leaders** to guide and motivate the workforce to deliver future outcomes.

Corporate reporting

The performance measures are set out in the table below and the key initiatives and programs that will drive Airservices workforce five stream strategy in 2010-11 are set out in the Major initiatives and programs section of this plan.

Airservices Learning Academy

Airservices future is dependant maintaining a specialised and highly skilled core operational and technical workforce.

The skills required are generally not available in the labour market which forces the organisation to develop and maintain the skills of its people internally.

To support the organisation's short, medium and long term workforce requirements, Airservices established the Airservices Learning Academy in Melbourne in 2007.

Performance measure	Purpose and definition	Performance Standard 2010-11
Employee initiated separation	Cumulative number of employee initiated separations per year as a percentage of the Airservices workplace	<6%
Employee engagement	Percentage increase in employee engagement from the previous year	≥5%

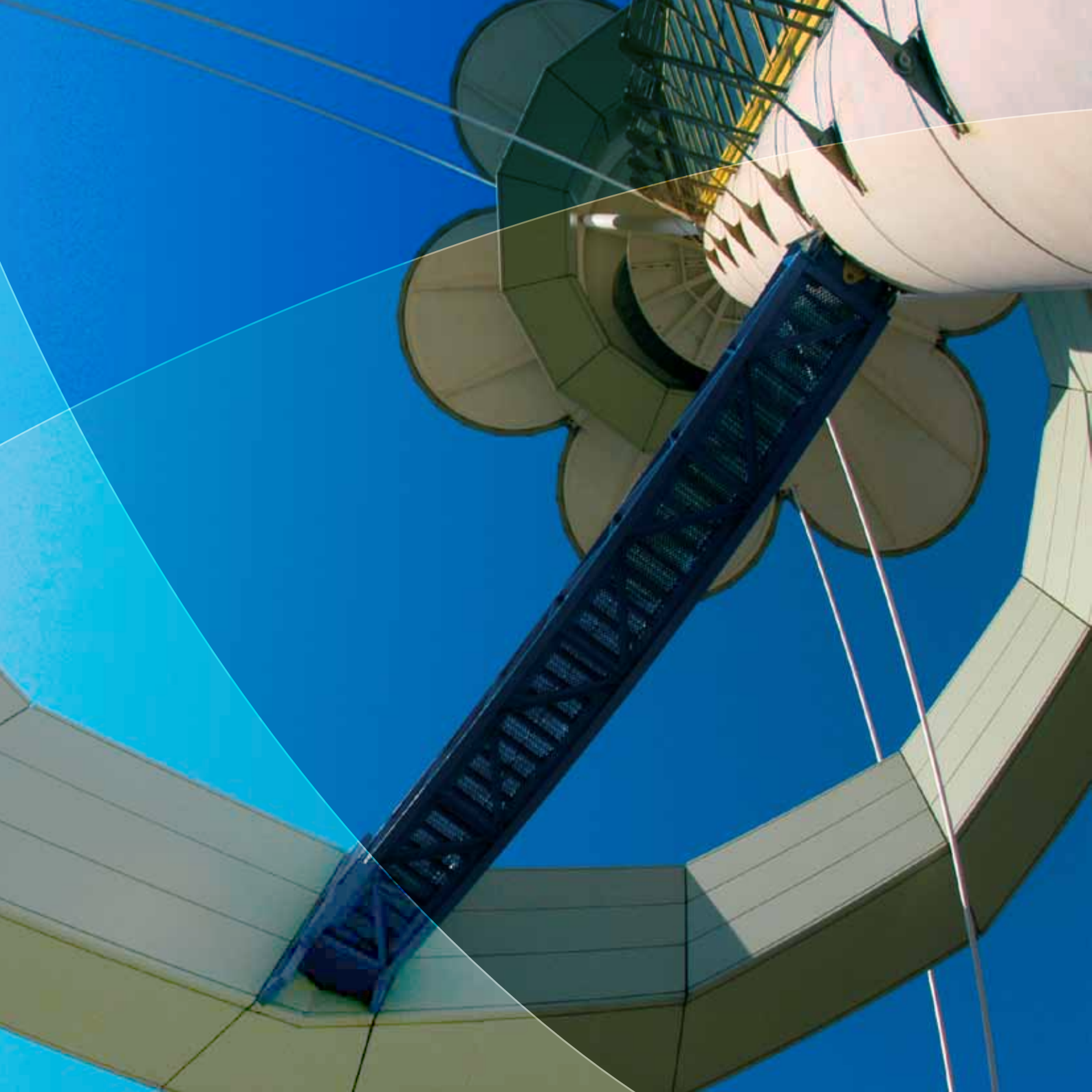
To meet continued operational resource demands, Airservices will implement focused recruitment and training programs to deliver 80-100 new endorsed air traffic controllers per annum over the next four years to offset the impact of retirements and workforce attrition. Three aviation fire fighting recruitment rounds per year, delivering 18-24 new recruits per round, are also scheduled. Both programs are supported by further training to support the career progression of air traffic controllers and aviation fire fighters.

Airservices will also maintain its partnership with the TAFE NSW Riverina Institute in Wagga Wagga to deliver tailored Engineering Diploma courses to technical trainees. Annual intakes of up to 10 engineering/IT graduates and 18 technical trainees will be maintained and supplemented by lateral recruitment of qualified engineers and technical professionals.

The development of senior leadership capability continues to be a key focus for Airservices. The organisation will continue to implement leadership and management training programs and maintain succession plans for senior management and operationally critical roles.

Timely and robust operational training is critical to the development of Airservices future workforce.





Assets and infrastructure

Airservices Capital Works Program is based on long-term asset requirements and identifies critical asset renewals to replace the organisation's ageing asset base and new assets to support new services and functions in line with the service delivery initiatives set out in this plan.

While the program is broadly consistent with the previous corporate plan, some reprioritisation has occurred to take account of the latest long-term asset management plans. The program is revised each year to include emerging changes in the industry's requirements and the availability of new technology.

This corporate plan has re-phased a number of activities in response to compliance, safety and service continuity requirements as well as new service requirements.

The Capital Works Program is classified into three main expenditure types:

- **Replacement (\$591.4m):** replace assets with a like-for-like function/service, usually incorporating technology improvements to enhance operational capability.
- **Upgrade/enhancement (\$166.4m):** a midlife refresh upgrade or functionality enhancement to an existing asset (the core asset remains in place).
- **Build (\$204.4m):** creation of a new asset in support of a new service line or function.

