



# 20

Annual Report  
14-15



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**For all enquiries contact**

Manager Corporate Communication  
Airservices Australia

**Address**

Alan Woods Building  
25 Constitution Avenue  
Canberra ACT 2600  
Australia

**Mail**

GPO Box 367  
Canberra ACT 2601  
Australia

**Phone**

+61 2 6268 4111  
1300 301 120

**Fax**

+ 61 2 6268 5693

**Email**

info@airservicesaustralia.com

**Website**

www.airservicesaustralia.com

**ABN**

59 698 720 886

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Manager, Corporate Communication  
Airservices Australia  
GPO Box 367  
Canberra City ACT 2601  
Telephone (02) 6268 4867  
Fax (02) 6268 5688

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## Letter of transmittal



Chair

GPO Box 367, Canberra ACT 2601  
25 Constitution Avenue, Canberra ACT 2601

t 02 6268 4859

f 02 6268 5686

[www.airservicesaustralia.com](http://www.airservicesaustralia.com)

ABN 59 698 720 886

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

Dear Deputy Prime Minister

Airservices Annual Report 2014–15

On behalf of the Board of Airservices Australia, I am pleased to submit to you the Airservices Australia Annual Report for the financial year 2014–15.

The report has been prepared in accordance with the requirements of the *Air Services Act 1995* and the *Public Governance, Performance and Accountability Act 2013* which requires Airservices to provide an annual report for tabling in Parliament.

The report outlines the achievements and milestones met by Airservices, and includes a review of operations and financial statements for the year ending 30 June 2015.

Yours sincerely

A handwritten signature in black ink, appearing to read "Angus Houston". The signature is fluid and cursive.

Air Chief Marshal Angus Houston AK, AFC (Ret'd)  
Chair  
Airservices Australia  
30 September 2015



## Chair's report

I am pleased to present the Airservices Annual Report 2014–15. This year has been a challenging and rewarding year, both for me personally and for the aviation industry.

I was delighted to be reappointed as the Chair of Airservices Board for a further two years. This is an important time for the organisation, and I look forward to continuing the work of the past three years.

Airservices, like the broader aviation industry, is managing through a time of transformation. The transformation we are undertaking is built on the cornerstone of safety first as we continue to deliver one of the best air traffic management safety systems world wide.

Following the tragic disappearance of Malaysian Airlines MH370, global attention focused on aircraft tracking. In response to this, the Board and I were very pleased that Airservices was instrumental in developing and leading an aircraft tracking initiative in collaboration with our major customers—Qantas, Virgin Australia and global satellite provider Inmarsat—to closely monitor flights in oceanic areas.

Australia has now become one of the first countries in the world to undertake to more closely track all suitably equipped flights in its oceanic airspace following the expansion of the trial.

Our air traffic controllers are now able to monitor international aircraft flying in our airspace every 14 minutes. This reporting interval can be further reduced to one minute in case of an emergency or if the aircraft deviates from its assigned route.

Data from our work will be used to inform ongoing international efforts to develop global standards and comprehensive solutions for future aircraft tracking.

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This has also been a year where Airservices continued its important investment in capital works, and increased our focus on delivering value for our customers.

Today we face the challenges of a truly interconnected world, rapid advances in technology and increased aircraft traffic growth. Now, more than ever, there is pressure on infrastructure and service providers like Airservices to deliver increasing value for our customers in terms of operational efficiency and cost reduction.

The Board and I also took great pride in announcing at Avalon Airshow on 27 February, that Thales Australia had been chosen to commence work with Airservices and the Royal Australian Air Force to develop OneSKY Australia.

OneSKY is a critical transformation of our air traffic management in our aviation history. We are rebuilding the infrastructure of our skies to ensure Australia will have the most advanced and integrated air traffic control system in the world.

In 2015, we celebrate our 20th year as an organisation, following the division of the former Civil Aviation Authority into Airservices and the Civil Aviation Safety Authority in 1995. During this 20 year period we have seen significant change within the industry, from improved aircraft that are quieter and more fuel efficient, to the latest satellite technology, and of course a substantial increase in passenger movements around the world. Airservices has been at the forefront of significant advancement in our air traffic management over the past two decades. The next 20 years look just as exciting and these will be underpinned by our delivery of OneSKY.

At Airservices, we understand the pressures facing our customers and the aviation industry in general. As we commence work on the 2016–2021 Long Term Pricing Agreement, these pressures will be taken into account, as will the balance between affordable charges and cost recovery for crucial infrastructure development to meet our regulatory requirements and maintain the highest standard of aviation safety.

All of our accomplishments would not be possible without our people who are genuinely invested in delivering the best outcomes possible for the organisation, our customers and our stakeholders.

It has been a pleasure to serve as the Chair of the Airservices Board and to lead a team of professional staff who are committed to delivering for our customers and keeping Australia flying safely. I look forward to my next two years in the role.



**Air Chief Marshal Sir Angus Houston**  
**AK, AFC (Ret'd)**  
Chair



## Chief Executive Officer's report

Australia depends on aviation to link its people with each other and to the rest of the globe, and during the past year we have continued to perform our role – providing safe, secure and efficient air navigation and aviation rescue fire fighting services, with passion and precision, underpinning a range of business, trade and tourism activities for the aviation industry, the community and the nation.

Aviation is an enabling industry contributing directly and indirectly to Australia's economic prosperity, and during the 2014–15 financial year, our services helped to deliver approximately 90 million passengers flying on more than four million flights safely and securely to their destinations.

The past year has been one of great progress for the aviation industry generally, and in particular for us as we undergo the transformation of our business, and break new ground as we continue to deliver services to the industry.

In February, we reached a fundamental milestone, with Thales Australia chosen to commence advanced work with Airservices and the Department of Defence to replace the civilian and military air traffic control systems. This replacement of our core operational air traffic management system with one harmonised system is being delivered as part of the OneSKY Australia Program, and will ensure that Australia has the most advanced and integrated air traffic control system in the world, allowing us to provide operational efficiency improvements for future growth and ensure we are meeting the demands of our customers and delivering them value for money.

Notably, we have just reached our 20th anniversary, and it is interesting to reflect on the evolution of aviation, the technology we use and how air travel has increased during the past two decades.



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Our air traffic flow management (ATFM) program is one of a number of measures implemented to drive fuel efficiencies, reduce emissions and enhance safety for airlines and operators and continues to deliver savings to our customers. This year an independent study reported that the ATFM ground delay program, which streamlines air traffic management, has resulted in a combined annual saving of around 8700 hours in airborne delay time across four major airports – Sydney, Melbourne, Brisbane and Perth. The study suggests that with a 60 per cent increase in Australia’s air traffic expected by 2030, these savings could increase to 14 300 hours, or 1.3 minutes per flight, and \$37.3 million in annual fuel savings by 2022.

Other important initiatives this year include greater use of flexible air traffic routes and User Preferred Routes that allow airlines to maximise their flight routes. And importantly, December marks the 10th anniversary of Automatic Dependent Surveillance – Broadcast technology for the safe and efficient separation of aircraft in Australia’s airspace.

During the past year we continued to focus on enhancing and maintaining our excellent safety record as well as continuing to deliver a broad range of services that will meet the challenges of the future, enabling our customers and the aviation industry to operate more efficiently and effectively, without compromising safety.

We recently signed a contract to expand the installation of world-leading technology Integrated Tower Automation Suite into our air traffic control towers at the Gold Coast, Perth, Cairns and Brisbane airports following the successful introduction of this technology in Melbourne, Adelaide, Rockhampton and Broome.

We also opened aviation rescue and fire fighting stations in Coffs Harbour, Ballina, Gladstone and Newman, significantly enhancing our services and safety at regional airports.

I am also proud that we are playing a role in improving tracking of aircraft in oceanic and transcontinental airspace, an initiative that was implemented quickly, safely and with no disruption to normal airline operations. This could not have been possible without the cooperation of our regional partners, airlines and others in the Australian aviation industry.

Of course, it is not only technology that is important but also the work we do to improve the environmental impact of aviation on the community. We have been working closely with a number of communities to deliver improved noise outcomes and this work contributes towards our aim of establishing world best practice in managing aircraft noise. In addition our newly commissioned water recycling plant at the hot fire training ground facility in Melbourne will save more than 30 million litres of drinking water each year.

During the year we undertook to deliver our very first sustainability report. This will provide our customers and stakeholders with a transparent view of our operations and a clear direction and focus for us as we plan for a more sustainable future.

Airservices is also committed to preserving Australia’s aviation heritage as well as fostering the growth of future pioneers of our industry. As part of our commitment this year we awarded a number of flight training scholarships in conjunction with the Australian Womens Pilots’ Association, Royal Federation of Aero Clubs of Australia and Recreational Aviation Australia to assist young people to complete their flight training. We also sponsor the Civil Aviation Historical Society, The Airways Museum located at Essendon Airport, and this financial year the Historical Aircraft Restoration Society as it works to complete its restoration of the Southern Cross II.

We have also been recognised for excellence and innovation in air traffic control training at the Transport and Logistics Industry Skills Council Awards for Excellence.

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To continue to perform our role with world-leading standards we must evolve our organisation, and the continued transformation of Airservices is one of my priorities. I see the future of the aviation industry as exciting and rich in opportunity. I know that we will be able to manage all that eventuates as we have the most important factor in our favour—a dedicated and talented workforce.

I'm sure you join me in wishing our previous Chief Executive Officer, Margaret Staib, all the best in her future endeavours. Margaret played a large role in many of the achievements mentioned above.

Finally, a sincere thank you to all of our people, customers and stakeholders for your continued support and I look forward to working with you all as we deliver world leading industry performance.



**Jason Harfield**  
Acting Chief Executive Officer





01

WHO WE ARE

## Who we are

Our primary role is to provide air navigation and aviation rescue fire fighting services for the aviation industry and community.

We are committed to improving our efficiency, meeting aviation capacity demands and minimising the environmental impact of our operations, including those that impact the community.

We aim to place the customer at the heart of everything we do, and understand and respond to their changing needs while continuing to hold safety as our highest priority. We do this through our work with our customers, stakeholders, industry and government partners, and by seeking outcomes for a more responsible and sustainable future for the Australian aviation industry.

Our position within the aviation industry provides us with a unique, whole-of-industry perspective. We provide information vital to measuring and improving performance across the entire industry, and are a link between airlines, airports, air traffic management, and navigation services and systems.

## Our role

Every year we manage more than four million aircraft movements carrying more than 90 million passengers, and provide air navigation services across 11 per cent of the world's airspace.

We have two major operating centres in Melbourne and Brisbane and a corporate office in Canberra. We operate 29 air traffic control towers at international and regional airports, and provide aviation rescue fire fighting services at 26 of Australia's busiest airports.

## Our mission

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

## Our vision

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

## Our values

**Excellence**—we work to make everyone successful by engaging with others, delivering on our commitments and always looking for the best possible outcome.

**Inclusion**—we foster a welcoming, diverse and professional workplace where everyone is able to contribute to or understand the decisions that affect them in an open and transparent way.

**Cohesion**—we work together to connect our organisation and our industry by actively engaging with others, drawing on experience and sharing knowledge and information.

**Initiative**—we make a difference by identifying innovative solutions and seeking to continuously improve.

**Courage**—we do what is right and speak up. We challenge ourselves, others and the status quo.



# DELIVERING FOR OUR CUSTOMERS



**Managed four million flights moving 90 million people**



**Reduced delays at major airports by 8700 hours and cut airline fuel costs by \$18 million**



**Significant progress on delivery of a world-leading air traffic management system, OneSKY Australia**



**Our aviation rescue  
fire fighting service  
responded to 6702  
calls nationally and  
saved 13 lives**



**Delivered closer  
aircraft tracking in  
oceanic areas**



**Improved aircraft  
noise outcomes for  
communities**



02

**CORPORATE  
OVERVIEW**



## Principal activities

Airservices was established under the *Air Services Act 1995* and is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*. Our primary role is to provide air navigation services and aviation rescue fire fighting services, which are regulated by the Civil Aviation Safety Authority (CASA).

Our air traffic control services are delivered according to *Civil Aviation Safety Regulations Part 171* and *Part 172* and underscored by a performance-based air traffic management framework that is in line with International Civil Aviation Organization (ICAO) standards.

We operate under a number of Acts and more information on these is available at [www.airservicesaustralia.com/acts-and-regulations](http://www.airservicesaustralia.com/acts-and-regulations)

Our organisation is also responsible for providing safe, secure, efficient and environmentally responsible air traffic management and related services in the Australian flight information region. We also provide—under contract to the governments of Solomon Islands and Nauru—air traffic management in the upper airspace of the Honiara and Nauru flight information regions.

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

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

**FIGURE 1** Australian Flight Information Regions



We continue to engage with our stakeholders through regular participation in Community Aviation Consultation Groups and attend industry forums and briefings to develop a common understanding on current and future service delivery requirements. A list of stakeholders and organisations we engage with is available at appendix 8.

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

Ongoing performance monitoring is also an essential part of our commitment to continually improve our services to customers and stakeholders.

We deliver:

- en route and terminal air traffic services
- accredited and operational training through our Learning Academy
- aeronautical data services, such as charts and departure and approach procedures
- management of airspace usage
- tower services at 29 airports
- aviation rescue fire fighting services at 26 airports
- noise complaint and information services
- management of Australian national air navigation infrastructure.

We manage more than four million flights each year and maintain an asset base valued at more than \$1 billion, including 1044 facilities at 739 sites. A list of major air traffic control and aviation rescue fire fighting facilities is available at [www.airservicesaustralia.com/about/our-facilities](http://www.airservicesaustralia.com/about/our-facilities)

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

We are a world leader in the adoption of advanced communication technology, navigation and surveillance systems. We work closely with Australian Government organisations, particularly those concerned with aviation safety, regulation and search and rescue. These include the Department of Infrastructure and Regional Development, Department of Defence, Department of Finance, CASA, Australian Transport Safety Bureau, Australian Maritime Safety Authority and Bureau of Meteorology.

We also work closely with international organisations including ICAO, Civil Air Navigation Services Organisation (CANSO) and the International Air Transport Association (IATA) as well as other air navigation service providers. We share information and advances in aviation technology and contribute to improving Australian and global aviation safety standards.

We are committed to helping the aviation industry reduce its environmental impact. This includes developing and maintaining national and international partnerships that aim to reduce aircraft fuel burn and greenhouse gas emissions.

## Enabling legislation, objectives and functions

We operate under the *Air Services Act 1995* and the *Public Governance, Performance and Accountability Act 2013*.

Under the Act we:

- must regard the safety of air navigation as our most important consideration
- provide facilities for the safe navigation of aircraft within Australian administered airspace
- promote and foster civil aviation in Australia and overseas
- provide air traffic services, aviation rescue fire fighting services, aeronautical information, radio navigation and telecommunications services
- cooperate with the Australian Transport Safety Bureau in investigating aircraft accidents and incidents
- help protect the environment from effects associated with the operation of Commonwealth jurisdiction aircraft or other aircraft within and outside Australia's airspace
- adhere to regulations associated with the operation of Commonwealth jurisdiction aircraft
- undertake functions as required under the *Air Navigation Act 1920* and the *Aviation Transport Security Act 2004*
- provide services and facilities to maintain or improve the skills of our employees.

In our day-to-day activities we adhere to, and are empowered by, a range of other legislation. More information on these legislative requirements is available at [www.airservicesaustralia.com/acts-and-regulations](http://www.airservicesaustralia.com/acts-and-regulations)

## Annual reporting requirements and responsible Minister

We are accountable to the Australian Parliament and to the Australian Government through the Minister for Infrastructure and Regional Development, the Hon Warren Truss MP. Our Board is required by legislation to provide an annual report for tabling in Parliament. This annual report has been prepared in accordance with the *Air Services Act 1995*, the *Public Governance, Performance and Accountability Act 2013*.



## Corporate structure

We operate through the following eight business groups managed by executive general managers, and a single division managed by a general manager.

Our business groups are:

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

Our single division is the Learning Academy.

Our Executive Committee is made up of the Chief Executive Officer, Executive General Managers representing the eight business groups, and a General Manager representing the Learning Academy. This committee is responsible

for formulating strategies and policies for Board consideration.

At 30 June 2015, we employed 4493 staff across Australia.

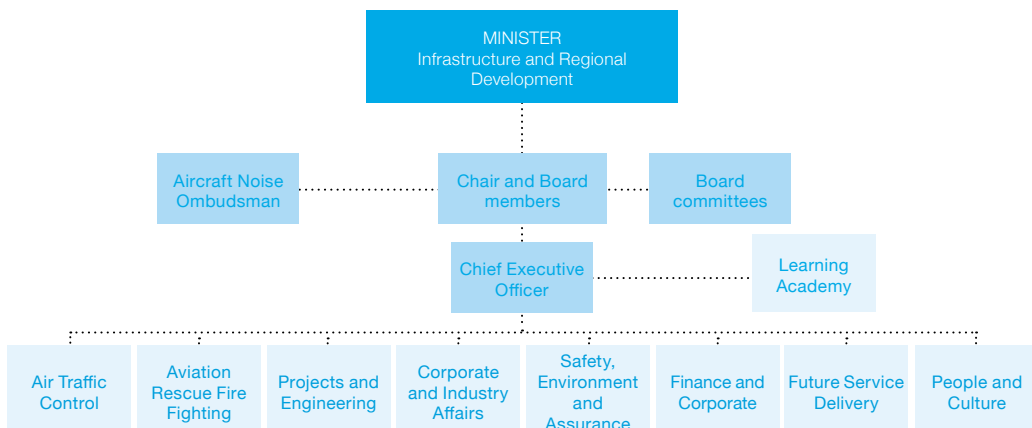
Our workforce includes specialists in air traffic control, aviation rescue fire fighting, engineering, technical services, education and training, information technology, human resource management, communications, legal services, security, safety, environment, financial management and administration.

More information on staffing is available at appendix 5.

## Corporate governance

We are governed by a Board which is appointed by the Minister for Infrastructure and Regional Development, the Hon Warren Truss MP. The Board is committed to best practice in corporate governance and regularly reviews its corporate governance.

**FIGURE 2** Airservices Australia business structure at 30 June 2015



## The Board

Our Board consists of a Chair, Deputy Chair, Chief Executive Officer and six other Board members. Board members, other than the Chief Executive Officer, are appointed by the Minister. The Chief Executive Officer is appointed by, and manages Airservices under, the Board.

The Board decides the objectives, strategies and policies to be followed by Airservices and ensures that it fulfils its statutory functions in a proper, efficient and effective manner. The Board conducts regular evaluations of its own performance and the performance of its committees.

Further information on Board membership is available at appendix 1.

## Board committees

The Board has five committees. Any Board member may attend committee meetings.

The Audit and Risk Committee helps the Board to monitor and maintain our financial and performance reporting, risk management system and internal controls, including an extensive audit programme. The committee assists the Board to discharge its duties in relation to the objectivity and reliability of financial reports, helps the Board maintain an effective system of risk management and internal control, and helps ensure that we and our members comply with all relevant legislative and other government obligations.

This includes obligations under the *Airservices Act 1995* and *Public Governance, Performance and Accountability Act 2013*. Membership consists of up to four members, all of whom must be independent non-Executive Board members.

The Safety Committee helps the Board ensure that we meet our operational safety and work health and safety obligations. The committee also monitors organisational preparedness to counter security threats. Its membership consists of up to four non-Executive Board members, as well as the Board Chair and Chief Executive Officer, both of whom are ex officio members of the committee.

**TABLE 1** Airservices Executive Committee as at 30 June 2015

Margaret Staib	Chief Executive Officer
Greg Hood	Executive General Manager Air Traffic Control
Michelle Bennetts	Executive General Manager Aviation Rescue Fire Fighting
Mairi Barton	Executive General Manager Corporate and Industry Affairs
Jason Harfield	Executive General Manager Future Service Delivery
Andrew Boyd	Executive General Manager People and Culture
Mark Rodwell	Executive General Manager Projects and Engineering
Dr Rob Weaver	Executive General Manager Safety, Environment and Assurance
Andrew Clark	Chief Financial Officer and Executive General Manager, Finance and Corporate
Linda Spurr	General Manager Learning Academy

The Environment Committee helps the Board ensure that we are meeting our environmental responsibilities. Membership consists of up to three non-Executive members, plus the Board Chair and Chief Executive Officer, both of whom are ex officio members of the committee.