Table 3: Capital expenditure by asset class

Description	2010-11 Plan (\$million)	2011-12 Plan (\$million)	2012-13 Plan (\$million)	2013-14 Plan (\$million)	2014-15 Plan (\$million)	5 Year Total (\$million)
ARFF	30.5	21.6	32.2	20.9	18.9	124.0
Airways IT	43.7	46.5	41.4	43.0	123.0	297.6
Building and Property	67.3	54.1	17.6	23.0	8.0	170.0
Business IT	15.0	18.0	11.3	6.0	7.0	57.3
Communications	8.5	6.7	7.5	11.5	15.0	49.2
Infrastructure	6.6	10.0	16.0	12.0	12.0	56.6
Navigation	14.7	22.1	20.0	13.0	7.0	76.8
Surveillance	15.9	20.7	30.1	26.0	18.0	110.7
Corporate	4.0	4.0	4.0	4.0	4.0	20.0
Grand Total	206.2	203.6	180.0	159.4	212.9	962.2



Major initiatives and programs

Initiatives and programs

Airservices key initiatives and programs are set out under each of the organisation's three strategic priorities:

- delivering excellent core performance
- building a high-achieving organisation
- delivering the future.

These initiatives and programs reflect the need for Airservices to perform in a manner that is consistent with its statutory requirement, government and community expectations for safety, the environment and operational efficiency. Some of these programs may span more than one financial year.





Strategic priority: Delivering excellent core performance

2009/10 Achievements

1. Successful implementation of airspace and procedural changes at GAAP aerodromes, Avalon airport and regional towers.
2. Improved 'Noise and Flight Path Monitoring System' and 'WebTrak' services for the Australian public.
3. Establishment of an Aircraft Noise Ombudsman.
4. Issued new 'smart' personal protective equipment to aviation fire fighters nationally.
5. Provided assistance to the industry through the global financial crisis by freezing prices until July 2011.
6. The Asia and South Pacific Initiative to Reduce Emissions (ASPIRE) partnership group, of which Airservices is a founding member, was awarded the Earl F. Ward Memorial Award, recognising outstanding achievement which added to the quality, safety or efficiency of air traffic control.
7. Commenced Category 7 ARFF services at Karratha.

2010/11 Initiatives and programs

Strategic objective: To efficiently deliver world-class safety performance

- 1.1.** Further develop and implement longer term safety strategies, with a particular focus on embedding initiatives with key business processes by:
 - enhancing incident investigation processes and services
 - enhancing focus on high consequence incidents and systematic issues
 - developing and implementing an investigation process performance monitoring system.
- 1.2.** Improve safety and risk analysis through the development of efficient interfaces with CASA and airlines.
- 1.3.** Implement an integrated Safety Data Management System (SDMS).

Strategic objective: To achieve a safe and healthy work environment

- 2.1.** Implement the second phase of the Workplace Safety Plan, 'Home Safe'.
- 2.2.** Maintain ongoing vigilance in identifying and addressing workplace and occupational health and safety (OH&S) issues through the implementation of key safety initiatives including:
 - developing and implementing a Managers OHS Assurance Program (MAP).
 - implementing enhanced risk controls to reduce the musculoskeletal injury rate through a Body Stress Prevention Program.
 - implementing a revised health surveillance program aligned to workplace risks.
 - improving organisational risk controls for regulated OHS hazards, including electricity and plant.
- 2.3.** Complete the implementation of the Fatigue Management System across all operational and technical domains.

Strategic objective: To minimise the effect of aircraft operations and our footprint on the environment through future-focused environmental initiatives

- 3.1.** Deliver enhanced tools for assessing the environmental impact of proposed changes to airspace, routes and procedures, including noise and emissions modelling capability.
- 3.2.** Continue to improve the role of the National Operations Centre (NOC) as a centralised platform for the delivery of Air Traffic Flow Management (ATFM) with a focus on safety, efficiency and improved on-time performance and aircraft arrival predictability by:
 - enhancing demand and capability management through the implementation of collaborative decision making tools.
- 3.3.** Flexible Use Airspace - Deployment of enhanced capabilities for management and notification of restricted airspace activation/deactivation.
- 3.4.** Required Navigation Performance - Assessing and developing capabilities to allow suitably equipped aircraft to fly multiple high precision flight paths.
- 3.5.** Develop and implement a revised environment policy and strategy via an annual Environmental Work Plan, with a focus on reducing Airservices Greenhouse Gas emissions and minimising the organisation's environmental footprint including:
 - continuing to improve the quality of noise information and responses, via a dedicated Noise Enquiry Service, to the community
 - continuing to improve the quality of public access information provided via the organisation's public information website, Webtrack
 - continuing to enhance the Noise and Flight Path Monitoring System (NFPMS), which provides accurate and near to 'real time' information on aircraft operations
 - continue to maintain and enhance the Sydney Airport Long Term Operating Plan
 - enhancement of noise consultative processes through further participation in airport and community noise committees and improved consultation with local authorities and the community on any route change proposals
 - establishing an Aircraft Noise Ombudsman
 - developing and implement an organisational environmental sustainability awareness campaign
 - working closely with industry and key stakeholders to develop initiatives to minimise Airservices environmental footprint.
- 3.6.** Manage the implementation of the ARFF Environmental Management Plan, with a strong focus on continuous improvement.
- 3.7.** Incorporate ecologically sustainable design principles into new refurbishment and construction projects by adopting a minimum 4.5 Star NABERS energy rating

Strategic objective: To perform functions in a manner that supports government policy

4.1. Maintain effective relationships with the Minister, government agencies, airspace managers, airspace users and the community at large by:

- updating stakeholder engagement plans for all major groups
- maintaining a high level of stakeholder satisfaction, as measured by the annual stakeholder survey
- engaging through regular industry forums, including by conducting Waypoint conference in 2011
- participating in relevant community and industry forums
- conducting an annual stakeholder satisfaction survey.

4.2. Continue to work with Australian Civil-Military ATM Committee (AC-MAC) to support defence harmonisation activities. Development of a joint operational concept and national solutions to replace or enhance current systems including:

- ATM system and facilities
- national workforce training and accreditation
- regulatory compliance and system integrity standards and regulations
- national redundancy of services
- airspace management between the two organisations
- cost recovery and cross charging.

4.3. Develop and implement an engagement strategy, aligned to regional airspace capability and capacity services, with international aid organisations in the Asia Pacific region.

Strategic objective: To maintain and improve the organisation's financial platform to support investment in infrastructure and deliver a reasonable return on investment

5.1. Develop, through consultation with key stakeholders, a new Long-Term Pricing Agreement for the period from 2011 to 2016 that addresses government policy and organisational needs.

5.2. Effective management of Airservices property portfolio, in compliance with building, OHS and property related regulatory and statutory requirements, to deliver appropriate return on investment.



Strategic priority: Building a high-achieving organisation

2009/10 Achievements

1. Increased employee engagement by two per cent to 55 per cent.
2. Received positive stakeholder satisfaction survey results - 82 per cent of respondents indicating they were either satisfied or very satisfied with Airservices services.
3. Launched a 'Women in Leadership Network' within Airservices to double the number of women in the workforce.
4. Launched ARFFSAFE, a new internal safety program to facilitate information flow and ensure safety lessons learnt are applied nationally.
5. Finalised and implemented new staff certified agreements.
6. Continued to build senior management capability via the implementation of the Senior Leadership Program with the Mt Eliza Business School.
7. Delivery of an comprehensive staff engagement program providing staff access to the organisation's Executive management team.