The Board Technology Committee assists the Board to discharge its responsibilities by providing oversight of our technology, systems and engineering and information technology strategies and policies. It also oversees the strategic direction and policies of business systems, operational technology, technology based services offerings and IT security. Membership consists of three non-Executive Board members, together with the Board Chair and Chief Executive Officer, both of whom are ex officio members of the committee.

The Remuneration and Human Resources Committee assists the Board by reviewing and recommending remuneration for the Chief Executive Officer and the Chief Executive Officer's direct reports, and reviews the Chief Executive Officer's performance and succession. The committee also considers other human resource issues as required. Membership consists of three non-Executive Board members, together with the Board Chair and Chief Executive Officer, both of whom are ex officio members of the committee.

Our Board of Training provides advice, assurance and academic governance to the Chief Executive Officer in relation to strategic education and training priorities, deliverables and performance. Membership of the Board of Training consists of two industry or academic representatives, one in the role as an independent Chair, and five Executive members.

Meeting attendance and membership information for each Board committee is detailed at appendix 1.

## Ethical standards

We issue Board-endorsed policies, management instructions and other procedures to inform employees, contractors and consultants about required ethical standards. As a condition of employment or engagement, all employees, contractors and consultants must comply with our Code of Conduct and Code of Conduct Management Instruction. The Code of Conduct Management Instruction includes principles to guide behaviour and describes how issues such as conflict of interest should be addressed.

We are committed to ensuring the highest standard of ethical behaviour and fully support individuals who report wrongdoing or suspected wrongdoing within the organisation. We are part of the *Public Interest Disclosure Act 2013*.

Our Ethics Hotline is also available to employees, contractors, consultants and other external parties for confidential reporting of an alleged breach of the our Code of Conduct or Code of Conduct Management Instruction. Disclosures received through the Ethics Hotline are reported to the Chief Executive Officer as well as the Ethics and Fraud Committee, which oversee action taken in response to a disclosure.

The Ethics and Fraud Committee also oversees implementation of the Ethics and Fraud Framework, including:

- promoting better practice
- maintaining the Ethics and Fraud Control Plan
- maintaining reporting framework activities
- reporting ethical and fraud matters that impact on us to the Chief Executive Officer and Board Audit and Risk Committee.

The Board Chair and three other members of the Ethics and Fraud Committee are also authorised officers for the purposes of the *Public Interest Disclosure Act 2013*.

## Fraud control

Fraud control arrangements comprise prevention, detection, response, monitoring and evaluation and reporting activities. The arrangements are articulated in the Fraud Control Policy, supporting Ethics and Fraud Control Plan and Ethics and Fraud Framework. Fraud risks are subject to a quarterly review with an independent review also conducted during the year. All reasonable measures are undertaken to minimise and investigate the incidence of fraud with recovery of fraud losses also occurring wherever possible.

## Risk management

Best-practice risk management is integral to effective corporate governance. Our risk management policy is supported by the board-endorsed Risk Management Framework, which sets out the requirements for risk management throughout our organisation.

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

## Strategic direction

Our position within aviation enables us to connect all aspects of the aviation industry to allow airspace users the benefits of safe, efficient and cost effective services.

Our corporate strategy outlines three strategic themes that support delivery of our vision. These are:

- Maximising safety performance
- High-performing organisation
- Core operational and business excellence.

We produce our corporate plan in accordance with the *Air Services Act 1995* and the *Public Governance, Performance and Accountability Act 2013*.

The corporate plan aims to meet the government's requirements as outlined in the Minister's Statement of Expectations included at appendix 2.

These requirements are also designed to meet customer expectations, deliver process improvements and efficiencies, and enhance the development of our people and systems.

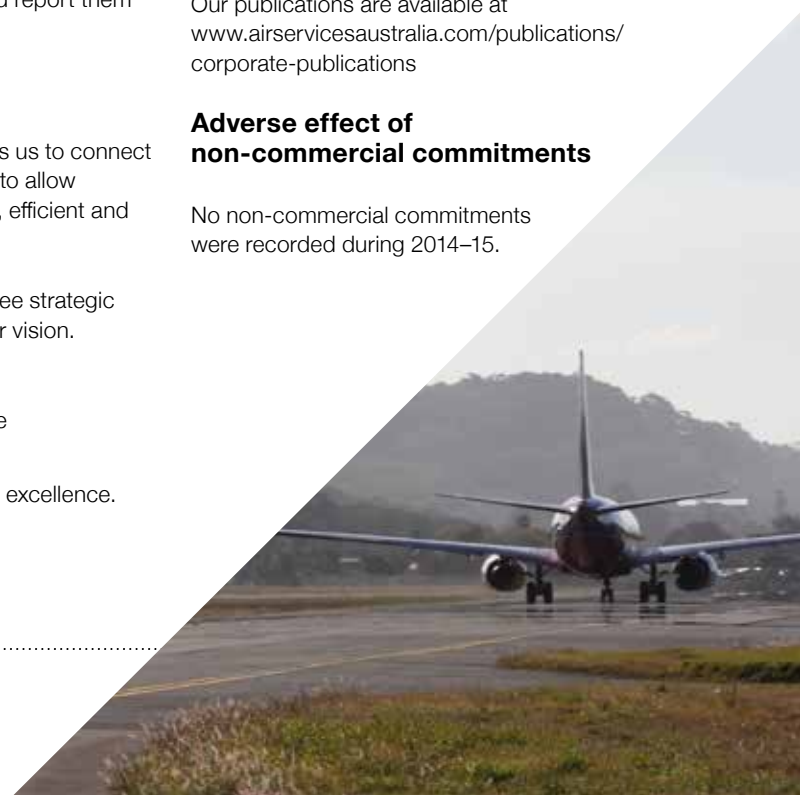
The relationship between the Statement of Expectations and our Board's Statement of Intent and specific initiatives is included at appendix 2 and appendix 3.

Detailed descriptions of the themes and outcomes are included in our Report on Performance section.

Our publications are available at [www.airservicesaustralia.com/publications/corporate-publications](http://www.airservicesaustralia.com/publications/corporate-publications)

## Adverse effect of non-commercial commitments

No non-commercial commitments were recorded during 2014–15.





03

**MANAGEMENT  
AND  
ACCOUNTABILITY**





## Our financial performance

### Income

Total income for the year of \$1.012 billion was marginally below 2014 (a decrease of 0.84 per cent) due to a combination of reductions in air traffic volumes as the major domestic airlines sought to reduce and consolidate services, lower finance income as cash holdings and interest rates reduced and lower other business revenues as one-off contracts had generated additional income in the previous year. These reductions were partially offset by scheduled price increases averaging 0.4 per cent for the year as endorsed by the Australian Competition and Consumer Commission (ACCC) under the five year pricing agreement that was set in 2011.

### Expenses

When the revenue outlook became apparent in late calendar year 2014, we embarked on a cost-containment program. As our costs are relatively fixed in the short term this involved recruitment freezes for non-operational staff and cuts in non-essential discretionary costs.

As a result, total expenses of \$1.006 billion for 2014–15 were contained and have only increased by 1.25 per cent on 2013–14.

Employee expenses increased \$13.1 million to \$667.1 million primarily attributable to wage

increases under our Enterprise Agreements which were set between two and three years ago. These cost increases were partially offset by end of year actuarial adjustments, non-operational staff freezes and an increased acquittal of annual leave being taken.

Supplier costs of \$184.2 million for 2014–15 were \$2.7 million below the previous year. Following the establishment of the cost containment program across a range of cost categories including travel, telecommunication expenses and consultancies, savings of \$8.2 million were achieved against the 2013–14 results. These savings were partially offset by increases in IT expenses and workers compensation premiums.

Depreciation and Amortisation expenses were \$13.6 million above the prior year as \$164.9 million in new assets and infrastructure was commissioned from the capital works program.

### Annual result

The net operating result of these income and cost impacts was a Net Profit After Tax of \$4.5 million. This reflects an after tax return on average equity of 0.7 per cent, which was below the planned target of 6.4 per cent and this outcome was mainly due to the limited short term flexibility in our cost base to respond to short term changes in revenues which are outside our control.

Airservices revenue is generated from charges to airlines and aircraft operators on a per flight basis. The ACCC, as our price regulator, has required us to establish the unit prices for these charges on a five year cycle. Following their assessment of our operating and capital efficiency, the prices are then set for a five-year period and changes are only then allowed in exceptional circumstances. Prices were last set by the ACCC in 2011 for the period from July 2011 to June 2016 and under this arrangement the total increase in charges over the five years was set at 2.6 per cent.

This five year price certainty provides a significant benefit to the industry as they plan their operations. In contrast, Airservices operates in an environment where the predictability of traffic volumes over such a long period is subject to inherent forecast risk and we have no control over our revenues.

In 2014–15, revenues of \$975 million were \$15.8 million lower than the revenue that was forecast for this year back in 2011 when the prices were endorsed by the ACCC. In addition we have established new and upgraded air traffic control and firefighting services to meet our regulatory obligations and meet service standards required by the industry. These additional services, which were not funded through the pricing arrangement that was set in 2011, are now costing us \$30 million per annum to provide.

If the 2011 based forecast level of revenue had been achieved, the Net Profit After Tax would have risen to \$15.6 million and if revenues had been provided for the additional services, the result would have increased further to \$36.6 million.

### Capital Investment and Gearing

During the year we invested \$180.8 million in our capital expenditure program, with funding from retained earnings and a \$40 million increase in borrowings. At 30 June 2015 our gearing levels of 41 per cent were within our medium term target range of 40 to 50 per cent.



## Financial Outlook

The changes impacting current airways activity volumes are likely to continue and a flatter activity growth profile is now expected into the foreseeable future. To meet this shift in our operating environment we are reviewing how we operate and identifying opportunities to be more innovative and efficient in how we deliver our services. Changes will only be made where they can be systematically and methodically managed to ensure day-to-day service delivery is protected and the investment in long-term systems and infrastructure replacements and upgrades can be maintained to ensure we do not impede the long term economic growth of the industry.

We are in the process of completing reviews of our productivity and contracted arrangements and are seeking opportunities for more flexible sourcing arrangements. We believe these will provide the basis for a strategic realignment of the cost base.

We recognise that maintaining affordable prices to the industry is of paramount importance and we are currently consulting across the industry about the assumptions, forecasts and plans we have incorporated into the pricing arrangements that could apply for the 2016–2021 pricing period.

Even with forecast capital expenditure of more than \$1 billion over the next five years, our current proposal only sees prices rise by an average of 3.3 per cent per annum over the five year period. After receiving feedback from the industry we will revise the proposal and seek approval from the ACCC for new prices from July 2016.

## Ministerial directions

### 1996—Aircraft noise complaints

We have implemented an aircraft noise management strategy to achieve world best practice in noise management. This strategy is supported by our commitment to inform the community and aviation industry on how we collaboratively address the impact of aircraft noise. Our aircraft noise management roadmap tracks progress on the implementation of noise management initiatives.

Our dedicated noise complaints and information service provides information to the community on aviation activities and noise complaints. We also attended airport community consultation forums and meetings to inform the community of our activities and aircraft noise issues.

The Aircraft Noise Ombudsman conducts independent reviews of our management of aircraft noise-related activities, including the handling of complaints or enquiries made to us, community consultation processes, and the presentation and distribution of aircraft noise-related information.

### 1997—Sydney long term operating plan

We provide air traffic management in Sydney under the provisions of the long-term operating plan, which helps provide a safe and efficient air traffic environment while minimising noise for surrounding suburbs.

We closely monitor and report on our operations through our website and through the Sydney Airport Consultative Forum.

### 1999—Responsibilities in relation to the environmental effects of aircraft

We promote high quality environmental practices for aircraft operations and work closely with airlines and airports to achieve this. The introduction of new technologies will continue to deliver benefits in safety and efficiency, as well as savings in fuel, emissions and travel time. We provide noise and flight path monitoring systems and our noise complaints and information service provides information to the public on aviation activities and noise complaints.

We have developed a number of new information sources and these are available at [www.airservicesaustralia.com/publications/noise-reports](http://www.airservicesaustralia.com/publications/noise-reports)

**TABLE 2** Ministerial directions still current from previous financial years

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
2004	31 August	Provision of approach radar services at specific airports

### **2004—Provision of approach radar control services at specific airports**

We provide radar approach services and use surveillance at identified regional airports to facilitate safe and efficient growth of aviation within Australia. Regional Approach Services involved a phased introduction of regional air traffic services across regional locations including Hobart, Launceston, Rockhampton, Mackay, Hamilton Island, Sunshine Coast and Alice Springs.

### **Significant changes outside of the financial year**

Margaret Staib, Chief Executive Officer decided to not renew her contract and resigned effective 10 August 2015.

Andrew Clark, Chief Financial Officer tendered his resignation effective 30 June 2015.

A recruitment process is currently underway to find suitable replacements.

In August 2015, the Deputy Prime Minister and Minister for Infrastructure and Regional Development, the Hon. Warren Truss MP announced that Mr John McGee has been appointed to our Board for the next three years.



**TABLE 3** Key performance indicators against our Corporate Plan 2014–2019

Performance measure	Purpose and definition	2014–15 target	2014–15 actual	Three-year average per year
<b>Maximising safety performance</b>				
Air traffic service attributed en route Loss of Separation rate.	Air traffic service attributed number of en route Loss of Separation occurrences per 100 000 flight hours.	0	0.70	1.24 <sup>1</sup>
Air traffic service attributed terminal area Loss of Separation rate.	Air traffic service attributed number of terminal area Loss of Separation occurrences per 100 000 movements.	0	1.69	1.65 <sup>2</sup>
Air traffic service attributed tower Loss of Separation rate.	Air traffic service attributed number of tower Loss of Separation occurrences per 100 000 movements.	0	0.67	0.61 <sup>3</sup>
Air traffic service attributed runway incursions.	Number of ICAO Class A or B Airservices air traffic service attributable runway incursions.	0	2.00	1.00
Air traffic service attributed aircraft in critical proximity.	Number of air traffic service attributable instances where evasive action required (within 250 feet/150 metres). <sup>4</sup>	0	2.00	2.00 <sup>5</sup>
Lost time injury frequency rate.	Lost time injury is defined as an occurrence (Comcare accepted notice) that resulted in time lost from work, one day/shift or more, permanent disability or fatality.	0	2.00	3.00 <sup>5</sup>
Work health and safety incident rate.	Occurrences per 100 staff per month.	0	0.46	0.57
Safety management system maturity benchmark.	External assessment of the maturity of the Airservices Safety Management System against the CANSO standard of excellence.	Top industry quartile	Achieved	Achieved

- For the 2014–15 financial year there were 12 Air Traffic Service attributed en route Loss of Separation occurrences. These are 12 occurrences in 1 706 040 flight hours controlled by en route controllers. This is an improvement when compared with the previous financial year with 28 occurrences reported.
- For the 2014–15 financial year there were 22 Air Traffic Service attributed terminal Loss of Separation occurrences. These are 22 occurrences in 1 304 974 movements controlled by terminal controllers.
- For the 2014–15 financial year there were 20 Air Traffic Service attributed tower Loss of Separation occurrences. These are 20 occurrences in 2 969 162 movements controlled by tower controllers.
- Aircraft in Critical Proximity is defined in our Safety Management System as any of the following occurrences: evasive movement to avoid collision, two airborne aircraft within 250 feet vertically and 150 metres horizontally, very high risk of collision, or ICAO Class A runway incursion.
- Performance measure was introduced in the previous annual report and figure represents performance for 2013–14.

Performance measure	Purpose and definition	2014–15 target	2014–15 actual	Three-year average per year
<b>High performing organisation</b>				
Employee engagement survey—values focused.	Engagement score expressed as a percentage of satisfaction and specific values related results.	75	Not available <sup>6</sup>	Cannot be calculated
Increased diversity. <sup>7</sup>	Increase the number of women in non-traditional roles. <sup>8,9</sup>		Women in non-traditional roles > 0.51	
	Increase the participation of Indigenous Australians in our workforce.	> increase	Indigenous Australians > 0.10	2.20 <sup>10</sup>
	Increase in the participation of people with a disability.		People with a disability < 0.08	
Training demand.	Number of qualifications issued against accredited training (aviation rescue fire fighting).	175	234	214
	Number of air traffic service recruits endorsed (air traffic control).	80 <sup>11</sup>	75	69

6. The employee engagement survey is undertaken every two years. A survey was not done in 2014–15.

7. From July 2014, participation of women in non-traditional roles, Indigenous Australians and people with a disability will be reported separately to enable closer monitoring of initiatives. Results are base-lined against the status as at 1 July 2014 (women in non-traditional roles 256/2860 or 8.95 per cent, Indigenous staff 41/4453 or 0.92 per cent, people with a disability 51/4453 or 1.15 per cent).

8. Non-traditional roles for women are defined by the job families framework, air traffic services, aviation rescue fire fighting and engineering and technical.

9. These targets are now endorsed by the Board.

10. To improve granularity and increase transparency diversity measures have been collected individually in 2014–15. Previously, they were reported as an amalgamated figure in the annual report.

11. This key performance indicator was based on the previous financial year and did not account for agreed training demand from air traffic control for the 2014–15 year, which was 77.

Performance measure	Purpose and definition	2014–15 target	2014–15 actual	Three-year average per year
<b>Core operational and business excellence</b>				
Capital project delivery. <sup>12</sup>	Percentage of major and significant projects delivered:	> 90		83 per cent <sup>17</sup>
	▪ on time <sup>13</sup>		63 <sup>16</sup>	
	▪ within budget <sup>14</sup>		85 <sup>16</sup>	
	▪ within scope. <sup>15</sup>		85 <sup>16</sup>	
Air traffic services availability.	Hours of air traffic service availability as a percentage of total hours of coverage.	> 99.9	99.95	99.91
Aircraft holding.	Percentage total of airborne holdings compared to ground holding at all locations where a ground delay program has been introduced.	40 : 60	BN: 47:53 ML: 42:58 PH: 61:39 SY: n/a	BN: 43:57 <sup>18</sup> ML: 43:57 <sup>18</sup> PH: 57:43 <sup>18</sup> SY: 43:57 <sup>18</sup>
Air traffic services attributable delays.	Total number of air traffic service attributable flight delay events (where the delay is greater than 10 minutes and demand is less than airport capacity).	< 7 per quarter	1 (average of 0.25 per quarter)	10.33 (average of 2.58 per quarter)
Runway capacity achieved.	Percentage of maximum runway movement capacity delivered during peak periods.	> 95	BN: 105.08 ML: 112.70 PH: 101.54 SY: 95.71	BN: 103.72 <sup>19</sup> ML: 116.91 <sup>19</sup> PH: 101.55 <sup>19</sup> SY: 95.74 <sup>19</sup>
Aviation rescue fire fighting operational preparedness.	Percentage of time aviation rescue fire fighting resources were available to meet the regulated service category for the aerodrome.	> 99.9	99.94	99.84

12. This key performance indicator is calculated against a list of all projects carried over from 2013–14 to 2014–15 with a project life forecast spend over \$1 million. It does not include any projects completed before 30 June 2014. Sponsor cancelled or discontinued projects are excluded.

13. The 'on time' result is the percentage of projects where all the executive agreed milestones have been reached.

14. The 'within budget' result is the percentage of project spend against forecast spend.

15. The 'within scope' result is the percentage of projects which do not have project variation requests excluding risk and contingency project variation requests.

16. To improve granularity and increase transparency, capital project delivery has been measured using the parameters of on-time delivery within budget, and within scope as of July 2014.

17. This figure represents an amalgamated performance measure as reported in the Annual Report 2013–14.

18. Average aircraft holding figures for Sydney are calculated from July 2012. Brisbane and Perth figures are calculated from March 2013 and Melbourne figures are calculated from May 2014.

19. To improve granularity and increase transparency, runway capacity has been measured individually for 2014–15, the average figure represents performance since the second quarter of 2013–14.