2010/11 Initiatives and programs

Strategic objective: To deliver excellent cost-effective services to customers

- 6.1.** Implement national demand/capacity balancing to be coordinated from the National Operations Centre.

 - 6.2.** Implement Airservices Services Charter including a quarterly report to industry providing:
 - statistics on services delivered
 - performance against the key performance indicators
 - progress against milestones for major capital program projects.

 - 6.3.** Continue to monitor existing and new ATC and ARFF service requirements and implement/upgrade services as set out in the 2010-15 Corporate Plan, including:
 - establishing air traffic control towers/services at Broome and Karratha
 - continuing to prepare for the implementation of Category 10 fire service upgrades at Melbourne, Brisbane and Perth.

 - 6.4.** Deliver best practice asset life cycle management by maintaining and continually improving Asset Management Plan in alignment with operational service delivery plans.

 - 6.5.** Timely and on budget delivery of the Capital Expenditure Program, with particular emphasis on service delivery enhancement projects:
 - National Towers Program.
 - Radar Replacement Programs.
 - Navigation Systems Replacement and Improvement Programs.
-

Strategic objective: To develop a culture of continuous improvement and performance

- 7.1.** Terminal Area Review - review and amendment to operational procedures in terminal areas to improve throughput and increase capacity

- 7.2.** Continue to deliver the ATC Reform Program by:
 - implementing flexible endorsement regime
 - reviewing operational training systems.

- 7.3.** Continue to deliver Business Systems Renovation.

- 7.4.** Instil robust governance and internal compliance practices throughout the organisation in accordance with best practice.

- 7.5.** Achieve an integrated, world class project delivery capability through:
 - the implementation of an enhancement program
 - the introduction of a benefits identification and commitment process to strengthen realisation accountabilities
 - the implementation of strategic supplier management strategies to maximise leverage from the capital works program.

- 7.6.** Increase employee engagement and develop workforce understanding of, and commitment to, the challenges of the future, measured through:
 - annual Employee Opinion survey.
 - regular staff communication and feedback sessions.

- 7.7.** Deliver an improved resource planning (establishment) system.



Strategic objective: To develop highly effective team leadership

- 8.1.** Implement succession plans for senior management roles, and operationally critical roles.
.....
 - 8.2.** Continue to develop management capability to ensure effective leadership across a diversified workforce by:
 - reviewing leadership development activities to support the leadership of a more diverse workforce
 - continuing to build current and future leaders through the Senior Leadership Development Program......
 - 8.3.** Design/develop management and frontline leadership training by:
 - building line management and supervisor capability through structured Management Essentials training......
 - 8.4.** Continue to embed supporting people management systems (work performance system and attendance management systems).
.....
-



Strategic priority: Delivering the future

2009/10 Achievements

1. Commissioned the first satellite-based surveillance system in the world to provide radar-like coverage of aircraft movements across an entire continent. This included the deployment of 28 Automatic Dependent Surveillance Broadcast (ADS-B) ground stations nation-wide, including Lord Howe Island.
2. Commissioned Australia's first Category III Instrument Landing System (ILS) at Melbourne airport.
3. Commissioned a Wide Area Multilateration system in Tasmania, one of the largest geographical deployments of wide area multilateration in the world.
4. Opened a new ARFF fire station at the Sunshine Coast Airport (Maroochydore).
5. Commissioned an Advanced Surface Movement Guidance and Control System at Sydney and Melbourne airports.
6. Completed the Telecommunications Infrastructure Network Replacement (TiNR) project.
7. AC-MAC established and a joint Request for Information (RFI) for harmonised ATC capability was released.

2010/11 Initiatives and programs

Strategic objective: To effectively manage recruitment and development of core talent

- 9.1.** Update the strategic Workforce Plan annually, incorporating key initiatives and programs to support future organisational requirements by:
 - reviewing and defining the workforce numbers and skills needed to support and provide future systems and services
 - developing a Workforce Transition Plan to support ATC Future Systems requirements.

- 9.2.** Diversify the future workforce, with a particular focus on increasing female and indigenous employee numbers by:
 - implementing recruitment systems and processes that encourage candidate diversity
 - delivering diversity training to all staff to enhance diversity awareness across the organisation
 - strengthening 'just culture' initiatives.

- 9.3.** Define organisational values and implement necessary programs to ensure organisational/employee value awareness and alignment.

- 9.4.** Implement training and development programs, with specific emphasis on addressing staffing requirements as identified in the Workforce Plan, including:
 - progressing the establishment of a centralised ARFF training facility.

- 9.5.** Facilitate, in conjunction with the Department of Defence, a national approach to curriculum development, skills accreditation and training for air traffic controllers.

- 9.6.** Continue to enhance workforce capability and capacity through the following Technical Trainee programs:
 - NSW TAFE Riverina Institute (Wagga Wagga campus) Technical Trainee program
 - Radio, Electrical, Property, Mechanical and Lines development program
 - Engineering/Information Technology Graduate Program.

Strategic objective: To foster safety, harmonisation and integration of ATM in the Asia-Pacific region, with emphasis on neighbourhood countries

- 10.1.** Facilitate increased safety, harmonisation and integration of air traffic management in the Asia-Pacific region and, in particular, in Australia's adjoining airspace by:
- implementing the Neighbourhood Program for improved regional planning, operations and safety across adjoining flight information regions
 - fostering and participating in Regional Seamless Airspace initiative
 - providing technical assistance and training and strengthen mutually beneficial partnerships with key civil aviation organisations and Air Navigation Service Providers (ANSP's) in the Asia Pacific region.
-
- 10.2.** ATC Rules and Procedures Harmonisation - harmonisation and integration of ATM procedures in the Asia-Pacific region, with emphasis on neighbouring FIRs to enhance safety and flight efficiency.
-
- 10.3.** Continue to assist navigation service providers in neighbouring countries, such as Indonesia and Papua New Guinea, to build air traffic management capability.
-
- 10.4.** Continue to pursue and implement strategies outlined in the Global ATM Operational Concept.
-

Strategic objective: To achieve timely implementation of next generation ATM services and technologies in collaboration with customers and other stakeholders