Performance measure	Purpose and definition	2014–15 target	2014–15 actual	Three-year average per year
<b>Core operational and business excellence</b>				
Aviation rescue fire fighting response time.	Percentage of total responses to aircraft incidence on the aerodrome movement area within three minutes.	100	99.64 <sup>20</sup>	Key performance indicator introduced 2014–15
Noise Complaints and Information Service compliance.	Noise Complaints and Information Service compliance to prescribed response times for complaints and enquiries.	≥ 95	100	95
Noise improvements investigated.	Number of noise improvement proposals investigated.	25 annually	29	41 <sup>21</sup>
Noise information.	Aircraft Noise Information and Complaint reports made available to the community and industry.	Reports for 10 locations each quarter	11 per quarter	11 per quarter <sup>21</sup>
Stakeholder satisfaction.	Percentage of key stakeholders across international and domestic airlines, airports, government agencies and key industry bodies who are satisfied to very satisfied with their relationship with Airservices and the organisation's service delivery.	> 80	97 per cent satisfied	94 per cent average satisfaction rate

20. Aviation rescue fire fighting response time was not achieved for an Air Asia A330 abnormal landing response at Perth on 27 December 2014. This was due to the Perth Fire Control Centre Operator not observing the tyre failure when the aircraft landed and a break down in communication protocols between the Perth Tower and the Perth Fire Control Centre.

21. The performance measure was introduced in the previous annual report and this figure represents performance for 2013–14.

## OneSKY: The future of aviation in Australia

Aviation in Australia has come a long way and is about to take its next significant leap forward, with the OneSKY Australia program—a joint initiative between ourselves and the Department of Defence—creating one national harmonised civil-military air traffic management system.

The safety, efficiency and overall performance of the Australian aviation industry is underpinned by the nation's air traffic management system. OneSKY is a once-in-a-generation opportunity to ensure Australia has the most advanced and integrated system in the world. We are literally rebuilding the infrastructure of our skies.

On Friday 27 February 2015, a critical step in delivering this infrastructure was achieved when a contract between Airservices, the Department of Defence and Thales Australia was signed to enable work to commence on OneSKY's advanced system design.

There will be many benefits from the introduction of OneSKY, including one national air traffic management system which will provide significant cost savings. It is anticipated the combined savings for both ourselves and Defence will be several hundred million dollars, and that is before the system's service delivery benefits are counted.

OneSKY will improve system capacity and can be continually upgraded to take advantage of advances in technology. This means that our navigation and communication capabilities will keep pace with global changes in aircraft technology, and maximise safety performance and cost efficiency.

OneSKY will provide the flexibility to optimise airspace for both civil and military aircraft when the airspace isn't operationally required. It will give air traffic controllers the tools they need to meet the demands of traffic growth, and a step-change in airport capacity management

and system capabilities in line with advanced aircraft technologies.

The system will introduce one flight information region for Australia, replacing the two regions we have today. This means any operator on any console will be able to access information anywhere within Australia's area of responsibility, and will no longer be restricted to a specific geographical area.

This will create more flexibility, including enabling us to provide User Preferred Routes. These combine air traffic management and flight planning to allow airlines to plan more flexibly. This includes allowing them to plan flights based on daily weather conditions and their operational requirements.

OneSKY will also allow us to deliver a system that has the capacity to collect information and data from an aircraft—as well as from a variety of other sources—to help detect, identify and track aircraft within Australian airspace.



# OneSKY Australia facts

- OneSKY is a civil–military air traffic management system which will replace the current civilian system built in the 1990s
- OneSKY will also replace the current military system
- OneSKY will integrate surveillance in support of search and rescue agencies and enhance our information security protocols
- OneSKY will make our operations more efficient, and deliver requirements for future growth in aviation
- OneSKY will provide extra safety functions and greater flexibility for flight planning by airlines
- OneSKY will have one flight information region for Australia replacing the existing two regions





# REPORT ON PERFORMANCE

## Maximising safety performance

Our most important considerations are the safety and integrity of Australia's air navigation system and the wellbeing of our people. Our strategic theme of maximising safety performance focuses on safety for the travelling public, the aviation industry and our people who enable the delivery of these services.

We work to improve the efficiency and effectiveness of our services to our customers by optimising airspace design and delivering new services at regional aerodromes. We also host a range of local, national and regional safety collaborative activities and forums to share safety information.

A key foundation of our operational and workplace safety approach is risk management. We identify hazards and threats to safety and implement mitigation strategies to manage these risks to the lowest level possible.

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

### Leading the world in improving aircraft tracking

We were one of the first air navigation service providers to comply with an international requirement to more closely track all suitably

equipped flights in oceanic airspace following the tragic loss of Malaysian Airlines MH370 on 8 March 2014.

Our aircraft tracking trial began in late January 2015, as an initial proof of concept phase which saw us work with Qantas, Virgin Australia and global satellite provider Inmarsat to track Qantas and Virgin aircraft flying in oceanic airspace to the east of Australia.

The trial was expanded in late April to include all aircraft, and was further expanded to oceanic airspace west of Australia in May 2015. The reporting interval time was also adjusted to 14 minutes in line with a recommendation from ICAO. This reporting interval can be further decreased in case of an emergency or if the aircraft deviates from its assigned route.

Aircraft tracking makes use of existing technology that is fitted to more than 90 per cent of long haul aircraft operating to and from Australia using satellite-based positioning technology called Automatic Dependent Surveillance—Contract (ADS—C).

We are also working with other air navigation service providers in the United States, New Zealand, South Africa, Indonesia and Malaysia to expand global tracking. In addition to boosting confidence in air travel, the aircraft tracking improvements will provide tangible benefits for airlines, by maximising the use of existing aircraft equipment to provide improved safety standards.

## Operating safely

We manage more than four million flights each year carrying over 90 million passengers and these numbers are expected to grow over the next 15 years. All of this is done within our overriding mission of ensuring the safety and integrity of Australian aviation.

As part of our commitment to safety, Operation Skysafe examined how we can further strengthen the safety of the services we provide. We looked at areas of improvement in aircraft conflict detection, the way in which air routes are structured and options to better support our air traffic controllers.

Operation Skysafe recommended changes to the Cairns–Melbourne route to enable aircraft to fly on a parallel path, rather than on the same path as they were previously doing, but at different altitudes. This change has been introduced and has improved safety for current air traffic and will also enable us to manage future growth.

The change also benefited our customers by reducing the distance they had to fly with Virgin Australia indicating it will save 7675 track miles and 34 500 kilograms of fuel each year due to this change.

We also looked at how we could enhance our short-term conflict alert for air traffic controllers. This is an automated tool that advises controllers when the distance between two aircraft may drop below the minimum standard. We found that we could deliver a safety benefit by increasing that alert time from 60 to 90 seconds across the Australian flight information region. We are also working to ensure we reduce our loss of separation incidents between aircraft by implementing enhancements to our automated conflict alerting capability across the majority of Australia's upper airspace.

The automated conflict alerting is enhanced through Flight Plan Safety Net Alert. This alerts the controllers to a potential loss of separation between aircraft, enabling their quick intervention and delivering long-term reduction of loss of separation incidents.

In 2014–15, our aviation rescue fire fighting service responded to 6702 incidents. This included 3685 first aid calls, which saved 13 lives. Our firefighters were also called out to 107 fuel spill incidents and supported local fire brigades through 28 mutual aid calls including a number of bushfire emergencies. In total, our fire fighters attended 245 events in support of local communities throughout the year.

To ensure we continue to meet the growing needs of the aviation industry and maintain our support for our customers and local communities, we established four new fire stations during the year. These are located in Newman in West Australia, Gladstone in Queensland and Ballina and Coffs Harbour in New South Wales.

The new fire stations were established due to an increase in passenger numbers, which meant that CASA required those airports to have an aviation rescue fire service.

To further improve the safety, efficiency and effectiveness of our operations we continued collaboration with our customers on flight deck familiarisation programmes. Under a memorandum of understanding with the airlines, we introduce our air traffic controllers to the



cockpit of a commercial aircraft and allow pilots to experience the environment in our air traffic control towers and centres.

This promotes a greater understanding between air traffic controllers and pilots of each other's operational environment.

Wildlife strikes are a hazard to the aviation industry and are estimated to cost the industry \$2.5 billion a year. In July, we participated in a conference with the Australian Aviation Wildlife Hazards Group to discuss the problem and try to find solutions to help improve aviation safety. In attendance were representatives from airports, airlines and other Australian aviation organisations, as well as from Indonesia, Singapore and New Zealand.

Following the success of this meeting we were invited to assist with Indonesia's runway safety forums as part of the Indonesia Transport Safety Assistance Package.

## Keeping the public and stakeholders informed

In October, we co-hosted with CASA the worldwide Total Airspace and Airport Modeller Users Conference in Canberra. This conference provided an opportunity to share knowledge on the challenges of airspace and airport improvements, and enabled us to discuss future expansion requirements with developers.

We also chaired two major ICAO meetings. The first of these was the Separation and Airspace Safety Panel meeting in Sydney from 10 to 21 November. This meeting brought forward new recommendations for terminal area operations, including a range of separation standards. Work was also done in preparation for new space-based ADS-B technologies, which will deliver safer and more efficient airspace operations.

The second was the Airspace Safety Monitoring Advisory Group and Monitoring Agency Working Group in San Francisco, which discussed the issues surrounding non-compliant aircraft in Reduced Vertical Separation Minima (RVSM). Successful operation of RVSM airspace increases efficiency, lowers airline fuel costs and improves safety.

In March, our Chief Executive Officer and Executive General Manager Air Traffic Control presented at the World Air Traffic Management conference in Madrid, and in June at the CANSO Global Air Traffic Management summit in Durban. At these events they provided information on our next generation of air traffic management—OneSKY Australia—in particular, how OneSKY will be adaptable to an ever changing aviation industry both domestically and internationally.

To enhance the transparency of our operations and to improve the way we share news, we unveiled a new portal on our website in July. The portal provides upgraded and improved access to information for anyone interested in our news, including media outlets, customers, stakeholders and communities.

We also continued to build on our use of social media platforms such as Twitter and YouTube to enhance public confidence in our operations. Our website has had over 750 000 views by more than 250 000 people and over 65 000 minutes of video has been watched on our YouTube channel. Twitter has also been used effectively to provide accurate and timely advice to the public on any issue that may be impacting on airports or on our operations.

## Improved safety of our people

Safety is our main priority and this also applies to our people. To ensure our people work safely we have specialist resources available within our business units to lift the profile of work, health and safety.

During the year our work, health and safety notifications for potential safety hazards increased. This is an encouraging sign that our people are being proactive in preventing workplace incidents.

A review of our Safety Management System has resulted in improvements to the management of documents along with training and benchmarking. These improvements have been endorsed by Comcare who undertook a work health and safety audit of our performance.

In May, we were provided with an estimate of our Comcare premium for the next financial year to assist with budgeting. For 2015–16, Comcare estimates that our premium will be approximately 37 per cent lower than 2014–15, an achievement made possible by the organisation working to reduce staff injuries and to help those who are injured return to work as soon as possible.

We have been working alongside Civil Air and an external fatigue risk management consultancy to review our fatigue risk management system. The focus was the effectiveness of work scheduling and ensuring the application of, and compliance with the risk assessment process.

We are improving our identification and reporting on the number of employees who seek a shift change compared to the number requested by us to change shift for operational reasons. Understanding this number will help us appreciate our level of employee flexibility.

We also continued to promote our fatigue education and awareness programmes and the importance of completing and approving fatigue risk assessments.

We are continuing to address the issue of asbestos within our facilities. As part of our management of asbestos hazards we engaged legal firm Norton Rose Fulbright to review our asbestos management programme. Widely acknowledged as a leader in occupational health and safety law, the firm found our programme to be of a high standard. We have also undertaken

a programme to ensure all staff are aware of the hazards asbestos poses.

## Advanced driver training

An advanced driver training programme was completed during the year. This programme was to improve the knowledge and skills of our operational fire fighters when driving fire rescue vehicles off-airport during an emergency response.

To date, 930 operational staff and emergency vehicle technicians have completed the training. All our aviation rescue fire fighting vehicles have also been fitted with emergency services standard lights and our fire fighters are now accredited as emergency workers.

## Heightened security

The security of our Information Communication Technology (ICT) systems is a priority for us. We build, run and manage a range of operational and corporate ICT systems. These electronic services and associated data have a range of security requirements surrounding the management of the confidentiality, integrity and availability of data. We have well-developed processes—including our information security framework and ICT security policy—to prevent cyber incursions. These are evaluated regularly and adapted to address any emerging threat.

We are aware that although we have processes and systems in place to manage cyber risks, more needs to be done to ensure that we are placed to effectively mitigate the continual threat that cyber incursion represents to our organisation. As part of this we are diligently working towards compliance with the Attorney-General's Protective Security Policy Framework and the Australian Government Information Security Manual. We will be reporting our compliance status against those frameworks into the future.



We have also been working to improve the security awareness of our staff as part of the increase in the National Terrorism Public Alert Level from medium to high. The Australian Federal Police have assisted our staff through a series of workshops and forums to update their knowledge about the response of enforcement agencies to an emergency at an airport or government facility.

In January, along with the Office of Transport Security and Defence, we met with the Attorney-General's Department to review crisis coordination protocols and for a briefing on the capabilities of our neighbouring air navigation partners. The meeting agreed to improve information sharing which has now been implemented.

## Australian spectrum policy

In 2014–15, the Department of Communications commenced a review of the Australian spectrum policy and management framework. We represented the aviation industry at an inter-departmental committee meeting in August and provided aviation specific input on the terms of reference.

## Investing in the future

We are preparing Australian aviation for transition to a Global Navigation Satellite System as a primary means of navigation, making us the first air navigation service provider in the world to achieve a comprehensive, continent-wide ADS-B capability.

ADS-B equipped aircraft transmit global positioning satellite data to ground stations twice every second to accurately provide air traffic controllers with radar-like surveillance, predominantly in remote areas where there is no conventional radar coverage. Satellite navigation does not require any ground based navigation aids and provides many safety and efficiency

benefits as well as reducing maintenance and operating costs for both aircraft operators and aviation agencies.

In the unlikely event of a satellite service disruption, a network of ground based navigation aids was selected by industry working groups to form a Backup Navigation Network (BNN). It is anticipated that 195 conventional navigation aids not required for the back-up network will be decommissioned under this programme from 2016 due to reduced reliance on ground-based infrastructure.

Also during the year, as part of our en route radar replacement project, we commissioned a transportable radar at Princhester, while the Mount Alma radar near Rockhampton was replaced. We also commissioned a radar at Summertown to provide increased coverage to the Southern Flight Information Region.

We are supporting Defence in transferring all radar data sharing from their existing serial based communications to internet protocol based communication. In January, we commissioned the incoming Williamtown radar data feed, the fifth of seven Defence radars to be moved to internet protocol communications. This improves surveillance facilities and addresses future requirements. We are now working towards commissioning the final two radar feeds from East Sale and Tindal.

## Airspace reviews

Darwin airspace has become increasingly congested over the past 10 years with a significant increase in both civil and military traffic. The Department of Defence requested our help to review procedures and air routes. We provided expertise in airspace design with a new air traffic management plan implemented in May that includes improvements to benefit both controllers and airlines.

The changes will mean better safety through increased predictability for aircraft operations. We will now be looking to replicate this success to the Defence airspace around Townsville.

We also worked with stakeholders during the year to introduce air routes for the new Wellcamp Airport servicing traffic to the west of the Brisbane terminal area.

Following discussion with CASA on current traffic levels, we have maintained a Flight Information Service at Port Hedland. We will continue to monitor the situation and introduce a tower service if considered necessary in the future.

## Supporting our international neighbours

We take a proactive role in developing the capabilities of our neighbours in an ongoing effort to improve air safety in our region. Through the Arabian Sea Indian Ocean Air Traffic Control Coordination group, air navigation providers in our region share information. This helps develop standard systems and coordinated preferred air routes to streamline our customers operations across boundaries.

Promoting the development of ADS-B surveillance in East Asia and the South Pacific has been a key achievement for us in improving aviation safety. We have been working with Indonesia on developing its ADS-B capability since 2007. In a world-first agreement, Australia and Indonesia now exchange ADS-B data across our flight boundaries, allowing controllers to precisely track aircraft up to 280 kilometres inside each other's airspace. This has strengthened our understanding of cross-boundary issues with Indonesia and Papua New Guinea. Recent statistics show a downward trend in the number of incidents occurring over the past 12 months.

We provide ongoing assistance to Indonesia and Papua New Guinea to assist with training in safety and procedure design, controller and technician

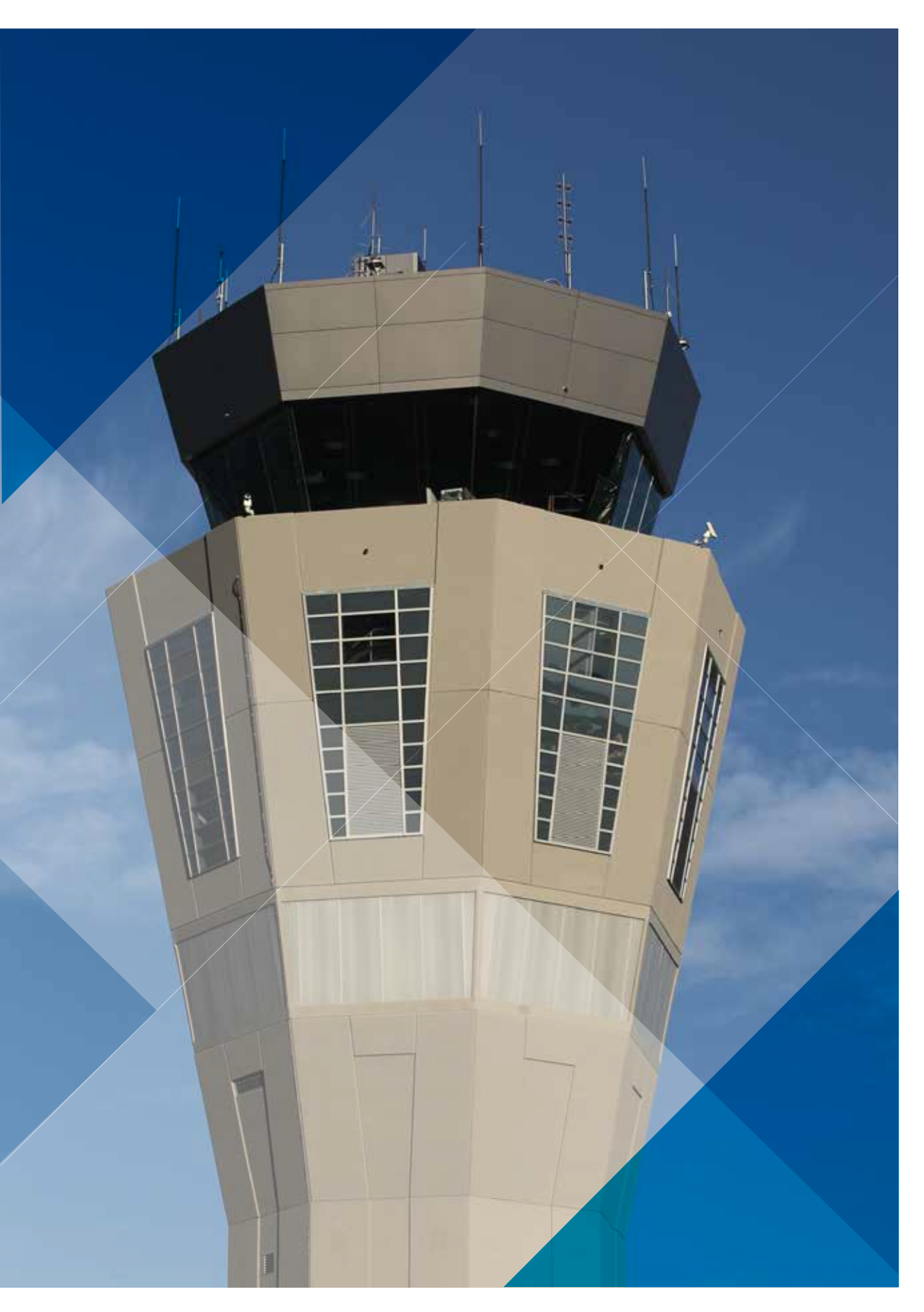
training, procedure standards and reports, as well as reviews and analysis of flight planning processes and air route structure.