- 11.1.** User Preferred Routes (UPR) - Deployment of capabilities to support optimised flight planning, removing the constraints of fixed airways and enhancing operational and environmental outcomes.
- 11.2.** Enhanced Aeronautical Information Management (AIM) - Deployment of enhanced AIM capabilities including the Mercury project, and National Aeronautical Information Processing System (NAIPS) Next Generation.
- 11.3.** Approach with Vertical Guidance (APV) - Progressive deployment of APV procedures to regional controlled and uncontrolled aerodromes.
- 11.4.** Develop concepts of operation for new ATM service models through trials and, as appropriate, implementation of graduated services in regional Australia, including:
 - an assessment, with the assistance of a technology partner, of the feasibility of virtual tower technology.
- 11.5.** Continue development of a concept of operation and capability statement for the replacement of the ATM platform through the investigation of opportunities for collaboration and interoperability with other ATM providers.
- 11.6.** Timely and on budget delivery of key safety related projects:
 - TAAATS Enhancements Programs
 - Deliver Advanced Surface Movement Guidance and Control Systems (A-SMGCS)
 - ADS-B Extension – commissioning a further 19 ground stations
 - Sharing of ADS-B data with Indonesia to support operational situational awareness and safety nets at the FIR boundary
 - Improve data transfer automation
 - Flight Plan Conflict Function (FPCF) Operational Implementation
 - Implement the Multilateration Systems Program.
- 11.7.** Deliver a fully operational and certified Ground-based Ground Based Augmentation System (GBAS) system for CAT-I approach and landing service at Sydney Airport.
- 11.8.** Influence ICAO to deliver outcomes and regulatory change that supports greater innovation and efficiency in the delivery of services, particularly next generation services.



Financial plan

Financial plan

This five year financial plan supports Airservices strategic objectives and builds on the financial outcomes programmed in previous corporate plans.

The plan incorporates the latest economic outlook which anticipates some improvement in economic conditions and maintains the overall financial performance rates projected in the previous plan. The improved economic conditions have also provided capacity to increase necessary capital investment, and reduce previously planned price increases.

Key planning assumptions include improved airways activity growth, a pricing freeze until July 2011, easing funding requirements for Airservices defined benefit component of the AvSuper fund and growth in staff numbers to support the delivery of new services and capital projects.

Pricing

The prices for Airservices core airways services are subject to the price notification provisions of the *Trade Practices Act 1974*. Any increase in prices must be notified to the Australian Competition and Consumer Commission (ACCC) for its review.

In 2005 Airservices set its prices with airlines and other customers using a five-year Long Term Pricing Agreement (LTPA). Endorsed by the ACCC, the LTPA allows pricing to recover all reasonably incurred costs (including a return on capital employed) relating to the delivery of services. This agreement expired in December 2009.

While the 2005 LTPA was set to be renewed in January 2010, the establishment of a new agreement was put on hold. This decision

recognised the prevailing market volatility associated with the global financial crisis, and its potential to effect future pricing projections.

In place of a new agreement, prices have been maintained at current levels with a new agreement to be established in July 2011.

To renew the pricing agreement Airservices plans to develop a pricing proposal in the first half of 2010-11. This will follow pricing development work originally started in 2008-09, work from the 2010 terminal navigation pricing review as well as continued consultation with key industry representatives. Wider industry consultation associated with the pricing development process is planned to reconvene in the first half of 2010-11.

Revenue

A year ago airways revenue growth was projected to be negative over 2009-10 with some recovery forecast for 2010-11. With improved revenue growth performance in 2009-10, the plan now provides a revised revenue profile with growth in 2009-10 followed by a return to long term average growth rates projected from 2010-11 onwards. Price increases are still forecast with the establishment of a new Long Term Pricing Agreement in 2011-12, though these have been moderated.

Revenue increases from new services are still planned, however the timing has changed to reflect updates on projected traffic volumes.

Revenue streams from other commercial activities continue to be revised. The Board's decision to not renew some contracts (including the Airservices Pacific Incorporated towers contract) and maintain its focus on low profit neighbourhood and domestic markets and a revised sales forecast for other products provides a flat other commercial revenue projection over the term of the plan.

Table: 4 Five-year operating and performance projections

Description	2009-10 Forecast ¹ (\$million)	2010-11 Plan (\$million)	2011-12 Plan (\$million)	2012-13 Plan (\$million)	2013-14 Plan (\$million)	2014-15 Plan (\$million)
Net Airways Revenue	767.3	794.2	859.5	898.0	944.7	994.0
Other Commercial Revenue	25.9	23.9	23.7	25.0	26.0	27.9
Total Revenue	793.2	818.0	883.2	923.0	970.7	1,021.9
Staff Costs	462.6	489.0	512.6	531.1	558.0	582.4
Supplier Costs	137.2	156.3	161.3	168.2	171.4	175.6
Depreciation	75.5	88.7	97.3	106.5	119.7	127.2
Total Expenses before Interest and Tax	675.2	734.0	771.2	805.8	849.1	885.2
Performance						
Earnings Before Interest & Tax - EBIT (\$million)	115.5	84.3	112.0	117.2	121.6	136.7
EBIT/Revenue (%)	14.5%	10.3%	12.7%	12.7%	12.5%	13.4%
Return on Assets (%)	13.4%	8.9%	10.5%	10.1%	9.9%	10.4%
Net Profit After Tax (\$million)	68.0	47.2	62.9	63.9	66.6	77.1
Return on Equity after Tax (%)	17.6%	10.6%	13.1%	12.2%	11.7%	12.4%
Gearing ² (%)	32.1%	38.0%	42.3%	41.9%	38.9%	38.1%
Returns						
Dividends ³	25.2	17.3	16.5	19.0	19.6	21.6

Note:

1. April 2010 Forecast

2. Gearing = (Net Debt + Non trading liabilities) / (Net Debt + Non trading liabilities + Shareholders' Equity)

3. Future dividend payments will be affected by the rate of economic recovery and the performance of defined benefit superannuation fund investment returns

Table 5: Five-year operating expenditure projections

Description	2009-10 Forecast ¹ (\$million)	2010-11 Plan (\$million)	2011-12 Plan (\$million)	2012-13 Plan (\$million)	2013-14 Plan (\$million)	2014-15 Plan (\$million)
Investment & Funding						
CAPEX	161.3	206.2	203.6	180.0	159.4	212.9

Operating expenditure

Cost management continues to be a focus over the next five years though Airservices overall cost profile is projected to increase in line with the delivery of new and enhanced services and a larger capital expenditure program.

Some of the projected cost increase is transitional, however the addition of new ATC tower and ARFF services and resources required to deliver the capital program over the next five years has shifted Airservices cost base upwards.

Short term, transitional costs include increases in trainee intakes for ATC and TAS technical staff which are projected to peak over the planning period to address ageing operational staff profiles. Establishment costs associated with the implementation of new technologies and equipment and the impact of a site rationalisation

programs are also projected to add 'one-off' costs to the business over the short term which are set out in the table below.

Depreciation costs continue to trend upwards in line with the capital expenditure plan.

Capital expenditure

This plan includes investment in new capital assets of \$962 million over the next five years. Where historic spend levels have averaged between \$100 million and \$150 million per annum, the capital program now invests in the order of \$200 million per annum in asset replacements, upgrades and builds.