In addition to our formal partnerships, we also provide neighbouring countries such as Solomon Islands, Nauru and Vanuatu with traffic management assistance and data access systems to streamline flight briefing and planning processes. A major step forward for aviation safety in the Asia Pacific region was the creation of localised safety forums to assist our neighbours in their development goals, build their capacity to manage and deliver improved safety and improve their regulatory and service delivery capabilities. Our safety forums include work with Papua New Guinea, Solomon Islands, Nauru, Fiji, Vanuatu, the Maldives, Sri Lanka and Indonesia.

We commenced an air traffic controller exchange programme with two of our air traffic controllers working in Indonesia's operational centres in Jakarta and Makassar, and air traffic controllers from Papua New Guinea working in our Brisbane centre. This enabled them to experience day-to-day operations in a busy environment and view the boundary traffic exchange process.

We attended a meeting with Papua New Guinea's Secretary for the Department of Transport, which provided an opportunity for senior representatives from Australian and Papua New Guinea transport agencies to discuss improving safety outcomes.

We have also been engaged by PNG Air Services to improve the reliability of its secondary surveillance radar and to extend its service life. An assessment of the radar was undertaken in October and work has been undertaken to improve its reliability and performance. We are also working towards reducing the cost of international telecommunication facilities with air navigation service providers in the Asia-Pacific. In November, thirteen states signed up to an agreement during a Directors General of Civil Aviation Asia and Pacific Regions conference in Hong Kong.



## High-performing organisation

We depend on our people, leadership and culture to achieve our vision to attract and retain talented people.

Our strategic theme of a high-performing organisation reflects our commitment to deliver efficient and effective services to our customers through a capable and engaged workforce, with strong and effective leadership that responds to the needs of our customers.

This focus means we are able to build a sustainable and fit-for-purpose workforce to ensure we deliver value to our customers.

As a registered training organisation, we deliver nationally recognised and accredited qualifications to support air traffic control and aviation rescue fire fighting services.

### Enabling a sustainable workforce

We are putting our customers at the heart of everything we do. This helps us understand and respond to their changing needs while continuing to hold safety as our highest priority.

To ensure this continues, we established Air Traffic Control Workforce 2021. This programme will ensure we have the right quantity and mix of qualified air traffic control staff through to 2021, and beyond, with a focus on the requirements of the OneSKY Australia program which will deliver a new level of operational and cost efficiency

and enhance safety while reducing delays for our customers.

To support this we have focused on building a sustainable and fit-for-purpose future workforce. Our *Workforce Plan 2013–2020* will provide an analysis of our workforce, capability, challenges and risks, and our mitigation strategies by:

- improving our enterprise-wide approach to planning
- implementing the our Job Family Framework to define our workforce capability
- enhancing business engagement and accountability by establishing a group of workforce strategic leads
- generating enterprise planning to guide our capability demand
- refining and embedding ways to drive action and responsibility in delivering workforce strategies.

Our existing workforce strategies cover a range of risks, including a loss of knowledge associated with an ageing and retiring workforce and facilitating the movement of our people around Australia, in particular our fire fighters. For more information on our workforce planning see appendix 6.

We are keen to encourage our people's commitment to engage in external activities in the community in which we operate. To help support this, we signed a memorandum of understanding for reservists with Defence on 18 July to enable

us to better manage a shared workforce and support Defence reservists who are employed with us.

In August, we implemented a Productivity Value Framework to help us achieve productivity gains and deliver value. This framework focuses on delivering airspace efficiency and ensuring technology provides greater service delivery. It also supports enhanced work methods and is ensuring we get the best value for money while managing our capital base efficiently.

We anticipate that many of these gains will deliver benefits in the medium to long term, however, some will create value earlier for industry as well as for us.

## Our culture

The 'Our people, our future' programme supports our shift to being a more customer-centric organisation. This programme is now in its second year and is focused on building and enhancing trust through our key behaviours of listening and understanding, promoting teamwork, and taking accountability for our decisions. A broad range of activities have been undertaken during the year to engage our people in continuing to build trust through the contribution each person makes to the organisation. It is about our people actively listening to each other, working together and delivering on the promises they make so that we can integrate our culture into our systems, processes and communication.

## Excellence in training

Our Education and Training Strategy is helping to shape our current and future workforce and ensure our people have access to the best and most up-to-date learning, development and training initiatives.

We also endeavour to gain a return on our training investment by exploring opportunities

to engage third party providers where there is potential to provide cost effective and quality training solutions.

In 2014–15, we were recognised as a multi-award winning organisation delivering high quality education and excellence in training with the Outstanding Leadership in Training Award from the Aviation/Aerospace Australia AIRSPACE conference in Melbourne. During the year we were also acknowledged for delivering high quality training through:

- TAFE NSW Riverina Institute which awarded us its Industry/Community Partnership Award
- the Transport and Logistics Industry Skills Council, which presented us with the 2015 Innovation and Excellence in Workforce Development Award, recognising our unique curriculum, world-class facilities and expert training.

An industry review of the AVI Training Package for the Diploma of Aviation (Air Traffic Control) was conducted during the year. This will enable us to ensure our training approach is in line with industry standards and will provide greater flexibility and support to integrate training with the Royal Australian Air Force.

We also introduced new technology for training which includes tower and Eurocat simulators. Eurocat is an air traffic control and management system that provides controllers with information about an aircraft's position. The simulator training is combined with our existing training and enables more complex operational exercises to be delivered, especially around compromised separation.

## Recruiting

Our future capability and growth depends on our people, and this means attracting the right people with the skills we need now as well as developing

those people in whom we have already invested to provide leadership for the organisation.

This commitment to training and workforce development will assist in ensuring we are well placed to deliver services to our customers. During 2014–15, 75 external recruits were successfully endorsed as air traffic controllers. Our aviation rescue fire fighting school exceeded its target this year as it provided staffing at five new fire stations in regional Australia. In all we had 234 new recruits against a target of 175.

Our state-of-the-art hot fire training ground and associated facilities have been used to capacity this year. This has been necessary to meet an increase in operational workshops along with a higher scheduled number of accredited courses as we train sufficient staff to operate newly commissioned fire stations and manage staff turnover.

Our partnership with TAFE NSW Riverina Institute in Wagga Wagga continues to support our workforce requirements, with 15 new technical trainees graduating during the year with a Diploma of Engineering. These trainees will help maintain our safety-critical aviation equipment, including instrument landing systems, radars and other air navigation aids. Ten new technical trainees commenced their Diploma of Electrical and Communications Engineering in January.

## Employer of choice

During the year we participated in a range of events to increase awareness and interest in our organisation as an employer of choice.

In February, the Australian International Airshow took place at Avalon Airport in Victoria. We attended the event to showcase the organisation to a broader range of industry stakeholders and the community. We promoted our wide range of career options at the Avalon Skills and Career Forum.

In September, as part of the Australia-wide Work Inspiration programme for at risk young people, we provided students with a behind-the-scenes look at the opportunities and career paths we offer. This initiative helps provide young people with a meaningful and inspiring work experience. A review of the programme indicates both students and staff had a positive experience.

We also engaged with a wide range of potential employees to provide greater insight into our business. This included sponsoring and presenting at the Aerospace Futures conference in Brisbane on 7 July, which is aimed at university students interested in an aerospace career.

We also sponsored the annual Aviation Careers Expo at Brisbane Airport in August—Australia's only aviation expo—and exhibited at the Former Origin Greats Indigenous Employment and Careers Expo in Brisbane in September. This event helps Indigenous job seekers with career pathways, employment and training placement. We also attended the largest career event in Western Australia, the Skills West Expo, in Perth in September.

## Creating a diverse organisation

We recognise and value diversity within our workforce and are committed to increasing the representation of Indigenous Australians, women, people with a disability, and those from a culturally and linguistically diverse background.

During the year we developed gender initiatives and revised gender targets to support our aspiration to increase the number of women in non-traditional roles. Progress of this initiative



will be measured against our Diversity Strategy 2012–2016.

As a part of this strategy seven women graduated from our aviation rescue fire fighting courses, and 60 per cent of offers for the 2015 Graduate program went to female applicants.

We recognise that women make up a small cohort of students in engineering so we are working at that level to improve participation. To support this we have launched our first engineering cadetship programme for women. This programme will provide female engineering university students with an opportunity to get involved in aviation engineering projects. Three women graduated from TAFE NSW Riverina Institute with a Diploma of Engineering during the year and will now take up a position with us.

We are also committed to providing cadets with on-the-job training to help them develop the skills needed to become an engineering specialist. Cadets are provided with flexible work arrangements for the duration of their studies and start full-time permanent employment with us once they complete their cadetship.

### **Indigenous opportunities**

As part of our Reconciliation Action Plan, we are undertaking Indigenous cultural awareness training for our staff. This is aimed at employees who will be supporting the placement of Indigenous school-based apprentices. These apprenticeships are designed to encourage candidates to undertake training and participate in the workforce as part of their Year 12 studies.

The first Indigenous student under this apprenticeship programme commenced in December, and a second was offered an opportunity to join us in February. Both are now working towards a Certificate II in Business through the Canberra Institute of Technology.

We also collaborated with Canberra Institute of Technology's Indigenous student support service—the Yurauna Centre—to host a work experience student. The outcome of this will be used to develop a dedicated programme to enable more young people to experience working with us.

In November, our Broome-based fire fighters partnered with the Clontarf Foundation and Broome High School to help develop the employment prospects of young Aboriginal men. Three Indigenous recruits also completed an aviation rescue fire fighting course and our Air Traffic Control group recruited two Indigenous candidates into trainee traffic management officer and trainee rostering officer roles.

We also supported employment and skills development in the local Indigenous community, 200 kilometres north of Broome in Western Australia.

The Djarindjin Airstrip is managed by Broome International Airport and is mainly used as a hot re-fuelling service for heavy helicopter operations for the industry and Royal Flying Doctor access for remote communities.

With increasing traffic at the airstrip, a need emerged for first response fire coverage and training for the local ground staff at Djarindjin. Aviation rescue fire fighters donated a fire fighting unit. We also developed a specialised training package for the Djarindjin ground crew.

We are continuing to support this project which has resulted in increased aviation safety at the airstrip along with employment for Indigenous people of the Dampier Peninsula.

### **Promoting the role of women in aviation**

We support, encourage and promote gender diversity and the participation of women in the aviation and aerospace sector. One of the areas

in which we are keen to foster involvement is for women who are passionate about a career in aviation.

During the year we assisted four women to get closer to that dream through the Airservices-sponsored Australian Women Pilots' Association flight training scholarships valued at \$8000. The scholarships help with the costs of gaining proficiency at any level of flying, from the early stages of training through to a commercial pilot's license.

We also attended the Women in Aviation Aerospace Australia Brisbane Summit in June, along with the Royal Australian Air Force, Army and Boeing and were part of a panel session entitled 'Voice of Change'. In March, we marked Women of Aviation Week with a series of activities that celebrated women's achievements in the industry. This included forums and presentations by our staff at air traffic control centres in Melbourne and Brisbane highlighting career opportunities in air traffic control and aviation rescue fire fighting. Each of these events included a guest speaker from the Australian Women's Pilots Association and a behind-the-scenes look at our facilities.

To support women in our organisation, we held Women in Airservices events throughout the year with more than 200 staff coming together to discuss diversity issues. This also included the launch of our diversity portal, providing flexible online access for all staff to a range of material, videos and links that aim to increase awareness and further promote diversity as an integral part of our workplace.

Our Aviation Rescue Fire Fighting group highlighted the role of women in operational roles by conducting a special exercise at our Hot Fire Training Ground in Melbourne in November. A crew of six women demonstrated their fire fighting skills to participants in a Chief Executive Women leader's program, including four of our female managers who were part of the programme.

We also launched a targeted recruitment campaign—Stay Fit, Save Lives—at the Australian Fitness and Health Expo held in April in Melbourne. The aim of this campaign is to attract fit and active women to join our fire fighting ranks.

## Building strong leadership

During the year we continued our focus on developing our people as leaders by providing opportunities to participate in leadership programmes. These programmes help build resilience and capability and prepare high-performing employees to make informed decisions around career transition to front line management. We have also tailored leadership programmes which focus on aligning people's leadership capabilities with our culture and behaviours to strengthen customer focus.

Our unit managers and team leaders also participated in leading culture and leading performance programmes, which challenge them to adjust their own leadership style and to take an active role in building engagement in their teams. Additional leadership programmes are planned for later in the year including a foundations of leadership program.

## Supporting stakeholders

We maintain close relationships with our industry stakeholders and assist wherever and whenever possible in line with our commitment to safety. In August, our fire fighters were involved in the Defence exercise, 'Pitch Black'. This is the Royal Australian Air Force's most complex air exercise, and is held every two years. This year it was held at RAAF Base Darwin and RAAF Base Tindal and included participants from Australia, the United States, New Zealand, Singapore, Thailand, United Arab Emirates and New Caledonia. A hot wheels exercise was undertaken with crew simulating an overheated wheels scenario following a heavy landing by the Royal Australian Air Force and Royal Thai Air Force.



In October, our new aviation rescue fire fighting service in Newman undertook its first mutual aid response, supporting the Newman Volunteer Fire Brigade to extinguish a bushfire threatening the town. The newly established crew worked well as a team and made a valuable contribution to the local community. In February our aviation rescue fire fighting service in Karratha provided a similar mutual aid support to local brigades when lightning strikes led to a bushfire which threatened homes close to the town's airport.

## Recognising our staff

Many of our staff have been recognised this year for their workplace excellence and commitment to service delivery. Two air traffic controllers were awarded for going above and beyond their duties as part of International Day of the Air Traffic Controller. Our Gladstone fire fighting crew was named Crew of the Year in recognition of their professionalism, initiative, teamwork and community involvement as part of International Fire Fighters Day.

Other staff who were recognised during the year included:

- David Brooks—Australian Fire Service Medal for 34 years of service within Aviation Rescue Fire Fighting.
- Luke Francis—Apprentice of the Year Award finalist for emergency vehicle technicians.
- Sophia Haq—best Instructional Design Talent in the 2015 National LearnX Impact awards.
- Sarah Klein—Australian Institute of Management's Young Manager of the Year for ACT and NSW.
- Fiona Lawton—Women in Aviation/Aerospace Awards finalist in Excellence in Aviation Management.
- Guy Lewin—air traffic control finalist in the Trainee of the Year Award of the 2015 Transport and Logistics Industry Skills Council Awards for Excellence.
- Carolyn Owen—Project Manager of the Year for the ACT at the Australian Institute of Project Management Awards.
- Paul Sadler—Aviation Photographer of the Year awarded by the National Aviation Press Club.
- Linda Spurr—Emerging Leader of the Year Award in the Public Sector category of the 2015 NAB Women's Agenda Leadership Awards.

## Supporting all aviation

As an industry leader, we are proud to foster a greater interest in aviation. To support this we sponsor a number of organisations, associations and other bodies that offer scholarships to support a career in the aviation industry.

During the year we provided Learn to Fly Scholarships, in conjunction with the Royal Federation of Aero Clubs of Australia, to four candidates to subsidise the cost of obtaining a private or commercial pilot's licence. Scholarships were also provided to 10 young adults to complete their flight training as well as to four women at the Australian Women Pilots Association National Conference to help them obtain their private or commercial pilot's licence.

We also supported a range of other organisations and initiatives including:

- Aircraft Owners and Pilots Association of Australia
- Angel Flight
- CanTeen
- Fighting Chance
- Historical Aircraft Restoration Society
- Royal Aeronautical Society
- Royal Flying Doctor Service
- Safeskies Conference
- Snowy Hydro Southcare.

## Working as one

The Air Traffic Control and Supporting Air Traffic Services Enterprise Agreement 2012–2015 expires on 30 November 2015. We will be engaging with staff, relevant unions and other key stakeholders asking for feedback before any agreement leading up to November 2015.

During the year we reached agreement with the Community and Public Sector Union and Professionals Australia around changes to our Work Performance Framework. This focused on remuneration related to performance ratings under the proposed framework. The issue went to the Fair Work Commission for arbitration on 26 November, and the commission affirmed that the framework was consistent with the interpretation and application of the terms of the Airservices Enterprise Agreement.



## Core operational and business excellence

We create value through the services we provide, and by improving capacity and cost-effectiveness while maintaining safety and realising environmental benefits for the aviation industry.

Our strategic theme of core operational and business excellence provides the foundation for our commitment to improve service efficiency within the organisation—as well as the effectiveness of our services to customers—by better understanding their requirements and needs.

Our core operation is delivering safe, efficient and effective air traffic management and aviation rescue fire fighting services with minimal environmental impact.

We deliver operational and business excellence by:

- managing future growth and the changing profile of our customers
- delivering value for money and performance-based outcomes
- promoting environmentally responsible services
- improving the efficiency and effectiveness of our services
- ensuring capacity meets demand.

## Customer engagement

We continued our close engagement with customers and stakeholders throughout the year. In August we hosted the 31st Air Traffic Services and Airlines Safety Forum in Sydney which promoted industry collaboration on shared risks.

Our major industry-focused conference, Waypoint, was held in Canberra on 4 September and attracted more than 200 attendees, including representatives from New Zealand and Papua New Guinea. This is our key engagement opportunity and reinforced our collaborative approach to keeping industry informed and up-to-date on matters of interest and concern.

We held a highly successful national noise forum in May in conjunction with the Australian Airports Association, at which an agreement was reached to progress a national industry noise strategy.

Our commitment to ongoing collaboration with stakeholders was underscored by our participation in the Qantas Safety Forum on 29 and 30 October. This event included representatives from Solomon Airlines, Malaysia Airlines, Air New Zealand, CASA, and the Australian Transport Safety Bureau. We also hosted a combined Qantas, Qantaslink and Jetstar air traffic management meeting in November, as well as air traffic management performance group meetings with Qantas and Virgin Australia at regular intervals throughout the year.

We aligned with industry to coordinate investment options and implement concepts through the Air Traffic Operations (ATO) governance structure. This structure ensures Australian air traffic operations are aligned with global planning and supports collaboration across the industry to address key challenges and opportunities. The ATO shares responsibilities and accountabilities across several management bodies at three levels. Two of these, the Executive Group and the Implementation and Monitoring Group, operate at a national coordination level. The third relates to individual or location specific projects. The ATO executive group comprises senior executives from Defence, Sydney, Melbourne, Brisbane and Perth airports, Qantas Group, Air New Zealand, Emirates, Rex and the Virgin Group.

## Long term pricing agreement

We are committed to a comprehensive consultation process with aviation industry representatives throughout the agreement's development phase. These consultations will take into account pressures on the aviation industry and the need to maintain balance between affordable charges and cost recovery for crucial infrastructure development.

We recognise industry's need for value for money, and understand that price certainty is important to our customers. The value to our customers of the Long Term Pricing Agreement will be our ability to maintain safe operations and improve operational activity. The proposed Long Term Pricing Agreement for 2016–2021 will be presented to the Australian Competition and Consumer Commission for consideration before the end of 2015.

## Stakeholder engagement

During 2014–15, we maintained our strong relationship with both national and international stakeholders through a range of conferences, seminars and workshops enabling us to promote

and explain our unique role within the industry and our focus for the future.

In November, our Chair, Air Chief Marshal Sir Angus Houston AK, AFC (Ret'd), was keynote speaker at the annual Australian Airports Association conference. Sir Angus highlighted the transformation Airservices was undertaking to prepare itself for the future, including the corner stone, our OneSKY Australia program. He focused on the need for an integrated approach with people working together as one between ourselves, airports and airlines.

The event attracted more than 600 industry delegates. We also sponsored the Regional Aviation Association National Conference from 8 to 10 October.

Internationally, we participated in the Asia–Pacific CANSO Chief Executive Officer Conference on 1 July. Our Chief Executive Officer spoke about the benefits of OneSKY Australia to aviation and how it will change air navigation in Australia and world wide. She also attended the air traffic control global conference in China in September where she participated in an international collaboration panel discussing how to best share information across borders. This event attracted stakeholders from more than 35 countries.

A detailed list of the industry stakeholders and associations we engage with is available at appendix 8.

## Supporting international efforts

We contributed to the Asia–Pacific Long Range Air Traffic Flow Management trial along with Thailand, Singapore and Indonesia. Our contribution to the successful development and implementation of the trial enabled us to share knowledge and strengthen relationships with our neighbours.

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In November, we helped plan and deliver a safe and efficient G20 Summit in Brisbane. Our priority was to ensure a secure event with minimal impact on traffic to and from Brisbane Airport, while maintaining the airport's normal operations.

We also hosted a visit to Australia by the Chief Operating Officer of the US Federal Aviation Administration's Air Traffic Organization. During the visit, agreements between our organisations were updated and a presentation was given to our Board on the challenges and opportunities for the United States NextGen program as well as US airspace regulatory trends.

## Engagement with our partner in Defence

OneSKY Australia will enable a new level of cost efficiency and safety, reduce delays for the travelling public and improve environmental outcomes. Other benefits include one national air traffic management system, which will provide significant cost savings. It will also improve system capacity and allow us to capitalise on advances in technology, including aircraft technology.

On 27 February, we announced that a contract had been signed with Thales Australia to commence advanced works on a single civil-military air traffic management system for OneSKY Australia. We reached another critical milestone in June with the execution of the On-Supply Agreement. This agreement between us and the then Defence Materiel Organisation defines the contracting arrangements.

During the year we established a memorandum of agreement with the Royal Australian Air Force to operate its Heron remotely piloted aircraft system in Australian civil airspace. The agreement further reinforces the close working relationship between us and the Royal Australian Air Force and ensures that the Heron is operated safely in civilian airspace.

We are also collaborating with Defence to bring into line existing and new systems and services, including the Australian Aeronautical Messaging System and the Comsoft Aeronautical Data Access System. We are also supporting the Australian Super Hornet radio system and have completed work to install and commission specialised communication facilities to support this system.

We are providing specialist support for the Defence Instrument Landing System at Royal Australian Air Force Base Williamtown. This is in preparation for changes associated with lengthening the runway for the introduction of the F35 Lightning fighter jet. We have also agreed to maintain the Instrument Landing System at the Royal Australian Air Force Base at East Sale.

We are continuing to provide aviation rescue fire fighting services for Defence at Darwin Airport and have an agreement with Defence to provide approach air traffic control services for Royal Australian Air Force Base Edinburgh.

## Building for the future

During the year we continued to explore ways to provide the latest technology for our customers. This includes fitting the latest world-leading technology—the Integrated Tower Automation Suite (INTAS)—to our air traffic control towers at Gold Coast, Perth, Cairns, and Brisbane airports.

INTAS combines flight and operational data, surveillance and voice communications into a single integrated, control tower-specific layout and provides air traffic controllers with greater information about airport operations which enhances airport efficiency. INTAS consoles are already installed in our control towers at Broome, Rockhampton, Adelaide and Melbourne airports.

We are also looking at ways that we can provide better value to our customers through our Modelling Air Transport Efficiency initiative, which measures the total fuel burn and greenhouse gas emissions of aircraft in Australian airspace.

For example, we identified that Required Navigation Performance or Smart Tracking is likely to save airlines \$9.9 million a year in fuel for flights into the Melbourne, Perth, Brisbane and Gold Coast airports. Smart Tracking uses satellite-assisted guidance to enable aircraft to fly with higher accuracy.

We are constantly working towards improving services, reducing airborne delays, saving fuel and associated emissions, enhancing safety and reducing air traffic congestion for our customers. As part of this we have been working to improve site master plans for Brisbane, Melbourne and Perth airports. These are being updated to reflect the future requirements in support of the new air traffic navigation system being delivered under OneSKY Australia. A site master plan for Sydney is also being produced.

## Planning strategically

We have been participating in the Department of Finance's Public Management Reform Agenda. We provided a submission to the Joint Committee of Public Accounts and Audit's Inquiry into Development of Commonwealth Performance Framework, and participated in the community of practice for corporate planning and performance reporting.

We developed new performance measures and strategic initiatives during the year for our Corporate Plan 2015–2020. These will help create the link for our people between their role and our vision, as we move our organisation towards a greater level of customer focus. Work has also continued to integrate governance, risk management, compliance and assurance processes, which has resulted in an enterprise

compliance framework. This framework identifies key compliance obligations and risks and is now being managed as part of our existing risk management, assurance and reporting activity.

We are constantly reviewing our service delivery for our customers and stakeholders. As part of our operational reviews we are proposing to integrate our Adelaide and Cairns Terminal Control Units into Melbourne and Brisbane from 2017 pending CASA approval of a safety case.

## Improving our effectiveness and efficiency

This year we are planning to deliver our first Sustainability Report to better inform our customers, key stakeholders and staff on our overall performance. It will also provide the opportunity to benchmark our performance against other industry partners including domestic and international airlines, major airports and other air navigation service providers.

We anticipate that the report will help improve performance management and business planning processes, help us make better decisions, and identify business risks early. This will further enhance our reputation as a transparent and accountable organisation and we thank our customers and stakeholders for their input and feedback on what's important to them in the report.

## Ensuring business continuity

Our Business Continuity Management Framework Management Instruction requires that every year business groups conduct a business continuity desktop exercise to ensure consistency with other business groups in response to abnormal operations.

As part of this a major desktop exercise was conducted in Canberra involving several business groups and our National Operations Centre.

The exercise focused on the welfare of people, communications and planning activities as part of ensuring business continuity. The lessons from this exercise will be applied across the business groups.

We also undertook a major test exercise to transfer operational systems monitoring to different locations, and then return them to their original location. The success of this exercise gave us confidence that we would be able to undertake this transfer successfully in a crisis situation.

We are also working closely with the Australian Signals Directorate to ensure we take the necessary steps to protect our systems and networks against any malicious activity.

Under our national Solar Battery Replacement project, we have improved solar battery technology at 10 remote satellite ground stations across the country. The new batteries provide up to five days back up to critical VHF radio and ADS-B services during periods of dense cloud cover. We are also undertaking a National Underground Fuel Tank Replacement program to improve our current fuel storage and handling practices and reduce the environmental risk associated with ageing underground fuel tanks. This programme ensures full compliance with Australian standards.

## Delivering benefits for customers

We are delivering annual fuel cost savings to airlines estimated at \$18.2 million following the introduction of ground traffic management programmes at major airports.

Metron Harmony (Harmony) is a programme which was introduced in Sydney, Perth and Brisbane airports in 2012 and Melbourne Airport in 2014. It aims to better match runway demand with runway capacity at these airports, where

domestic aircraft participating in the programme are held on the ground at their departure airport, rather than airborne holding at the arrival airport.

The Harmony system has resulted in an annual saving of 8700 hours in airborne delay or an average of 1.1 minute per flight arriving at Melbourne, Sydney, Perth and Brisbane airports in 2014, according to an independent study by PricewaterhouseCoopers Australia. Over a 10 year period the estimated savings for our customers are likely to be in the order of:

- fuel savings of \$181.3 million
- CO<sub>2</sub> emission savings of \$14.9 million
- maintenance cost savings of \$27.3 million.

It was also estimated that we will derive a benefit that exceeded the implementation and operational costs of Harmony to a net value of \$87 million. With an anticipated increase in Australia's air traffic expected, the report projects these savings to increase to 14 300 hours, or \$37.3 million in annual fuel savings for our customers by 2022.

In June, we introduced a User Preferred Route (UPR) between Brisbane and Perth airports that is delivering savings for our customers. This UPR combines air traffic management and flight planning technology to allow for more flexible flight planning. Airlines such as Qantas can therefore plan flights based on daily weather conditions and operational requirements—rather than the traditional fixed route flying—resulting in more efficient flying and reduced emissions. Qantas is now operating two flights daily between the cities using this UPR and it is estimated that the airline will save 40 tonnes of fuel a year.

## Ensuring on-time delivery of projects

We have been putting greater focus on ensuring that our customers and stakeholders are aware of our capital investment projects and the delivery progress of these.

To ensure we keep our customers and stakeholders informed, we provide information to the Pricing Consultative Committee each quarter on the performance of our capital works program as well as information on major projects greater than \$10 million in value, or which are of industry significance.

As a result, industry has helped us shape the content of our forward capital works program to ensure our investment delivers outcomes which are of most value. This collaboration has meant that some industry important investment has been scheduled earlier, and less industry important projects have been deferred or in some cases stopped.

Our capital works program performance is reported quarterly and annually with the key performance indicator being the percentage of major and significant projects delivering value for money, on time, and within budget.

## Providing benefits to airports

We are committed to identifying opportunities to improve efficiency and to increase runway capacity to address growing demand at Australia's major airports. In support of this, the Airport Capacity Enhancement (ACE) program continues to implement initiatives agreed in the ACE strategic plans for Brisbane, Perth, Melbourne and Sydney airports.

At Brisbane Airport we have been able to safely compress the spacing between arriving aircraft during low departure demand, improving aircraft arrival times. Other benefits include minimising

runway occupancy times, increasing the number of movements per hour during peak times, from 44 to 47, and reducing the time of arrival delays in peak periods from 10 to five minutes.

At Perth Airport the initiatives introduced enabled an increase in the number of aircraft movements that can be safely managed, and has resulted in a reduction in the amount of holding fuel an aircraft must carry. This means airlines are now able to reduce their take-off weight, in some instances by up to 700 kilograms, providing greater efficiency and reducing aircraft emissions.

We also engage with airports during the development of their master plans and major development plans. In particular, we are participating in a number of technical working groups that are preparing plans for new runway developments and associated infrastructure.

We are working with Gold Coast Airport on its Major Development Plan for an Instrument Landing System. We partnered with Gold Coast to prepare and submit a ground environment assessment for the works on New South Wales Crown land as required under the *Environment Protection and Biodiversity Conservation Act 1999*. Another referral was also prepared to cover the noise impact from proposed flight paths.

An extensive public consultation programme commenced in April 2014 and included staffed information drop-in sessions and shopping centre displays. The public consultation period closed on 13 July 2015. All written feedback received during the public consultation period forms part of the Major Development Plan to be considered by the Minister for approval.

In an effort to identify opportunities to improve the use and capacity of Adelaide Airport's infrastructure and surrounding airspace, we facilitated the first Adelaide Airport and Airspace Operator's Group meeting on 7 August. Representatives from Qantas, Jetstar, Virgin Australia, Rex Airlines, Alliance Airlines, Sharp



Airlines, Rossair and Adelaide Airport attended to discuss a broad range of issues.

## Regional services

As part of our commitment to increase safety for airport users and to meet regulatory requirements, we delivered four new aviation rescue fire fighting services during 2014–15. These new stations are in Gladstone in Queensland, Newman in Western Australia, and in Ballina and Coffs Harbour in New South Wales. We have also signed a contract for a replacement fire station at Hamilton Island which is expected to be operational by 2016.

During the year, Ayers Rock Airport passenger numbers dropped below the required number of 350 000 for an aviation rescue fire fighting service. However a new Jetstar service was subsequently introduced, increasing passenger numbers by about 7.4 per cent. These figures will be closely monitored to determine future aviation rescue fire fighting service requirements.

In November, we received the final six vehicles in our replacement fire vehicle programme. This is a significant investment in our aviation rescue fire fighting fleet to match the growing aviation industry. We also took delivery of 13 new water rescue vessels during the year to support inshore aviation rescue at Adelaide, Sydney, Cairns, Ballina, Coffs Harbour, Hamilton Island, Brisbane, Mackay, Townsville and Broome.

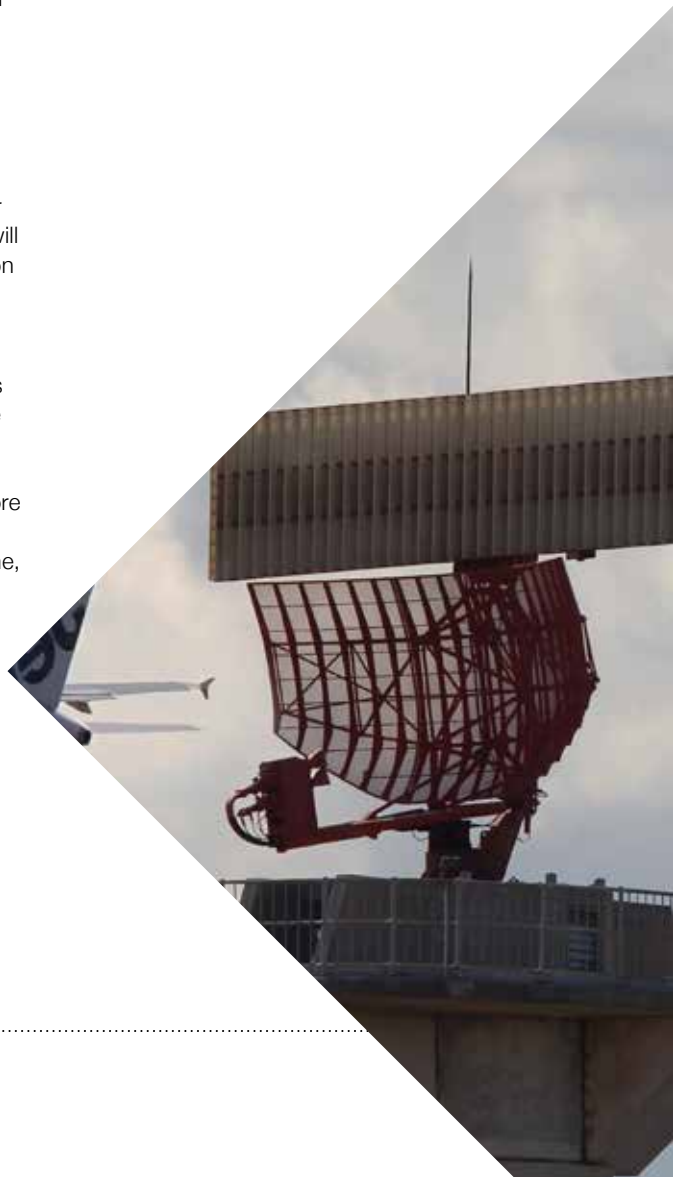
## Supporting our suppliers

We implemented a supplier relationship management program during the year which has already delivered a cost reduction of \$2.76 million and a cost avoidance of \$1.08 million. Eight major suppliers are part of this initiative.

As part of this programme, noise monitoring services supplier Brüel & Kjær will now be providing value-added activities including

monthly noise and flight path monitoring system reporting, and quarterly noise contour reports for Sydney and Brisbane airports. An analytical tool is also being developed to support reviews of noise abatement procedures, enhanced design of WebTrak and extended services for noise monitoring at Moorabbin Airport.

While there is no plan to expand the supplier relationship management program to other suppliers at this time, the categorisation of contracts into critical and major suppliers will be regularly reviewed to ensure the most important suppliers remain as part of this initiative.



We are also streamlining the way we manage relationships with suppliers and procure corporate software and licensing categories by developing an acquisition strategy. We now have national supplier arrangements in place and estimated savings are in the vicinity of \$10 million over the five to seven years of the proposed arrangements.

In June, we entered into a new contract for national cleaning and sanitary services with GJK Facility Services for all of our properties excluding South Australia and the Northern Territory. International Cleaning Services will provide the service in these areas. This new contract will enable us to standardise the service across our properties and deliver long term cost savings.

## Modernising our network

We have commenced work to modernise our ageing Aeronautical Information Systems and move to a more modern Aeronautical Information Management capability that will change our focus from the production of specific aeronautical paper products, to managing aeronautical information. This new aviation information management capability will comply with the ICAO Global Air Navigation Plan and global standards on the management and exchange of aeronautical information.

Over the past five years, global standards for the management of aeronautical information (i.e. both static and dynamic data) have been developed to evolve into a service that provides new and flexible aeronautical information products to support future air traffic

management capability and deliver new services to a changing industry. Our Mercury Project has been developed to modernise the delivery of air traffic management information. This is key to achieving our obligations as part of the ICAO aeronautical information service.

We have also undertaken bandwidth upgrades in Sydney, Adelaide and Perth that have resulted in significant network speed improvements for staff. These upgrades created a more flexible platform to accommodate future needs and improved our security and network management providing widespread wireless access.

## Integrated Management System

The implementation of our Integrated Management System progressed well during the year. The system provides an interactive view of our processes, policies, regulations, systems and governance to support how we work together, and to help us identify opportunities for improvement.

This year, our Facility Management, Ethics and Fraud and Business Intelligence processes transitioned to the system, simplifying paper-based administration and reducing duplication. Our Finance and Corporate, Learning Academy and People and Culture business groups are also transitioning their key functions to the system, including education and training, payroll and recruitment.

## Improving noise outcomes for the community

We are focused on reducing, where possible, the impact of aircraft noise on communities. Growth in aviation means more noise, however we are committed to explaining the changes we can make to help minimise aircraft noise including working with operators and industry on noise reduction initiatives.

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In December we introduced Smart Tracking at Gold Coast Airport and are also modifying a flight path for southern departures from Gold Coast Airport to provide respite to some residents from aircraft noise. Aircraft commenced flying this modified flight path in January 2015.

We are consulting with the community in Perth around noise improvement opportunities. A change to the noise abatement procedure (preferred runway) was implemented on 28 May with Smart Tracking to be implemented by September 2015. Smart Tracking allows pilots to use a continuous descent rather than a stepped descent which reduces thrust and produces less noise. It is estimated that 6000 aircraft will use Smart Tracking in the first year flying over less populated areas. These changes will provide an improved noise outcome for the community.

## **Aircraft Noise Ombudsman takes responsibility for military aircraft noise**

We have signed a memorandum of understanding with the Department of Defence and the Aircraft Noise Ombudsman to enable the Ombudsman to monitor and report on the effectiveness of community consultation processes relating to Defence aircraft noise. The effectiveness of information made available to the community will also be assessed. The Ombudsman will recommend to our Board or the Chief of Air Force improvements to handling aircraft noise matters.

## **Sustaining the environment**

Our first priority is to the health and safety of our people and the community. As such, we are taking a responsible and cautious approach to the use and management of fire fighting foams and have been a leader in transitioning away from foams containing Perfluorinated Compounds (PFCs). Our aviation rescue fire fighting service phased out the use of foams containing PFCs in 2003.

We are collaborating with the Department of Infrastructure and Regional Development and environmental consultants to develop a practical guide to manage sites with PFC residues on airports. The guide will provide greater certainty and a risk-based framework for these sites where such information was previously unavailable.

On 4 September, we highlighted our commitment to a sustainable environment with the launch of our Environment Strategy 2014–2019 at our annual industry conference, Waypoint. A copy of the strategy can be found at [www.airservicesaustralia.com/environment/environment](http://www.airservicesaustralia.com/environment/environment)

As part of our 2014–15 environmental assurance program we have completed environmental compliance inspections of remote sites in north eastern New South Wales and north western Victoria as well as Central and Western Australia. In all, seven environmental assurance assessments were completed.

Our Hot Fire Training Ground in Melbourne can use up to 140 000 litres of water each day when we are undertaking mandatory training for our aviation fire fighters. In an effort to be more sustainable, we have built a new water recycling plant at the training ground and are saving more than 30 million litres of water each year.

The plant recycles 100 per cent of the water used for fire fighting training, removing contaminants before processing the water to a higher standard than that required by the Australian guidelines for recycled fire fighting water. Any additional water that is treated and not used is discharged back into the system.

## Maintaining aviation heritage

We recognise and are committed to protecting the value of Australia's natural and cultural heritage in sites under our ownership and control. Under the *Environment Protection and Biodiversity Conservation Act 1999*, we are required to identify places that are likely to have Commonwealth heritage values, as listed in the Commonwealth Heritage Criteria.

To ensure there is a historical record of aviation memorabilia we sponsor the Civil Aviation Historical Society, which runs the Airways Museum at Essendon Airport, and have donated a range of equipment such as air traffic control consoles, fire trucks and navigation aids for display to the public.

We also want to improve public access to Australia's aviation history. In February, we collaborated with the University of Canberra in a project called Connecting the Nation: Australia's Aviation Heritage. The university carried out a national survey of aviation collections and we have now developed a digital portal through which important aspects of aviation heritage can be made accessible to the public.