The plan incorporates investment in new equipment and infrastructure, however the majority of the spending increase takes into account peaks in the asset lifecycle renewals. Initially these

Table 6: Investment in new business initiatives and services

Description	2010-11 Plan (\$million)	2011-12 Plan \$million)	2012-13 Plan (\$million)	2013-14 Plan (\$million)	2014-15 Plan \$million)
Environment & Safety Programs	0.9	0.9	0.9	0.9	0.9
Business Improvement Programs	5.8	6.6	5.1	5.3	4.8
Staff Development Programs	0.9	0.5	0.5	0.5	0.5
Total Business Initiatives before new services	7.6	8.0	6.5	6.8	6.2
ANS New Services	3.6	3.6	3.6	3.6	3.6
ARFF New Services	1.5	6.6	6.9	11.1	11.5
New ANS & ARFF Services	5.1	10.2	10.4	14.6	15.1
Total Business Initiatives including new services	12.6	18.2	16.9	21.4	21.3

renewals are driven by major investment in tower infrastructure and technology and back-up navigation aid replacement programs.

As the planning horizon extends toward 2015 the program provides a significant investment that will be required for the strategic replacement and upgrade of Airservices core air traffic management system, TAAATS, which will reach its end of life in the second half of the decade.

Returns

Over the term of the plan, earnings before interest and tax (EBIT) will average \$114 million per annum and provide a return over revenue of 12 per cent and a return over assets of 9.9 per cent.

From 2011, profits are projected to reduce, with revenue growth absorbed by upward shifts in costs on a constant pricing base pending the renewal of the LTPA in 2011-12. Thereafter, profits are projected to return to normal levels as the recalibration of prices provides for the full recovery of service delivery costs.

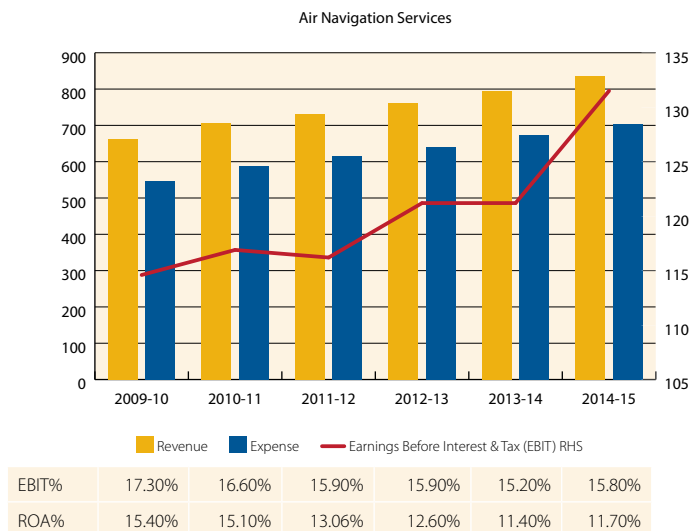
Service line performance

Air navigation services

The revenue derived from the delivery of air navigation services contributes to 85 per cent of Airservices overall business and is therefore used as an indicator of overall organisational performance.

The impact of the financial crisis caused a projected reduction in profit levels however the economic recovery in 2010 has resulted in air navigation services profit remaining level throughout the plan.

Two new tower services planned for Karratha and Broome will add to the air navigation services revenue base in 2010-12 providing for the recovery of additional service delivery costs. Operational efficiency programs factored into the plan to absorb service

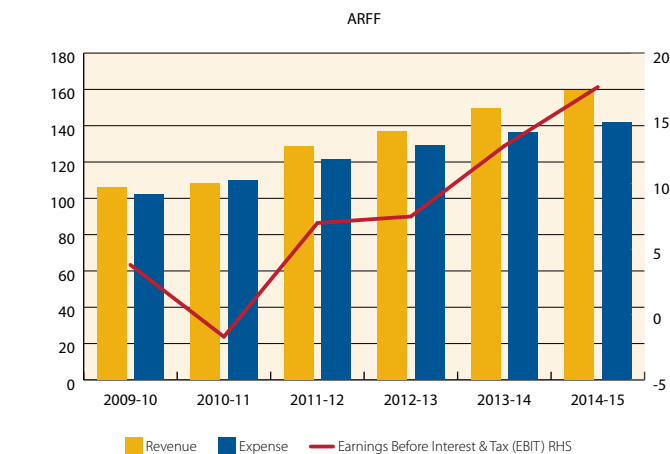


delivery cost increases associated with the transition of General Aviation Aerodrome Procedures (GAAP) towers to Class D have also reduced costs.

Aviation rescue and fire fighting

ARFF profitability is planned to grow over the term of the plan after the 2010-11 price freeze. The recalibration of prices from 2011-12 provides for the full recovery of service costs including costs relating to recently established services and service upgrades.

Revenue growth shown in 2011-12 and 2013-14 takes account of the establishment of three new services and Category 10 service upgrades. These revenue increases provide for normal returns over planned service delivery costs.



EBIT%	3.60%	-1.60%	5.50%	5.40%	8.60%	10.90%
ROA%	3.10%	-1.00%	4.80%	4.70%	7.50%	9.90%

Dividends and gearing

Recognising that there has been some recovery in market performance an increase has been included in the final dividend to be paid to the Government for 2010.

To maintain a reasonable level of reserves to support future critical infrastructure investments, fund the delivery of new and enhanced safety services and ensure adequate capacity to manage potential volatility in defined benefit superannuation contribution requirements, this plan proposes a dividend payout ratio of 30 per cent of net profits after tax.

At this payout ratio, gearing is expected to remain relatively stable over the next five years. Projected gearing peaks at 42 per cent in 2011/12 with cash requirements for super top-ups in 2010, 2011 and 2012 and funding required for capital expenditure growth, then reducing to 38 per cent by 2015.

As was the case in the previous plan, gearing continues to be affected by the performance of Airservices Defined Benefit Superannuation Fund and the actuarial adjustments made to it. While equity write-backs recognised in 2008-09 adversely impacted gearing in the previous plan, improved investment performance in 2009-10 has been projected to reverse some of these write-backs and restore equity.

In total, \$42 million has been allocated in the plan to return superannuation fund assets to target levels. Thereafter, gearing levels reduce providing an average gearing level of 40 per cent over the term of the plan as capital expenditure dips and superannuation funding targets are achieved.



Risk management

Corporate plan risks

Global financial volatility

While there is a gradual improvement in economic conditions both domestic and international, the impact of the global financial crisis still lingers. As a consequence the financial performance of the aviation industry is still experiencing some volatility linked to overall market conditions which could impact Airservices ongoing borrowing requirements and program of capital expenditure.

The plan incorporates some improvement in economic conditions allowing for a moderate price increase over the 2009-10. This will need to be monitored as we develop the new Long Term Pricing Agreement commencing from 1 July 2011.

Additionally, continued general financial market volatility will impact the funding required to maintain superannuation defined benefit levels at appropriate levels.

Action: Maintain a financial strategy that identifies areas of expenditure that could be deferred, to support Airservices cash position should the economy experience further significant shocks, whilst preserving the provision of operational services and the investment in core infrastructure and staff.

Capital expenditure

Capital investment is forecast to continue to grow, over and above historical levels of spending recognising peaks in asset renewal cycles projected to occur over the next five years.

To support this investment growth Airservices has worked to develop additional capability in its resource base to deliver the growing program of work. Looking forward, this corporate plan continues to

factor in additional resource capacity to meet the demands of the capital expenditure program.

A significant proportion of expenditure is being invested to replace assets that have reached the end of their economic lives. Due to the size of the work program there is inherent risk and potential for delivery schedule creep. Where delivery schedules cannot be met, there is a risk that asset support costs may increase and, in extreme cases, outages may lead to service interruptions.

Investment in enabling technologies also increases the possibility for delay. There is potential for bottlenecks in the program to impact the delivery of multiple projects, with linkages across the program making some asset commissioning dependent on the introduction of new technologies.

Action: Project management capabilities and resources have been developed and implemented over the past three years to minimise the risk of schedule slippage and new integrated project delivery models will improve delivery processes.

Long-term pricing

There is a risk that price increases may not be sustainable for industry if future economic growth is weaker than expected, and there is an additional risk that proposed price changes under a new long-term pricing agreement will not be agreed or endorsed. Under such circumstances, existing prices would continue to be levied but it is unlikely that revenue targets could be achieved.

Action: In the immediate term, Airservices will continue to consult industry regarding pricing. Seeking industry participation in the decision-making process, Airservices will ensure that there is a common understanding of what new pricing arrangements (if any) may be introduced, and that any pricing proposal takes account of the varying interests of each industry group.

Foreign exchange rate risk

A proportion of Airservices capital program is sourced from overseas placing the organisation at risk of exposure to foreign currency exchange movements.

Action: Airservices hedging policy minimises foreign exchange impacts on existing projects through forward hedge contracts. Continued application of this policy should minimise the risk of short-term exchange rate volatility for those projects.

Regulatory Change Risk

In line with the National Aviation Policy that sets a vision for maintaining Australia's excellent safety record and the need for investment in new technology to cope with traffic growth, it is likely that there will be changes in the regulatory requirements that Airservices will need to meet. In particular, it is likely that there will be further increases in safety-related services at regional and general aviation locations, including increases in surveillance, as CASA completes its regulatory reform program and Airservices considers the appropriate technologies to comply with the Ministerial Direction on the provision of approach radar services at specific airports. Given these activities are still work in progress, the financial impact cannot yet be quantified.

Action: Airservices will work closely with the Department of Infrastructure and with CASA to ensure that its regulatory obligations are met and assist in the development of options to ensure the cost of regulation does not place an unnecessary burden on the industry.



Management of major loss events

Airservices is committed to best practice risk management and recognises it as integral to corporate governance.

Airservices applies risk management in a well-defined, integrated framework which is aligned with the organisations business processes. The framework meets recognised external standards and associated best practice guidance and is supported by the necessary risk culture, tools, resources and training.

Airservices completed an organisational wide review of its Corporate Risk Management Framework in December 2009 to improve the recognition and integration of risk mitigation strategies into Airservices business planning. The new framework focuses on:

- complete integration of Airservices risk management processes within the business planning cycle
- greater integration and improved capture of risk information for major loss events
- strengthening of ownership and accountability for risks, the performance of controls and mitigators, along with the implementation of new risk controls and mitigators
- alignment of the organisation's audit program with group and enterprise risk profiles
- alignment of the framework and its operation to the Common Risk Management Framework (CRMF) and international standards in risk management.

The organisation applies the Airservices Risk Management Framework to actively identify and manage risks that could affect operational safety, workplace safety, environment, service delivery, financial performance and reputation of the organisation.



Appendices

Appendix A: Ministerial Directions

Appendix B: Minister's Statement of Expectations

Appendix C: Board's Statement of Intent

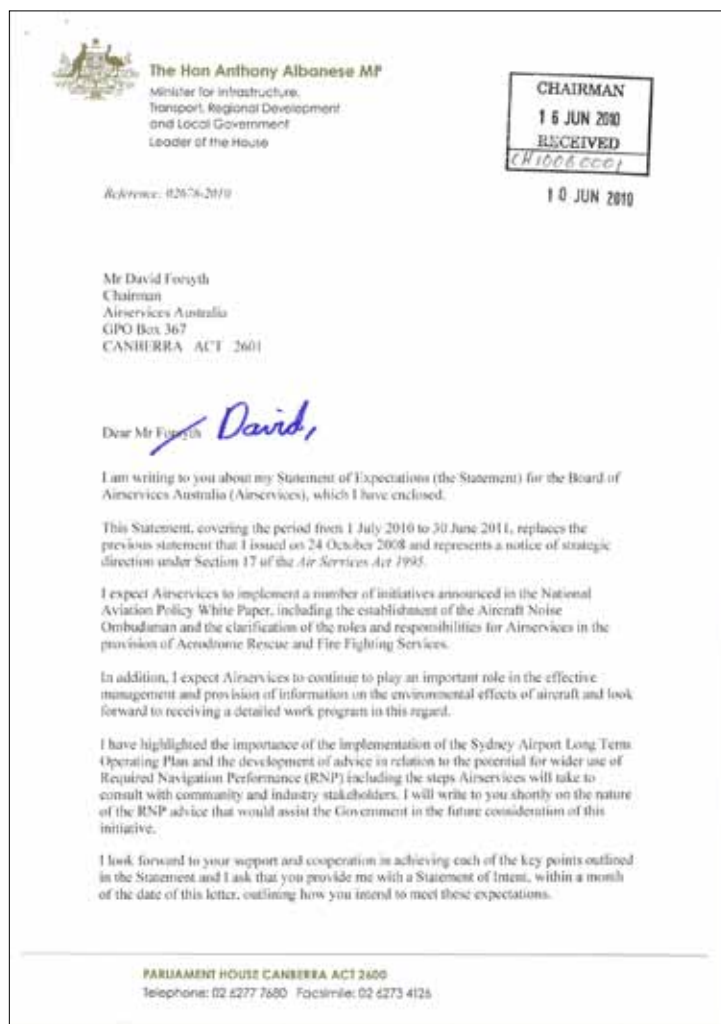
Appendix D: National Aviation Policy Initiatives

Glossary

Appendix A: Ministerial Directions

Calendar year	Date of issue	Subject
1996	29 May	Handling of aircraft noise complaints at Sydney and other federal airports
1997	30 July	Progressive implementation of Sydney Long Term Operating Plan
1999	3 May	Responsibilities in relation to the environmental effects of aircraft
2001	24 December	Reimbursement of en route charges to operators covered by government en route subsidy
2002	14 May	Limitations to the use of Precision Runway Monitor at Sydney
2004	31 August	Provision of approach radar services at specific airports

Appendix B: Minister's Statement of Expectations



It is important to note that in drafting your Statement of Intent, that it outlines appropriate targets and key performance indicators, so that Airservices performance can be measured accordingly.