We are also assisting the Historical Aircraft Restoration Society to complete its restoration of the Southern Cross II—a flying replica of the aircraft made famous by Sir Charles Kingsford Smith and Charles Ulm to complete the first crossing of the Pacific Ocean by air in 1928.



Airservices Sydney Tower—1995



# 05

## FINANCIAL STATEMENTS



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Infrastructure and Regional Development

I have audited the accompanying annual financial statements of Airservices Australia for the year ended 30 June 2015, which comprise:

- Statement by the Directors, Chief Executive Officer and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

#### *Director's Responsibility for the Financial Statements*

The directors of Airservices Australia are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The directors are also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An

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

audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**Independence**

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

**Opinion**

In my opinion, the financial statements of Airservices Australia:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of Airservices Australia as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Kristian Gage  
Audit Principal

Delegate of the Auditor-General

Canberra

10 September 2015




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

In our opinion, the attached financial statements for the year ended 30 June 2015 are based on properly maintained financial records and present fairly the matters required by the Financial Reporting Rules made under the Public Governance, Performance and Accountability Act 2013, as amended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Corporate Commonwealth entity will be able to pay its debts as and when they fall due.

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



Sir Angus Houston  
Chair



Jason Harfield  
Acting Chief Executive Officer



Paul Logan  
Acting Chief Financial Officer

Canberra, 10 September 2015

**Airservices Australia**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME</b>			
Airways revenues		975,032	978,451
Finance income	3	4,977	8,613
Other business revenue		22,724	25,943
Miscellaneous income		4,967	3,454
Reversal of previous asset write-down		4,600	4,378
<b>TOTAL INCOME</b>		<b>1,012,300</b>	<b>1,020,839</b>
<b>EXPENSES</b>			
Employee benefits	3	667,119	654,015
Suppliers		184,235	186,908
Depreciation	14	104,428	94,193
Amortisation	15	27,542	24,154
Finance costs	3	17,795	20,560
Write-down and impairment of assets	3	4,391	12,515
Net loss on disposal of non-current assets and assets held for sale	3	924	1,628
<b>TOTAL EXPENSES</b>		<b>1,006,434</b>	<b>993,973</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>5,866</b>	<b>26,866</b>
Income tax expense	4	1,357	5,543
<b>PROFIT AFTER INCOME TAX</b>		<b>4,509</b>	<b>21,323</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gain on revaluation of land, buildings and plant & equipment	21	13,786	20,897
Actuarial gains on defined benefit fund	21	130,026	66,024
Income tax on items that will not be reclassified to profit or loss		(43,144)	(26,076)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange hedge	21	520	1,487
Income tax on items that may be reclassified to profit or loss	21	(156)	(446)
<b>TOTAL OTHER COMPREHENSIVE INCOME NET OF TAX</b>		<b>101,032</b>	<b>61,886</b>
<b>TOTAL COMPREHENSIVE INCOME</b>			
Attributable to the Australian Government		105,541	83,209

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Airservices Australia**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	56,244	80,488
Trade and other receivables	9	130,669	117,884
Prepayments		14,372	8,296
Inventories		1,583	1,338
Assets classified as held for sale	10	100	110
Other current financial asset	11	736	556
Other current assets	12	90	1,231
<b>TOTAL CURRENT ASSETS</b>		<b>203,794</b>	<b>209,903</b>
<b>NON-CURRENT ASSETS</b>			
Land and buildings	14	407,899	337,850
Infrastructure, plant and equipment	14	756,725	756,956
Deferred tax assets	13	-	23,600
Intangible assets	15	96,379	104,380
Defined benefit fund asset	19 (b)	160,706	33,298
Other non-current financial assets	16	20,988	15,987
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,442,697</b>	<b>1,272,071</b>
<b>TOTAL ASSETS</b>		<b>1,646,491</b>	<b>1,481,974</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17 (a)	105,259	96,264
Provisions	17 (a)	226,426	231,620
Borrowings	18 (a)	59,772	19,913
Other current financial liabilities	18 (b)	791	565
<b>TOTAL CURRENT LIABILITIES</b>		<b>392,248</b>	<b>348,362</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	13	22,032	-
Provisions	17 (b)	65,021	64,006
Borrowings	18 (a)	471,472	470,570
Other non-current financial liabilities	20 (a)	5,469	3,804
Other non-current liabilities	20 (b)	8,547	8,400
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>572,541</b>	<b>546,780</b>
<b>TOTAL LIABILITIES</b>		<b>964,789</b>	<b>895,142</b>
<b>NET ASSETS</b>		<b>681,702</b>	<b>586,832</b>
<b>EQUITY</b>			
Contributed equity		222,190	222,190
Reserves	21 (a)	117,398	108,153
Retained earnings	21 (b)	342,114	256,489
<b>TOTAL EQUITY</b>		<b>681,702</b>	<b>586,832</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Airservices Australia**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the year ended 30 June 2015*

	Retained earnings		Asset revaluation reserve		Foreign exchange hedge reserve		Total reserves		Contributed equity		Total equity	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	256,489	203,497	107,936	94,324	217	(824)	108,153	93,500	222,190	222,190	586,832	519,187
<b>Comprehensive income</b>												
Defined benefits actuarial gains (net of tax)	91,018	46,217	-	-	-	-	-	-	-	-	91,018	46,217
Net revaluation (net of tax)	-	9,650	14,628	1,041	364	1,041	10,014	15,669	-	-	10,014	15,669
Profit for the period	4,509	21,323	-	-	-	-	-	-	-	-	4,509	21,323
<b>Total comprehensive income</b>	<b>95,527</b>	<b>67,540</b>	<b>9,650</b>	<b>14,628</b>	<b>364</b>	<b>1,041</b>	<b>10,014</b>	<b>15,669</b>	<b>-</b>	<b>-</b>	<b>105,541</b>	<b>83,209</b>
<b>Transactions with owners</b>												
Returns on capital:												
Dividends	(11,000)	(16,000)	-	-	-	-	-	-	-	-	(11,000)	(16,000)
<b>Transfers between equity components</b>												
Revaluation reserve - disposals	1,098	1,452	-	-	-	-	-	-	-	-	1,098	1,452
Revaluation reserve - disposals (net of tax)	-	-	(769)	(1,016)	-	-	(769)	(1,016)	-	-	(769)	(1,016)
<b>Closing balance</b>	<b>342,114</b>	<b>256,489</b>	<b>116,817</b>	<b>107,936</b>	<b>581</b>	<b>217</b>	<b>117,398</b>	<b>108,153</b>	<b>222,190</b>	<b>222,190</b>	<b>681,702</b>	<b>586,832</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Airservices Australia**  
**CASH FLOW STATEMENT**  
*for the year ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		1,096,712	1,102,160
Income tax refund		9,688	1,660
Payments to suppliers and employees (inclusive of GST)		(936,732)	(904,221)
Borrowing costs		(17,170)	(22,818)
Income tax paid		(19,615)	(13,337)
Interest received		2,109	4,369
<b>Net cash flows from operating activities</b>	31	<u>134,992</u>	<u>167,813</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales of infrastructure, plant and equipment		126	471
Purchase of infrastructure, plant & equipment and intangibles		(188,362)	(199,039)
<b>Net cash flows used in investing activities</b>		<u>(188,236)</u>	<u>(198,568)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(11,000)	(16,000)
Repayments of borrowings		-	(225,000)
Proceeds from borrowings		40,000	295,000
<b>Net cash flows from / (used in) financing activities</b>		<u>29,000</u>	<u>54,000</u>
Net increase / (decrease) in cash and cash equivalents		<u>(24,244)</u>	<u>23,245</u>
Cash and cash equivalents at the beginning of the reporting period		80,488	57,243
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	8	<u>56,244</u>	<u>80,488</u>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**Airservices Australia**  
**SCHEDULE OF COMMITMENTS**  
as at 30 June 2015

	2015	2014
BY TYPE	\$'000	\$'000
<b>CAPITAL COMMITMENTS</b>		
Infrastructure, plant and equipment	86,122	84,981
<b>TOTAL CAPITAL COMMITMENTS</b>	<u>86,122</u>	<u>84,981</u>
<b>OTHER COMMITMENTS</b>		
Operating leases	186,558	186,941
Other commitments (1)	275,137	320,592
<b>TOTAL OTHER COMMITMENTS</b>	<u>461,695</u>	<u>507,533</u>
<b>COMMITMENTS RECEIVABLE</b>		
Other commitments receivable (2)	(77,679)	(99,444)
GST recoverable on commitments	(41,623)	(47,159)
<b>TOTAL COMMITMENTS RECEIVABLE</b>	<u>(119,302)</u>	<u>(146,603)</u>
<b>TOTAL NET COMMITMENTS BY TYPE</b>	<u>428,515</u>	<u>445,911</u>
<b>BY MATURITY</b>		
<b>CAPITAL COMMITMENTS</b>		
Within one year	71,879	73,358
After one year but no more than five years	14,243	11,623
More than five years	-	-
<b>TOTAL CAPITAL COMMITMENTS</b>	<u>86,122</u>	<u>84,981</u>
<b>OPERATING LEASES</b>		
Within one year	23,064	16,063
After one year but no more than five years	77,697	65,352
More than five years	85,797	105,526
<b>TOTAL OPERATING LEASES</b>	<u>186,558</u>	<u>186,941</u>
<b>OTHER COMMITMENTS</b>		
Within one year	75,550	83,528
After one year but no more than five years	157,226	182,764
More than five years	42,361	54,300
<b>TOTAL OTHER COMMITMENTS</b>	<u>275,137</u>	<u>320,592</u>
<b>COMMITMENTS RECEIVABLE</b>		
Within one year	(28,112)	(31,067)
After one year but no more than five years	(65,335)	(72,931)
More than five years	(25,855)	(42,605)
<b>TOTAL COMMITMENTS RECEIVABLE</b>	<u>(119,302)</u>	<u>(146,603)</u>
<b>TOTAL NET COMMITMENTS BY MATURITY</b>	<u>428,515</u>	<u>445,911</u>

(1)These commitments primarily comprise contracts for services.

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

NB: Commitments are GST inclusive where relevant.

Operating leases are effectively non-cancellable and comprise:

**Leases for computer equipment**

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

**Leases for office accommodation**

Airservices leases are subject to differing review mechanisms which can include fixed increases, CPI or market review.

The above Schedule of Commitments should be read in conjunction with the accompanying notes.

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

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

**Note 1 Summary of significant accounting policies**

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

**(a) Basis of preparation**

The financial statements are required by section 42 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act 2013) and are general purpose financial statements for the year ended 30 June 2015. The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 10 September 2015.

Airservices is an Australian Government owned for-profit entity. The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and Financial Reporting Rules (FRR) made under the PGPA Act 2013.

**Historical cost convention**

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

**Critical accounting estimates**

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

**Compliance with IFRS**

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

**(b) New Australian Accounting Standards**

**Adoption of new Australian Accounting Standard requirements**

No accounting standard has been adopted earlier than the application date as stated in the standard. No new or revised pronouncements were issued prior to finalisation of the financial statements that were applicable to the current reporting period and had a material impact on the entity.

**Future Australian Accounting Standard requirements**

The following new standards, revised standards, interpretations and amending standards were issued prior to the signing of the statements by the Chair, Chief Executive Officer and Chief Financial Officer and could have a material impact on Airservices for future reporting periods.

Reference	Title	Summary	Application date of standard	Application date for Airservices
AASB 9	Financial Instruments	<p>The Final version of AASB 9 was issued in December 2014 and comprises three phases:</p> <p>1) Classification &amp; Measurement                      This phase addresses the categorisation of financial assets and liabilities. The anticipated adoption of this phase of the Standard is unlikely to have significant impact on Airservices future results.</p> <p>2) Hedge relationships                      This phase introduces a new hedge accounting model to simplify hedge accounting outcomes and more closely aligns hedge accounting with risk management objectives. Currently Airservices does not apply hedge accounting to its interest rate swap portfolio and movements in the portfolios fair value are recorded in the Statement of Comprehensive Income. As a result, this phase of the Standard is unlikely to have significant impact on Airservices future results.</p>	1 Jan 2018	1 Jul 2018



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

Reference	Title	Summary	Application date of standard	Application date for Airservices
		<p>3) Impairment            This phase introduces a new impairment model to financial assets and moves provisioning from an incurred to an expected loss model. The model will need to be applied to the company's trade receivable. Management is currently assessing the impact of this phase which will require modifications to the current provisioning policies.</p> <p>The final Standard also introduces a number of new disclosure requirements across all three phases. Management is currently assessing the disclosure impact but they are likely to have an impact on future statutory reporting.</p>		
AASB 15	Revenue from Contracts with Customers	<p>The new standard will require revenue to be recognised at the point at which each performance obligation in the contract with the customer is satisfied.</p> <p>Note that Exposure Draft ED263 proposes to extend the effective date of this standard to annual reporting periods beginning on or after 1 January 2018.</p> <p>Airservices is assessing the potential impact of this standard.</p>	1 Jan 2017	1 Jul 2017

All other new or revised standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material effect on the entity's financial statements.

**(c) Foreign currency translation**

**Functional and presentation currency**

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

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Translation differences on financial assets and liabilities carried at fair value, and non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

**(d) Revenue recognition**

**Rendering of services**

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

**Interest income**

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

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

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**(e) Property, plant and equipment**

**Asset recognition threshold**

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

**Cost and valuation**

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

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

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

**Revaluations**

Following initial recognition at cost, property, plant and equipment are carried at a re-valued amount which is the fair value at the date of the revaluation. Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the reporting date. Revaluations are conducted by an independent qualified valuer.

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

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

**Derecognition and disposal**

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

**Impairment of non-financial assets**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, and, as a minimum, at least annually. All assets were assessed for impairment as at 30 June 2015.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs. If any impairment indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. There were no such impairment indicators as at 30 June 2015 in respect of completed property, plant and equipment.

**Leases**

Operating lease payments where the lessor effectively retains substantially all of the risks and benefits of ownership of leased assets are included in the determination of the operating profit in equal instalments over the lease term, unless another systematic basis is more appropriate. Any rent free periods are accounted for as per UIG 115 Operating Leases - Incentives.

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

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

### Depreciation

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

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

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

	2015	2014
Buildings (eg: control towers, fire stations, commercial property)	10-40 years	10-40 years
Infrastructure, plant and equipment (eg: airways technical equipment, fire vehicles)	3-20 years	3-20 years

### Spares

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

### (f) Intangible assets

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

Research costs associated with in-house developed intangible assets are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its cost can be measured reliably. The carrying value of development costs is reviewed for impairment annually or more frequently if there is evidence to suggest that the carrying value may not be recoverable. All intangibles were assessed for indicators of impairment as at 30 June 2015.

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

### (g) Decommissioning and site rehabilitation

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

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

### (h) Inventories

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

### (i) Dividends

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

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

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**(j) Cash and cash equivalents**

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

**(k) Income tax**

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

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

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

**(l) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed GST inclusive.

**(m) Recoverable amount of non-current assets**

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

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

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

## Airservices Australia

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### (n) Provisions

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

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

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

On-costs associated with recreation leave and long service leave are classified as separate provisions from employee benefits, in accordance with section 24 of the FRR.

#### (o) Employee benefits

##### *Salaries, wages and termination benefits*

Liabilities for short term employee benefits and termination benefits expected to be wholly settled within twelve months of the end of the reporting period are measured at their nominal amounts. Liabilities for salary and wages are recognised, and are measured as the amount unpaid at the reporting date at pay rates which will be applicable when paid, in respect of employees' services up to that date.

##### *Recreation leave*

The provision for recreation leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Accordingly, the employee benefit provision is measured as a long-term benefit by calculating the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

##### *Long service leave and early retirement benefit*

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

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. A liability for early retirement benefit is recognised within the provision for separations and redundancies in accordance with the applicable Group Collective Agreement and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds (AA and AAA rated bonds only) with terms to maturity that match, as closely as possible, the estimated future cash outflows.

##### *Superannuation*

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

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

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

A liability or asset in respect of the AvSuper defined benefit superannuation plan is recognised in the Statement of Financial Position, and is measured as the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets as outlined in Note 19. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interpolation between the yield on high quality corporate bonds (AA and AAA rated bonds only) that have terms approximating to the terms of the related obligation. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

**(p) Working capital**

Airservices current liabilities exceed current assets as at the end of the current reporting period, mainly as a result of employee benefit disclosure requirements of the accounting standards. Notwithstanding that deficiency, the Directors remain confident that Airservices will be able to meet its debts as and when they fall due, including employee long service and recreation leave which will be funded out of operating revenues in the normal course of business rather than out of current assets at year-end.

Current assets are approximately 76% of current liabilities when the current employee benefit provisions expected to be taken greater than 12 months are excluded from the working capital calculation. This shortfall is expected to be met by the continuation of positive operating cashflows. In addition, management has committed funding facilities (which include standby facilities of \$230m - refer Note 23) to ensure the organisation can address both expected and unexpected short term liquidity requirements.

**(q) Investments and other financial assets**

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

**Financial assets at fair value through profit or loss**

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

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

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

**Loans and receivables**

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

**Held-to-maturity investments**

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

**(r) Financial liabilities**

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

**Financial liabilities at fair value through profit or loss**

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

**Airservices Australia**

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

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***Derivative financial instruments and hedge accounting***

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

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

***Other financial liabilities***

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

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

**(s) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(t) Contingent liabilities and contingent assets**

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

**(u) Borrowing costs**

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

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

### Note 2 Significant accounting estimates and assumptions

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

#### **AvSuper defined benefit plan**

Various actuarial assumptions are required when determining Airservices obligations under the AvSuper defined benefit plan. The assumptions relied on for the period to 30 June 2015 are discussed in Note 19.

#### **Long Service Leave and Early Retirement Benefits**

Various actuarial assumptions are required when determining Airservices obligations for long service leave and the early retirement benefit scheme. The assumptions relied on for the period to 30 June 2015 are based on collective agreements that were applicable during the year. These include a 5.0% annual salary increase, staff turnover rates ranging from 2% to 19% (depending on period of service), and average long service leave taken of 0.19 months per annum. The Discount Rate is derived from a yield curve based on interpolation of high quality corporate bonds (AA and AAA rated bonds only) based on the durations to reflect the estimated mean term of the liabilities, they are as follows:

Liability	Mean term	Corporate Bonds	Discount Rate
Long Service Leave	7.0 years	8 year and 9 year	4.1% p.a
Early Retirement Benefit	5.4 years	6 year and 7 year	3.8% p.a

#### **Change in discount rate**

AASB 119 Employee Benefits (para 78) requires the use of the yield on high quality corporate bonds at the end of the reporting period to discount post-employment benefit obligations, such as defined benefit superannuation and long service leave. Where there is no deep market in high quality corporate bonds, the market yield on government bonds must be used. In previous years, it has been generally accepted that the high-quality corporate bond market was not sufficiently deep, and hence the government bond rate was used. However, during the reporting period an actuarial report by Milliman Australia was commissioned by the Group of 100 concluding that a deep market exists in Australia for high quality corporate bonds. The large accounting firms and the Australian Government Actuary have indicated that they accept the findings of the report.

As a result, Airservices was required under AASB 119 to change the discount rate used in the defined benefit and long service leave calculations from the Government bond rate to the high quality corporate bond rate as a change in accounting estimate. Actuarial gains directly attributable to this change of \$167m are included in the financial assumptions disclosed in Note 19. Airservices also decreased the carrying amount of long service leave by \$17m in the current year as a result of this change in estimate.

#### **Recoverable amount of other financial assets**

Other financial assets consist primarily of the contractual right to receive royalties from Ground Based Augmentation System (GBAS) technology sales, under an agreement with Honeywell International. The estimated future cash flows for value in use calculations are based on the following assumptions:

- an assumed discount rate of 18.0%, which reflects the risks associated with the specific asset, in particular the risks associated with future GBAS technology sales. A 1% movement in the discount rate has a \$0.05m impact on the discounted receivable;
- an average USD/AUD exchange rate of \$0.70, which is based on the 12 month forecast for the USD/AUD exchange rate. A \$0.05 movement in the exchange rate has a \$0.1m impact on the value of the discounted receivable; and
- expected sales over the next ten years.

#### **Other provisions**

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



## Airservices Australia

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 3 Profit from continuing operations

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

	2015	2014
	\$'000	\$'000
<b>Revenue</b>		
Finance income		
Deposits	826	3,340
Cash at bank	637	666
Interest rate swap fair value gain	2,922	4,223
Other	592	384
Total finance income	<u>4,977</u>	<u>8,613</u>
<b>Expenses</b>		
Employee benefits		
Wages and salaries	450,089	418,748
Superannuation (defined contribution funds)	48,036	43,543
Leave and other entitlements	132,577	150,013
Separation and redundancies	4,613	7,846
Employee benefits (excluding defined benefit superannuation expense)	<u>635,315</u>	<u>620,150</u>
Net defined benefit superannuation expense recognised in employee benefits		
Current service cost	34,213	33,576
Net interest expense/(income)	<u>(2,409)</u>	<u>289</u>
Defined benefit superannuation expense	<u>31,804</u>	<u>33,865</u>
Total employee benefits	<u>667,119</u>	<u>654,015</u>
Finance costs		
Loans	16,632	18,828
Other	1,163	1,732
Total finance costs	<u>17,795</u>	<u>20,560</u>
Write-down and impairment of assets		
Impairment of navigation augmentation system receivable	26	1,308
Impairment of infrastructure, plant and equipment	4,365	10,726
Impairment of intangible assets	-	481
Total write-down and impairment of assets	<u>4,391</u>	<u>12,515</u>
Impaired loss on trade and other receivables		
Movement in allowance for impairment (receivables)	(21)	(811)
Bad debts written off	259	1,618
Total bad and doubtful debt expense	<u>238</u>	<u>807</u>
Operating lease charges	24,001	23,715
<b>Gain/(loss) from sales/(write-off) of assets</b>		
Proceeds from disposal of non-current assets	116	471
Written-down value of disposed non-current assets	(87)	(451)
Proceeds from disposal of assets held for sale	10	-
Written-down value of disposed assets held for sale	(10)	-
Net gain from sale of assets	<u>29</u>	<u>20</u>
Written down value of scrapped assets	<u>(953)</u>	<u>(1,648)</u>
<b>Net loss from disposal of non-current assets</b>	<u>(924)</u>	<u>(1,628)</u>

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

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

**Note 4 Income tax**

	2015	2014
	\$'000	\$'000
<b>(a) Income tax expense</b>		
Current tax	(5,126)	9,153
Deferred tax	6,483	(3,610)
Income tax expense attributable to profit from continuing operations	<u>1,357</u>	<u>5,543</u>
<b>(b) Reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	<u>5,866</u>	26,866
Prima facie income tax expense at 30%	1,760	8,060
Tax effect of amounts which are not deductible/assessable in calculating taxable income:		
Non-deductible legal costs	-	10
Other non-deductible/(assessable) expenditure	(408)	1,123
Prior year over provision of tax	(9)	(4,937)
Unrealised losses on revaluation of assets to fair value	14	1,287
<b>Income tax expense</b>	<u>1,357</u>	<u>5,543</u>

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

### Note 5 Fair value measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

#### Note 5A: Fair value measurements

##### Fair value measurements at 30 June 2015 by hierarchy for assets and liabilities

	Fair value \$'000	Fair value measurements at the end of the reporting period using		
		Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
<b>Non-financial assets</b>				
Land	50,624	-	50,624	-
Buildings	357,275	-	189	357,086
Plant and equipment	544,898	-	-	544,898
Assets held for sale	100	-	100	-
<b>Total non-financial assets at fair value</b>	<b>952,897</b>	<b>-</b>	<b>50,913</b>	<b>901,984</b>
<b>Financial assets</b>				
Forward exchange contracts	872	-	872	-
Interest rate swaps	19,202	-	19,202	-
Other financial assets	1,650	-	-	1,650
<b>Total financial assets at fair value</b>	<b>21,724</b>	<b>-</b>	<b>20,074</b>	<b>1,650</b>
<b>Total fair value measurements of assets</b>	<b>974,621</b>	<b>-</b>	<b>70,987</b>	<b>903,634</b>
<b>Financial liabilities</b>				
Forward exchange contracts	8	-	8	-
Interest rate swaps	6,252	-	6,252	-
<b>Total financial liabilities at fair value</b>	<b>6,260</b>	<b>-</b>	<b>6,260</b>	<b>-</b>
<b>Total fair value measurements of liabilities</b>	<b>6,260</b>	<b>-</b>	<b>6,260</b>	<b>-</b>

Airservices engages external, independent and qualified valuers to determine the fair value of Airservices property plant and equipment on an annual basis.

Highest and best use is the same as current use. There were no transfers between levels 1 and 2 during the year.

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

**Note 5B: Valuation technique and inputs for Level 2 and Level 3 fair value measurements**

	Category (Lvl 2 or 3)	Fair Value \$000	Valuation technique	Inputs used	Range (weighted average)
<b>Non-financial assets</b>					
Land	Level 2	50,624	Market Comparable	Direct comparison with similar land on a rate per square metre basis	N/A
Buildings	Level 2	189	Capitalised Income Approach	Direct comparison with similar property on a rate per square metre basis and or market rent returns on a rate per square metre basis balanced against market yields and capitalised	N/A
Buildings	Level 3	357,086	Depreciated Replacement Cost	Construction cost per metre height - Control Towers	\$63,365 - \$437,272 (\$201,920)
				Category - Fire Stations	\$1,756,000 - \$9,744,000 (\$4,390,000)
				Construction cost per square metre - other Buildings	\$460 - \$3,600 (\$3,094)
Plant and equipment	Level 3	544,898	Depreciated Replacement Cost	Historical capitalised costs Future planning cost estimates	0 - 2% (0.15%)
<b>Financial assets</b>					
Forward exchange contracts	Level 2	872	Adjusted Discounted Cash flows	Current foreign exchange market rates	N/A
Interest rate swaps	Level 2	19,202	Adjusted Discounted Cash flows	Current market interest rates	N/A
Other financial assets <sup>1</sup>	Level 3	1,650	Discounted Cash flows	Risk Adjusted Discount rate <sup>1</sup>	18%
				USD foreign exchange rates <sup>1</sup>	0.70
<b>Financial Liabilities</b>					
Forward exchange contracts	Level 2	8	Adjusted Discounted Cash flows	Current foreign exchange market rates	N/A
Interest rate swaps	Level 2	6,252	Adjusted Discounted Cash flows	Current market interest rates	N/A

<sup>1</sup> Refer Note 2 for details of the recoverable amount and underlying assumptions.

**Airservices Australia**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Valuation techniques used to determine level 2 and level 3 fair values****Land**

The fair value of freehold land assets have been derived using the direct comparison approach whereby the evidence derived from the analysis of recent sales of similar properties is used to establish the value of the subject property (level 2 inputs). In this regard, sales evidence has been collected as close to the date of valuation as possible and compared to the subject property on the basis of quality, age, condition and size of improvements, location, land area and shape. The sales were then analysed on a sales price per square metre of land area and adjusted accordingly to reflect any character differences between the subject and the comparable sales data.

**Buildings**

Non-specialised building assets where the asset can be identified as having the capability to be compared to open market conditions have been valued using the capitalised income approach whereby a yield is applied to the property's income (actual or assumed) to assess its value. The yield applied to the potential rental return from the property is based on an analysis of sales and or leasing data and has been calculated by dividing the rental return from comparable sales against its sale price.

Specialised buildings and site improvements have been valued on the basis of Depreciated Replacement Cost. This has been determined by first establishing the estimated cost to replace with an equivalent new asset less depreciation for their physical, functional and economic obsolescence.

Most building assets possess an alternate use potential, however, that potential can only be realised if the underlying conditions of the land permit an alternate use. In most instances the land lease agreements Airservices has entered into preclude using the land and the building assets upon the land in any other way than to provide the specialised services specifically related to Airservices. Where the land lease conditions preclude Airservices from partaking in otherwise normal market activities, the building assets were valued as a specialised asset.

**Plant and Equipment**

In general plant and equipment assets are typical at each airport and only vary subject to the capacity of the airport. The assets include navigational aids, enroute surveillance systems, on airport infrastructure and fire and rescue vehicles. These represent a specialised group of assets integrated to perform the control, monitoring and safety requirement of air and ground movement of commercial aircraft and airport support vehicles within Australia. As such, these specialised assets have been valued based on Depreciated Replacement Cost.

**Financial assets**

Financial assets represent the royalty stream which Airservices is entitled to receive from the sale and use of airways navigation systems. The asset is valued at fair value through profit and loss by applying a discounted cash flow methodology. The significant level 3 inputs to this valuation are the sales forecast, discount rate and foreign exchange rate.

## Airservices Australia

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 5C: Reconciliation for recurring Level 3 fair value measurements

There have been no transfers between levels.

#### Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets		
	Buildings	Plant and equipment	Total
	2015 \$'000	2015 \$'000	2015 \$'000
Opening balance	290,160	555,367	845,527
Total gains/(losses) recognised in net cost of services	5,056	(456)	4,600
Total gains/(losses) recognised in other comprehensive income	8,165	2,498	10,663
Purchases	-	1,355	1,355
Commissioned	78,388	69,106	147,494
Disposals	(175)	(866)	(1,041)
Depreciation	(24,534)	(79,894)	(104,428)
Transfer (to)/from Intangibles	26	(2,212)	(2,186)
<b>Closing balance</b>	<b>357,086</b>	<b>544,898</b>	<b>901,984</b>

	Financial assets	
	Other financial assets	Total
	2015 \$'000	2015 \$'000
Opening balance	1,836	1,836
Change in sales projection	(26)	(26)
Movement in discounted cash flow terms	(160)	(160)
<b>Closing balance</b>	<b>1,650</b>	<b>1,650</b>

#### Note 6 Dividends

##### (a) Dividends paid

An interim dividend for the year ending 30 June 2015 of \$5.0m (2014: \$6.0m) was paid on the 17 June 2015. A final dividend of \$6.0m for the year ended 30 June 2014 was paid on 27 February 2015 (2014: \$10.0m final dividend for the year ending 30 June 2013).

##### (b) Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30% (30 June 2014: 30%) are \$307.5m (30 June 2014: \$297.6m).

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

#### Note 7 Events after the reporting period

The Chief Executive Officer (CEO), Margaret Staib, resigned from her position effective 10 August 2015. Jason Harfield was appointed by the Board as interim CEO until a successor has been appointed.

No other events have occurred after the Statement of Financial Position date that should be brought to account or disclosed in the 2014-15 financial statements.

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

**Note 8 Current assets – Cash and cash equivalents**

	2015 \$'000	2014 \$'000
Cash at bank and in hand	11,244	23,288
Deposit at call	<u>45,000</u>	<u>57,200</u>
	<u>56,244</u>	<u>80,488</u>

**(a) Cash at bank and in hand**

Cash at bank has a floating interest rate of 2.20% (30 June 2014: 2.70%) for balances up to \$25m. For balances greater than \$25m the interest rate is 2.00%. Cash in hand is non-interest bearing.

**(b) Deposits at call**

The deposits at call have a floating interest rate of 2.00% (30 June 2014: 2.50%). These 11am cash deposits are rolled over on a daily basis.

**Note 9 Current assets – Trade and other receivables**

	2015 \$'000	2014 \$'000
<b>Loans and receivables</b>		
Trade receivables (a)	115,777	111,377
Provision for impairment of receivables (b)	<u>(1,489)</u>	<u>(1,510)</u>
	114,288	109,867
Other receivables	646	631
Accrued revenue and interest	1,304	4,154
Income tax receivable	<u>14,431</u>	<u>3,232</u>
<b>Total current receivables</b>	<u>130,669</u>	<u>117,884</u>

**(a) Ageing analysis of trade receivables**

Current	90,738	85,484
<b>Overdue by:</b>		
1 to 30 days	22,686	21,492
31 to 60 days	845	1,017
61 to 90 days	285	315
90 + days	<u>1,223</u>	<u>3,069</u>
<b>Total</b>	<u>115,777</u>	<u>111,377</u>

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

**(b) Reconciliation for the provision for impairment of receivables**

Opening balance	1,510	2,321
Decrease recognised in net profit	<u>(21)</u>	<u>(811)</u>
Closing balance	<u>1,489</u>	<u>1,510</u>

The provision for impairment of receivables is aged as follows:

Current	120	46
<b>Overdue by:</b>		
1 to 30 days	70	55
31 to 60 days	55	56
61 to 90 days	25	48
90 + days	<u>1,219</u>	<u>1,305</u>
<b>Total</b>	<u>1,489</u>	<u>1,510</u>

**Note 10 Assets classified as held for sale**

Two land assets and a residential property have been identified as surplus to the requirements of Airservices and have been classified as assets held for sale. Their disposals are expected to be completed within the 2015 -16 financial year. The carrying amount of the assets amounted to \$0.100m (30 June 2014: \$0.110m).

**Note 11 Other current financial assets**

	2015	2014
	\$'000	\$'000
Forward exchange contracts	503	311
Navigation and augmentation systems receivable	<u>233</u>	<u>245</u>
<b>Total other current financial assets</b>	<u>736</u>	<u>556</u>

The navigation and augmentation systems receivable represents the current portion of the royalty stream which Airservices is entitled to receive from the sale and use of these technologies. Refer Note 16 for non-current portion. Refer to Note 5 for basis of fair value measurement.

**Note 12 Current assets - Other**

	2015	2014
	\$'000	\$'000
Lease incentive - Current	<u>90</u>	<u>1,231</u>

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



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

**Note 13 Non-current assets – Deferred tax assets**

	2015	2014
	\$'000	\$'000
<b>The balance comprises temporary differences attributable to:</b>		
<i>Amounts recognised in the statement of comprehensive income</i>		
Depreciation for accounting purposes	(20,596)	(16,720)
Allowance for impairment	447	817
Employee benefits	63,673	62,302
Provision for revenue to be returned to customers	43	1,219
Provision for legal costs	480	180
Other provisions	3,431	4,765
Accruals	3,885	5,283
Movement in booked losses	3,836	-
	<u>55,199</u>	<u>57,846</u>
<i>Amounts recognised directly in equity</i>		
Foreign exchange hedge reserve	(259)	(93)
Revaluation of land, buildings, plant and equipment	(50,068)	(46,258)
Defined benefit (asset) / liability	(26,904)	12,105
	<u>(77,231)</u>	<u>(34,246)</u>
Net deferred tax (liability) / assets	<u>(22,032)</u>	<u>23,600</u>
<b>Movements:</b>		
Opening balance at 1 July	23,600	45,534
Charged to the statement of comprehensive income	(6,483)	3,610
Credited to equity	(42,985)	(25,544)
Movement in booked losses/tax offsets - transferred from tax payable	3,836	-
Closing balance at 30 June	<u>(22,032)</u>	<u>23,600</u>

**Tax losses**

A deferred tax asset of \$3.8m has been recognised for income tax losses. Based on management's forecast of future taxable profit and the reversal of taxable temporary differences Airservices considers it probable the tax losses will be fully utilised.

Airservices has capital losses of \$7.0m (30 June 2014: \$9.0m) that are available indefinitely for offset against future capital gains. Deferred tax assets have not been recognised in respect of these losses as management has evaluated and concluded that it is not probable future capital gains will be available against which Airservices can utilise these losses in the foreseeable future.

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

**Note 14 Non-current assets – Infrastructure, plant and equipment**

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Plant and equipment* \$'000	Assets under construction* \$'000	Total \$'000
<b>As at 1 July 2014</b>						
Gross book value	47,690	303,865	351,555	634,610	201,589	1,187,754
Accumulated depreciation and impairment	-	(13,705)	(13,705)	(79,243)	-	(92,948)
<b>Net book value 1 July 2014</b>	<b>47,690</b>	<b>290,160</b>	<b>337,850</b>	<b>555,367</b>	<b>201,589</b>	<b>1,094,806</b>
Additions	-	-	-	1,355	179,452	180,807
Revaluations	2,934	13,410	16,344	2,042	-	18,386
Impairments recognised	-	-	-	-	(4,365)	(4,365)
Commissioned assets under construction	-	78,388	78,388	69,106	(147,494)	-
Assets under construction commissioned as software (refer to note 15)	-	-	-	-	(17,355)	(17,355)
Depreciation expense	-	(24,534)	(24,534)	(79,894)	-	(104,428)
Transferred (to)/from intangibles	-	26	26	(2,212)	-	(2,186)
Disposals	-	(175)	(175)	(866)	-	(1,041)
Transferred to assets held for sale	-	-	-	-	-	-
<b>Net book value 30 June 2015</b>	<b>50,624</b>	<b>357,275</b>	<b>407,899</b>	<b>544,898</b>	<b>211,827</b>	<b>1,164,624</b>
<b>Net book value as of 30 June 2015 represented by:</b>						
Gross book value	50,624	368,675	419,299	641,734	211,827	1,272,860
Accumulated depreciation and impairment	-	(11,400)	(11,400)	(96,836)	-	(108,236)
	<b>50,624</b>	<b>357,275</b>	<b>407,899</b>	<b>544,898</b>	<b>211,827</b>	<b>1,164,624</b>

\*The sum of plant and equipment and assets under construction total amount presented on the Statement of Financial Position as "Infrastructure, plant and equipment" - \$756,725.

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

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Plant and equipment* \$'000	Assets under construction* \$'000	Total \$'000
<b>As at 1 July 2013</b>						
Gross book value	47,956	250,129	298,085	588,594	210,769	1,097,448
Accumulated depreciation and impairment	-	(11,178)	(11,178)	(63,266)	-	(74,444)
<b>Net book value 1 July 2013</b>	<b>47,956</b>	<b>238,951</b>	<b>286,907</b>	<b>525,328</b>	<b>210,769</b>	<b>1,023,004</b>
Additions	-	-	-	222	193,685	193,907
Revaluations	(256)	18,071	17,815	7,460	-	25,275
Impairments recognised	-	-	-	-	(10,726)	(10,726)
Commissioned assets under construction	-	54,975	54,975	99,687	(154,662)	-
Assets under construction commissioned as software (refer to note 15)	-	-	-	-	(37,477)	(37,477)
Depreciation expense	-	(20,876)	(20,876)	(73,317)	-	(94,193)
Transferred to intangibles	-	-	-	(2,875)	-	(2,875)
Disposals	-	(961)	(961)	(1,138)	-	(2,099)
Transferred to assets held for sale	(10)	-	(10)	-	-	(10)
<b>Net book value 30 June 2014</b>	<b>47,690</b>	<b>290,160</b>	<b>337,850</b>	<b>555,367</b>	<b>201,589</b>	<b>1,094,806</b>
<b>Net book value as of 30 June 2014 represented by:</b>						
Gross book value	47,690	303,865	351,555	634,610	201,589	1,187,754
Accumulated depreciation and impairment	-	(13,705)	(13,705)	(79,243)	-	(92,948)
	<b>47,690</b>	<b>290,160</b>	<b>337,850</b>	<b>555,367</b>	<b>201,589</b>	<b>1,094,806</b>

\*The sum of plant and equipment and assets under construction total amount presented on the Statement of Financial Position as "Infrastructure, plant and equipment" - \$756,956.

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

**(a) Revaluation of land, buildings, plant and equipment**

The valuation basis for land, buildings, plant and equipment is fair value as outlined in Note 5.

Airservices engaged accredited valuers Aon Valuation Services to value its land, buildings, plant and equipment (the valuers were also used for the previous year). The reversal of prior year revaluation decreases (for the same asset), were recognised by crediting the statement of comprehensive income. In all other cases, the revaluation surplus net of deferred income taxes was credited to the asset revaluation reserve. The effective date of the revaluation was 30 June 2015.