Yours sincerely



ANTHONY ALBANESE
Enc

**Statement of Expectations
For the Board of Airservices Australia
For the period 1 July 2010 to 30 June 2011**

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 2010 – 30 June 2011. This SOE serves as a notice of strategic direction to Airservices under section 17 of the *Air Services Act 1995*.

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, Transport, Regional Development and Local Government (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. 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.
2. implement relevant air traffic management and other initiatives of the White Paper (in conjunction with the Department, the Australian Transport Safety Bureau (ATSB), the Civil Aviation Safety Authority (CASA) and the Department of Defence as appropriate).
3. engage constructively in processes where it can provide information, assistance or advice for the purpose of policy formulation, implementation and regulation being undertaken by Government agencies, both within and outside my portfolio.

4. assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including the:
 - distribution of information to the public through maintenance and appropriate resourcing of the Noise Enquiry Unit;
 - development of a detailed work program outlining Airservices initiatives in managing, monitoring and reporting on the environmental effects of aircraft;
 - implementation of Sydney Airport Long Term Operating Plan; and
 - development of advice in relation to 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.
5. establish an Aircraft Noise Ombudsman to:
 - conduct independent reviews of noise enquiry and complaints handling;
 - make recommendations for improvements where necessary; and
 - monitor Airservices' consultation arrangements and presentation of noise information with a view to continuing to improve the flow of information to noise affected communities.
6. 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.
7. continue the implementation of a number of agreed joint civil and military aviation harmonisation initiatives in conjunction with the Department of Defence.
8. through a sound financial platform, continue to invest in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program.
9. develop through consultation with key stakeholders, a new Long Term Pricing Agreement for the period 2011 to 2016 consistent with Government policy settings as outlined in the Aviation White Paper.
10. 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.
11. continue to support the Government's aviation safety agenda in the Asia/Pacific region.
12. 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.

Appendix C: Board's Statement of Intent



Airservices Australia
Statement of Intent

This Statement of Intent responds to the Statement of Expectations (July 2010 to June 2011) received from the Minister for Infrastructure, Transport, Regional Development and Local Government. The Statement draws on Airservices Australia's Corporate Plan 2010-2015 which represents the organisation's priorities, specific performance measures and budget outcomes against key objectives and business strategies. Performance indicators and quantitative targets will be reported 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
1. Perform functions in a manner that supports Government policy, specifically the following three aviation goals outlined in the National Aviation Policy White Paper: <ul style="list-style-type: none">• safety remains the highest priority• a responsible approach to managing the environmental impacts of aviation• a coordinated approach to airport planning and investment.	Airservices will ensure that safety system enhancements and infrastructure replacement programs optimise safety benefits as well as develop initiatives to improve the environmental performance of its operations. During the period Airservices will also commence and finish projects that provide services not previously provided to the industry with respect to ground surveillance at airports and air traffic flow management.
2. Implement relevant air traffic management and other initiatives of the White Paper (in conjunction with the Department, the Australian Transport Safety Bureau (ATSB), Civil Aviation Safety Authority (CASA) and the Department of Defence as appropriate).	Airservices will continue to work cooperatively with the Department and other Government agencies through the APG and other forums to implement a range of initiatives contained in the Aviation White Paper.
3. Engage constructively in processes where Airservices can provide information, assistance or advice for the purpose of policy formulation, implementation and regulation being undertaken by Government agencies, both within and outside the portfolio.	Airservices will coordinate and foster aviation industry relationships and intelligence for the benefit of Government policy and will continue its participation 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.

Statement of Expectations		Statement of Intent
4. Assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including: <ul style="list-style-type: none"> • distribution of information to the public through maintenance and appropriate resourcing of the Noise Enquiry Unit • development of a detailed work program outlining Airservices' initiatives in managing monitoring and reporting on the environmental effects of aircraft • implementation of the Sydney Long Term Operating Plan • development of advice in relation to 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. 	<p>Airservices will strengthen its approach to community consultation and engagement. Airservices will continue to implement the Sydney Long Term Operating Plan (LTOP) in accordance with the Government's aircraft noise abatement principles.</p> <p>The potential use of new navigation technologies like Required Navigation Performance (RNP) procedures will be further explored with the objective of providing a balance between more efficient air routes and the reduction of aircraft noise.</p> <p>These initiatives will be undertaken in consultation with airport consultative committees.</p> <p>Airservices will, in consultation with the aviation industry and Government agencies, develop and Integrated Environment Strategy and publish an annual Environmental work plan to record performance against the Strategy.</p>	
5. Establish an Aircraft Noise Ombudsman to: <ul style="list-style-type: none"> • conduct independent reviews of noise enquiry and complaints handling • make recommendations for improvements where necessary • monitor Airservices' consultation arrangements and presentation of noise information with a view to continuing to improve the flow of information to noise affected communities. 	<p>The Board of Airservices will establish the office of the Aircraft Noise Ombudsman by 31 July 2010 and develop protocols for responding to and reporting the findings of the Aircraft Noise Ombudsman.</p>	
6. 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 regulation 1988.	<p>Airservices will deliver a five-year implementation program for key Aviation Rescue and Fire Fighting (ARFF) service delivery enhancement initiatives and will continue to work with the Department, State authorities and federally-leased airports to deliver ARFF services nationally.</p>	
7. Continue the implementation of a number of agreed joint civil and military aviation harmonisation initiatives in conjunction with the Department of Defence.	<p>Airservices will strengthen its relationship with Defence and increase its efforts to implement a range of collaborative initiatives.</p>	
8. Through a sound financial platform, continue to invest in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program.	<p>Airservices will maintain and deliver a substantial ongoing capital expenditure program as outlined in its Corporate Plan 2010 – 2015 and will aim to achieve a reasonable return on fixed assets.</p>	

Statement of Expectations		Statement of Intent
9. Develop through consultation with key stakeholders, a new Long Term Pricing Agreement for the period 2011 to 2016 consistent with government policy setting as outlined in the Aviation White Paper.		Airservices will continue to engage in an extensive industry consultation process to develop a Long Term Pricing Agreement (LTPA) proposal by end November 2010. A new LTPA will be completed by early 2011.
10. 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.		Airservices will focus on increasing diversity, training, succession planning, developing senior management capability and motivating staff to remain with the organisation. An updated Workforce Plan will be completed by end June 2011.
11. Continue to support the Government's aviation safety agenda in the Asia/Pacific region.		Airservices will continue to provide ongoing support to the Indonesian Transport Safety Assistance Package; it will deliver on its agreement with its counterpart in Papua New Guinea and will continue to work with Airways New Zealand towards regional (Australasian) operational solutions that enhance performance and improve safety.
12. 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.		Airservices will continue to manage its affairs with diligence and in compliance with relevant legislative requirements and applicable Government policies. To enhance the accountability of management, an extensive internal audit program will continue with Board Audit Committee oversight. Board oversight will continue on the safety of Airservices operations and the newly established Board Environment Committee will focus increasing attention on this important area.

Appendix D: National Aviation Policy Initiatives

Key actions arising from the White Paper include:

- the early establishment of an Aircraft Noise Ombudsman to oversee the handling of aircraft noise enquiries and complaints, conduct independent review of noise complaints handling and make recommendations for improvements where necessary
- investment by Airservices of more than \$900M to renew, replace and build national aviation infrastructure over the next five years
- the wider adoption of satellite based navigation and surveillance systems to ensure Australia remains up to date with global standards
- a move towards greater harmonisation of civil and military air traffic management, with the objective of developing a joint operational concept
- continue to develop aviation skills training particularly in regional Australia, through initiatives such as the Airservices traineeship scheme at Wagga Wagga
- continue to partner and offer assistance to neighbouring air navigation services providers to improve air traffic management systems and capability in the region
- making Airservices legally obliged to provide ARFFS for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety Regulations 1988 and clarifying the scope of ARFFS so that it relates to areas of an airport which are used or intended to be used for aviation activities and/or for activities closely connected with aviation activities. This will assist Airservices and relevant state or territory fire authorities regarding the coordination and responsibility for the provision of non-aviation and rescue and fire fighting services at the airport, in consultation with airport operators.

Appendix E: Performance measures

Airservices performance measures for 2010-11 are outlined below.

Performance measure	Purpose and definition	Performance Standard 2010-11
Air navigation services (ANS)		
Air navigation services availability	Hours of service availability as a % of total hours of coverage	>99.9%
% Restoration times met	Percentage of systems/equipment faults and failures fixed within agreed timeframes	>95%
ATS Attributable Flight Delays (Total)	Number of total ATS attributable flight delay events (where the delay is greater than 10 minutes)	<7 per quarter
ATS Attributed Runway incursions	Number of ICAO Class A or B Airservices ATS attributable runway incursions	<3 per quarter
Aviation rescue and fire fighting (ARFF)		
% ARFF operational preparedness	Percentage of time ARFF resources were available to meet required capacity according to the regulated ARFF service category (level) for the aerodrome	>99%
% ARFF responsiveness	Percentage of total responses to aircraft incidents on the aerodrome movement area within 3 minutes	100%
Safety		
ATS attributed enroute BoS rate	ATS attributed number of enroute breakdowns of separation per 100,000 flight hours (12-month moving average)	<1.25
ATS attributed terminal area (TMA) BoS rate	ATS attributed number of terminal area breakdowns of separation per 100,000 movements (12-month moving average)	<1.5
ATS attributed tower BoS rate	ATS attributed number of tower breakdowns of separation per 100,000 movements (12-month moving average) (excluding GA towers)	<1.5
OH&S Incident Rate	Occurrences per 100 staff per month	0.2 (2010-11) 0.1 (2011-12)
Serious Personal Injury	Number of doctor treated injuries per 1,000,000 hours worked	0
Environment - Organisation		
Energy	Percentage reduction in Airservices annual energy use by normal operations	2% reduction
Water	Percentage reduction in Airservices annual water use by normal operations	2% reduction
Noise		
Complaints*	Number of complainants per 100,000 movements	2% reduction
Consultation	Number of procedural changes implemented without consultation in accordance with Airservices Consultation Protocol	0 (excluding those implemented to address immediate safety issues)

Performance measure	Purpose and definition	Performance Standard 2010–11
Noise abatement* (note: an allowance has been made in the target against a 100% compliance for uncontrollable events such as weather.)	Adherence to noise abatement procedures at all controlled aerodromes	90% compliance
Aircraft noise NEU	Noise Enquiry Unit compliance to prescribed response times for complaints and enquiries	95% compliant
Emissions		
CO2 Emissions*	Annual improvement in overall fuel efficiency	2% reduction
Fuel use	Increase participation in ASPIRE	2 new participants
Aircraft holding*	Percentage reduction in total airborne holding delay	10% reduction
Continuous Descent Arrival*	Percentage of Required Navigation Performance (RNP) approaches provided for RNP capable flights at those aerodromes where RNP has been implemented after community consultation in accordance with Airservices Consultation Protocol	55% provision
Flexible Routes*	Percentage of flexible routing accessible to Long haul International flights	10% increase
People		
Employee initiated separation	Cumulative number of employee initiated separations per year as a percentage of the Airservices workforce	<6%
Employee engagement	Percentage increase in employee engagement from the previous year	≥5%
Stakeholders		
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 Airservices service delivery	>75%
Financial		
% Earning before interest & tax/ revenue (Airservices)	Earnings before interest and income tax as a percentage of total revenues	10.3%
% Return on assets (Airservices)	Earnings after interest and tax as a percentage of total average fixed assets	8.9%

* - these measures are to be considered trial indicators to allow time for proper monitoring, feedback and assessment of potentially more appropriate targets.

Glossary

ACCC	Australian Competition and Consumer Commission	FPCF	Flight Plan Conflict Function
ADS-B	Automatic Dependent Surveillance Broadcast	GA	General Aviation
AIM	Aeronautical Information Management	GAAP	General Aviation Airport Procedures
ANO	Aircraft Noise Ombudsman	GBAS	Ground-based Augmentation Landing System
ANS	Air Navigation Service	IATA	International Air Transport Association
ANSP	Air Navigation Service Provider	ICAO	International Civil Aviation Organization
APEC	Asia-Pacific Economic Cooperation	INSPIRE	Indian Ocean Strategic Partnership to Reduce Emissions
API	Airservices Pacific Incorporated	LTPA	Long Term Pricing Agreement
APV	Approach with Vertical Guidance	MLE	Major Loss Event
ARFF	Aviation Rescue and Fire Fighting	NAIPS	National Aeronautical Information Processing System
ASPIRE	Asia and South Pacific Initiative to Reduce Emissions	NOC	National Operations Centre
ASTRA	Australian Strategic Air Traffic Management Group	OH&S	Occupational Health and Safety
ATC	Air Traffic Control	RNP	Required Navigation Performance
ATFM	Air Traffic Flow Management	ROA	Return on Assets
ATM	Air Traffic Management	RPT	Regular Public Transport
ATS	Air Traffic Service	SARS	Severe Acute Respiratory Syndrome
ATSB	Australian Transport Safety Bureau	SDEs	Service Delivery Environments
BoS	Breakdowns of Separation	TAFE	Technical and Further Education
CANSO	Civil Air Navigation Services Organisation	TAS	Technology and Asset Services
CAPEX	Capital Expenditure	TMA	Terminal Manoeuvring Area
CASA	Civil Aviation Safety Authority	UAS	Upper Airspace Service
CDM	Collaborative Decision Making	UPR	User Preferred Routes
EBIT	Earnings Before Interest and Tax	VHF	Very High Frequency
FIR	Flight Information Region	WAM	Wide Area Multilateration



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