**(b) Impairment**

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

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

	2015 \$'000	2014 \$'000
<b>Land</b>		
At cost	<u>2,271</u>	<u>2,271</u>
	<b>2,271</b>	<b>2,271</b>
<b>Buildings</b>		
At cost	467,281	388,853
Accumulated depreciation	<u>(177,680)</u>	<u>(162,125)</u>
Net book amount	<u>289,601</u>	<u>226,728</u>
<b>Plant and Equipment</b>		
At cost	1,141,479	1,095,379
Accumulated depreciation	<u>(569,021)</u>	<u>(521,390)</u>
Net book amount	<u>572,458</u>	<u>573,989</u>

**(d) Borrowing Costs**

The amount of borrowing costs capitalised during the year ended 30 June 2015 was \$6.6m (2014: \$6.0m). As Airservices borrows money generally to fund both operating and capital expenditure, the weighted average cost of borrowings of 4.78% (2014: 5.04%) was used as the capitalisation rate.

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

**Note 15 Non-current assets – Intangible assets**

	2015		2014	
	Internally developed software \$'000	Other intangible assets \$'000	Total intangible assets \$'000	Total intangible assets \$'000
<b>As at 1 July</b>				
Gross book value	245,364	67,988	313,352	274,145
Accumulated amortisation and impairment	(152,269)	(56,703)	(208,972)	(185,482)
<b>Net book value 1 July</b>	<b>93,095</b>	<b>11,285</b>	<b>104,380</b>	<b>88,663</b>
Transferred from assets under construction	4,023	13,332	17,355	3,227
Impairments recognised	-	-	-	(481)
Amortisation expense	(19,486)	(9,056)	(27,542)	(8,021)
Transferred from / (to) property, plant and equipment	2,186	-	2,186	2,875
<b>Net book value 30 June</b>	<b>79,818</b>	<b>16,561</b>	<b>96,379</b>	<b>104,380</b>
<b>Net book value as of 30 June represented by:</b>				
Gross book value	251,516	80,664	332,180	313,352
Accumulated amortisation and impairment	(171,698)	(64,103)	(235,801)	(208,972)
	<b>79,818</b>	<b>16,561</b>	<b>96,379</b>	<b>104,380</b>

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

**Note 16 Non-current assets – Other financial assets**

	2015	2014
	\$'000	\$'000
Interest rate swaps	19,202	14,396
Forward exchange contracts	369	-
Navigation and augmentation systems receivable <sup>1</sup>	<u>1,417</u>	<u>1,591</u>
<b>Total Non-current assets - other financial assets</b>	<b><u>20,988</u></b>	<b><u>15,987</u></b>

<sup>1</sup> This represents the non-current portion of the royalty stream which Airservices is entitled to receive from the sale and use of these technologies. Refer Note 11 for current portion. Refer to Note 5 for basis of fair value measurement.

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

**Note 17 Provisions and payables**

	2015	2014
	\$'000	\$'000
<b>(a) Current payables and provisions</b>		
<b>Current payables</b>		
Suppliers		
Trade payables	20,253	15,415
Employees		
Salaries and wages	20,757	18,378
Superannuation	4,328	3,655
Revenue received in advance	1,760	1,627
Interest payable	2,459	2,603
Accrued payroll tax	4,291	4,074
Net goods and services tax payable	12,717	12,813
Group tax payable	6,266	5,959
Other accrued expenses	32,428	31,740
<b>Total current payables</b>	<b>105,259</b>	<b>96,264</b>
<b>Current provisions</b>		
Employee benefits		
Recreation leave <sup>(1)</sup>	62,624	61,624
Long service leave <sup>(2)</sup>	143,376	143,172
Separations and redundancies	1,302	2,491
On-costs associated with employee benefits	12,696	12,463
Workers compensation	328	417
Revenue to be returned to customers	143	4,062
ARFF decontamination	2,985	4,153
Litigation and legal costs	1,600	600
Other	355	1,459
Makegood on leasehold assets	1,017	1,179
<b>Total current provisions</b>	<b>226,426</b>	<b>231,620</b>
<b>Total current provisions and payables</b>	<b>331,685</b>	<b>327,884</b>
<b>(b) Non-current provisions</b>		
Employee benefits		
Long service leave	35,015	32,237
Separations and redundancies	13,874	15,318
On-costs associated with employee benefits	2,115	1,917
ARFF decontamination	3,530	4,594
Makegood on leasehold assets	8,040	7,359
Workers compensation	2,447	2,581
<b>Total non-current provisions</b>	<b>65,021</b>	<b>64,006</b>

(1) Recreation leave expected to be settled within 12 months from the reporting date is \$54.3m, and greater than 12 months is \$8.3m.

(2) Long service leave expected to be settled within 12 months from the reporting date is \$26.4m, and greater than 12 months is \$117.2m.

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

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**(c) Description of provision**

***Employee benefits:***

• **Workers compensation**

These provisions represent Airservices' self insured liability for workers compensation prior to 1 July 1989, which is calculated annually by an independent actuary.

• **Separations and redundancies**

This includes \$13.9m (30 June 2014: \$15.3m) in early retirement benefits which have been elected to be taken by employees as a lump sum on retirement, and \$1.3m (30 June 2014: \$2.5m) for redundancy provisions in relation to the restructuring of the organisation. The provision for early retirement benefits includes \$12.8m for ATC employees who were employed by Airservices on 1 July 1998 and continue to meet the eligibility requirements under the relevant enterprise agreement.

***Revenue to be returned to customers***

In accordance with the long term pricing agreement a \$0.1m (30 June 2014: \$4.1m) revenue rebate provision has been recorded relating to the 2014 financial year. This amount relates to rebates attributable to customers under payment arrangements.

***ARFF decontamination***

The provision relates to the assessment, management and containment of possible contaminated ARFF training sites as outlined in the Environmental Management Plan (EMP) as discussed in note 22.

***Litigation and legal costs***

This provision includes the settlement and legal costs of Airservices on ongoing matters which commenced prior to 30 June 2015.

***Makegood on leasehold assets***

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

***Other***

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



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

	2015	2014
	\$'000	\$'000
<b>(d) Movements in provisions (excluding employee benefits)</b>		
(i) Revenue to be returned to customers (Current)		
Carrying amount at start of period	4,062	6,815
Additional provisions recognised	-	4,062
Credit notes issued	(3,919)	(6,790)
Rebate not returned to customers	-	(25)
Carrying amount at end of period	<u>143</u>	<u>4,062</u>
(ii) ARFF decontamination (Current/Non-current)		
Carrying amount at start of period	8,747	11,144
Adjustment to provision	-	(20)
Payments	<u>(2,232)</u>	<u>(2,377)</u>
Carrying amount at end of period	<u>6,515</u>	<u>8,747</u>
(iii) Litigation and legal costs (Current)		
Carrying amount at start of period	600	300
Adjustment to provision	1,388	600
Payments	<u>(388)</u>	<u>(300)</u>
Carrying amount at end of period	<u>1,600</u>	<u>600</u>
(iv) Decommissioning and restoration (Makegood - Current/Non-current)		
Carrying amount at start of period	8,538	9,069
Additional provisions recognised	781	177
Payments	<u>(262)</u>	<u>(708)</u>
Carrying amount at end of period	<u>9,057</u>	<u>8,538</u>
(v) Other (Current)		
Carrying amount at start of period	1,459	450
Adjustment to provision	(706)	1,199
Payments	<u>(398)</u>	<u>(190)</u>
Carrying amount at end of period	<u>355</u>	<u>1,459</u>

## Airservices Australia

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 18 Borrowings

	2015	2014
	\$'000	\$'000
<b>(a) Unsecured - Bank loans</b>		
Current <sup>(1)</sup>	59,772	19,913
Non-current <sup>(2)</sup>	471,472	470,570
Total borrowings	<u>531,244</u>	<u>490,483</u>

<sup>(1)</sup> This represents amounts issued under a \$300m commercial paper program in four separate tranches on 28 January 2015, 20 May 2015, 26 May 2015, and 9 June 2015.

<sup>(2)</sup> This represents a \$200m Medium Term Note (MTN) tranche that was issued on 2 November 2011 and will mature on 15 November 2016 and a \$275m MTN tranche that was issued on 28 November 2013 and will mature on 19 November 2020.

#### (b) Other current financial liabilities

Interest rate swaps	783	565
Forward exchange contracts	8	-
Total Other current financial liabilities	<u>791</u>	<u>565</u>

#### Note 19 Defined benefit fund asset

##### (a) Superannuation plan

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

The following sections (b) to (j) set out details relating only to the defined benefits section of the Plan. Note that the defined benefits section has been closed to new membership since 2002.

	2015	2014
	\$'000	\$'000

##### (b) Benefit asset

The amounts recognised in the statement of financial position are determined as follows:

Present value of the defined benefit obligation	(827,658)	(900,189)
Fair value of defined benefit plan assets	988,364	933,487
Net benefit asset - non-current	<u>160,706</u>	<u>33,298</u>

##### (c) Categories of plan assets

The major categories of plan assets are as follows:

Cash	134,822	106,954
Equity instruments	478,156	569,548
Debt instruments	246,188	160,912
Other assets	129,198	96,073
	<u>988,364</u>	<u>933,487</u>

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

**(d) Reconciliations**

	2015	2014
	\$'000	\$'000
<i>Reconciliation of the present value of defined benefit obligation:</i>		
Balance at the beginning of the year	900,189	857,257
Current service cost	34,213	33,576
Contribution by members	12,466	12,013
Interest cost	33,950	31,849
Remeasurements		
Effect of changes in financial assumptions	(83,361)	(11,336)
Effect of experience adjustments	(14,453)	19,990
Benefits paid	<u>(55,346)</u>	<u>(43,160)</u>
Balance at the end of the year	<u>827,658</u>	<u>900,189</u>

*Reconciliation of the fair value of plan assets:*

Balance at the beginning of the year	933,487	829,441
Interest Income	36,359	31,560
Remeasurements		
Return on plan assets (excluding interest income)	32,212	74,679
Contribution by Airservices	29,186	28,954
Contribution by members	12,466	12,013
Benefits paid	<u>(55,346)</u>	<u>(43,160)</u>
Balance at the end of the year	<u>988,364</u>	<u>933,487</u>

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

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

**i Defined benefit cost recognised in profit or loss**

Current service cost	34,213	33,576
Interest on the net defined benefit asset	<u>(2,409)</u>	289
Total included in employee benefits expense	<u>31,804</u>	33,865

**ii Remeasurements (recognised in other comprehensive income)**

Effect of changes in financial assumptions (corporate bond rate)	(83,361)	(11,335)
Effect of experience adjustments	(14,453)	19,990
Return on plan assets (excluding interest income)	<u>(32,212)</u>	<u>(74,679)</u>
Total remeasurements included in OCI	<u>(130,026)</u>	(66,024)

**iii Total defined benefit income recognised in the statement of comprehensive income**

	(98,222)	(32,159)
Actual return on plan assets	<u>68,139</u>	<u>103,962</u>

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

**(f) Principal actuarial assumptions**

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

	2015	2014
	%	%
Discount rate	4.70	3.90
Future salary increases	5.00	5.00

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

- a discount rate of 4.7% p.a. derived by interpolation between the yield on 12 year and 13 year corporate bonds at 30 June 2015 where the interpolation is based on the estimated mean term of each bond (as required under AASB 119).

- the salary increase rate is the long term expected rate including a full allowance for promotional increases.

**(g) Sensitivity analysis**

A sensitivity analysis for the key actuarial assumptions, holding other assumptions constant, and their potential impact on the defined benefit obligation are shown below.

	Increase	Decrease
	\$'000	\$'000
<b>2015</b>		
Discount rate (0.5% movement)	47,543	(51,384)
Future salary increases (0.5% movement)	(48,591)	45,449
	Increase	Decrease
<b>2014</b>	\$'000	\$'000
Discount rate (0.5% movement)	54,534	(59,211)
Future salary increases (0.5% movement)	(55,706)	51,902

**(h) Maturity profile**

The following payments are expected to be made in future years out of the defined benefit plan obligation.

	2015	2014
	\$'000	\$'000
<b>Undiscounted Benefit Payments</b>		
1 year or less	49,571	46,000
2 to 5 years	243,126	231,000
5 to 10 years	320,071	303,000
Greater than 10 years	1,580,341	1,657,000
<b>Total expected payments</b>	<u>2,193,109</u>	<u>2,237,000</u>

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (2014: 11 years).

## **Airservices Australia**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

#### **(i) Employer contributions**

Employer contribution rates are reviewed with each actuarial investigation of the Plan undertaken for the Trustee. An actuarial investigation of the Plan is made each year and the last such assessment was made as at 1 July 2015.

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

- 16.5% of gross salary for Air Traffic Controllers (2014-15: 16.5%);
- 16.5% of gross salary for other employees (2014-15: 16.5%); and
- 3% for those employees who remain members of the Commonwealth Superannuation Scheme (CSS) (2014-15: 3%).

Airservices makes additional contributions to the Plan, if required, in June each year, after considering the advice of the actuary and the Trustee.

The objectives in setting the contribution rate are to ensure:

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

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

Employer contributions expected to be paid by Airservices for the year ending 30 June 2016 amount to approximately \$29.8m, not including any additional contributions required.

#### **(j) Net Financial position of the plan**

In accordance with AAS 25 Financial Reporting by Superannuation Plans, the Plan's net financial position is determined as the difference between the present value of the accrued benefits and the net market value of Plan assets. This was determined as at the date of the most recent financial report of AvSuper (30 June 2014), when a surplus of \$244.78m was reported. Last year in these financial statements Airservices recognised a defined benefit asset of \$33.3m at 30 June 2014. The difference between the amounts is due to the different accounting treatment of the net financial position for the employer under AASB 119, and the Plan under AAS 25.

At 30 June 2015 these financial statements disclose a defined benefit asset of \$160.7m. AvSuper's net financial position for the Plan under AAS 25 will not be available until after these financial statements have been signed.

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

**Note 20 Non-current liabilities - Other**

	2015	2014
	\$'000	\$'000
<b>(a) Other non-current financial liabilities</b>		
Interest rate swaps	<u>5,469</u>	<u>3,804</u>
<b>(b) Non-current liabilities - Other</b>		
Lease liability - Non-current	<u>8,547</u>	<u>8,400</u>

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

**Note 21 Reserves and retained earnings**

	2015	2014
	\$'000	\$'000
<b>(a) Reserves</b>		
Asset revaluation reserve	<u>116,817</u>	107,936
Foreign exchange hedge reserve	<u>581</u>	217
	<u>117,398</u>	<u>108,153</u>

**Movements:**

<i>Asset revaluation reserve</i>		
Opening balance	107,936	94,324
Net revaluation	13,786	20,897
Income tax effect on net revaluation	(4,136)	(6,269)
Revaluation reserve - disposals (net of deferred tax)	<u>(769)</u>	<u>(1,016)</u>
	<u>116,817</u>	<u>107,936</u>

*Foreign exchange hedge reserve*

Opening balance	217	(824)
Net revaluation	520	1,487
Income tax effect on net revaluation	<u>(156)</u>	<u>(446)</u>
	<u>581</u>	217

**(b) Retained earnings**

Movements in retained earnings were as follows:

Opening balance	256,489	203,497
Net profit after tax for the year	4,509	21,323
Dividend paid	(11,000)	(16,000)
Revaluation reserve - disposals	1,098	1,452
Defined benefit fund movements direct to equity	130,026	66,024
Income tax effect on the defined benefit fund movements	<u>(39,008)</u>	<u>(19,807)</u>
	<u>342,114</u>	<u>256,489</u>

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

### Note 22 Contingencies

#### (a) Contingent Liabilities

Airservices had contingent liabilities at 30 June 2015 in respect of:

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

Airservices has identified a number of sites around the country that have been potentially contaminated with chemicals that were contained in firefighting foams. The foams containing these chemicals were widely used internationally and were used by Airservices from 1980 until 2010. The identified contaminants do not breakdown in the natural environment.

Testing and assessment of the fire training grounds commenced in 2008-09 with some additional site assessments conducted in the years following. The focus during the 2015 financial year has been on reviewing the Polyfluorinated Chemical (PFC) Contamination Strategic Environmental Management Plan and related Stakeholder Engagement Plan, developing a practicable guide for managing PFC issues on airports in conjunction with the Department of Infrastructure and Regional Development, undertaking research and development investigations into contaminated waste treatment options, and contributing to a project being undertaken by the Cooperative Research Centre for Contamination Assessment and Remediation of the Environment (CRC CARE) to develop investigation trigger levels to address the absence of regulated thresholds for these contaminants. This work will continue into the next few years.

To facilitate this process and other activity related to this issue, a sum of \$6.5m has been provided for at 30 June 2015 (refer to Note 17). It is not possible to quantify any potential remediation costs at this time.

### Note 23 Standby arrangements and unused credit facilities

	2015 \$'000	2014 \$'000
Bank overdraft	<u>5,000</u>	<u>5,000</u>
Total credit facilities	<u>5,000</u>	<u>5,000</u>
Unused credit facilities	<u>5,000</u>	<u>5,000</u>
Loan facilities		
Commercial paper (only expires if cancelled)	300,000	300,000
Medium term note program	750,000	750,000
Committed standby facilities	230,000	230,000
Uncommitted 11am borrowing	<u>60,000</u>	<u>60,000</u>
Total loan facilities	<u>1,340,000</u>	<u>1,340,000</u>
Amount utilised	<u>(535,000)</u>	<u>(495,000)</u>
Unused loan facilities	<u>805,000</u>	<u>845,000</u>

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

**Note 24 Remuneration of auditors**

	2015	2014
	\$	\$
Auditing services provided by the Australian National Audit Office	<u>270,000</u>	<u>270,000</u>

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

**Note 25 Senior management personnel remuneration**

	2015	2014
	\$'000	\$'000
<b>Non-executive directors</b>		
Short-term employee benefits:		
Salary	502	443
Allowances and other benefits	<u>65</u>	<u>37</u>
<b>Total short-term employee benefits</b>	<u>567</u>	<u>480</u>
Post-employment benefits:		
Superannuation (post-employment benefits)	<u>47</u>	<u>44</u>
<b>Total post-employment benefits</b>	<u>47</u>	<u>44</u>
<b>Total non-executive directors remuneration</b>	<u>614</u>	<u>523</u>

The information about non-executive directors included in the above table relates to 8 individuals (2014: 8 individuals, however the position of Deputy Chair was vacant for 8 months during 2014).

**Executives**

Short-term employee benefits:		
Salary	2,756	3,005
At risk component <sup>(1)</sup>	617	742
Allowances and other benefits	<u>335</u>	<u>301</u>
<b>Total short-term employee benefits</b>	<u>3,707</u>	<u>4,048</u>
Post-employment benefits:		
Superannuation (post-employment benefits)	<u>326</u>	<u>367</u>
<b>Total post-employment benefits</b>	<u>326</u>	<u>367</u>
Other long-term benefits:		
Recreation leave accrued	236	255
Long service leave	<u>76</u>	<u>82</u>
<b>Total other long-term benefits</b>	<u>312</u>	<u>337</u>
Termination benefits	<u>496</u>	<u>655</u>
<b>Total executive remuneration</b>	<u>4,840</u>	<u>5,407</u>
<b>Total senior management personnel remuneration</b>	<u>5,454</u>	<u>5,930</u>

The information about executives included in the above table relates to 9 Full Time Equivalents (FTEs) (2014: 9.8 FTEs).

<sup>(1)</sup> Executive remuneration packages include an at risk element that is awarded based on executives meeting or exceeding objectives and key performance measures, which are linked to specific annual business objectives.



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

### Note 26 Related party transactions

#### (a) Directors

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

	Status	Commenced	Finished
<b>Chairman</b>			
Angus Houston	On-going	3 June 2012	Current
<b>Deputy Chairman</b>			
Tony Mathews	On-going	4 September 2014	Current
<b>Directors</b>			
Samantha Betzien	On-going	4 June 2012	Current
Annette Kimmitt	On-going	6 June 2012	Current
Paul Lucas	Ceased	4 June 2012	3 September 2015
Fiona Balfour	On-going	3 June 2013	Current
Tim Rothwell	On-going	21 July 2014	Current
David Marchant	On-going	21 July 2014	Current
John McGee	On-going	4 September 2015	Current
<b>Chief Executive Officer</b>			
Margaret Staib	Ceased	15 October 2012	10 August 2015
Jason Harfield	Interim	11 August 2015	Current

#### (b) Executives

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

Executives	Title	Commenced	Finished
Mairi Barton	Executive GM Corporate and Industry Affairs	16 June 2014	Current
Michelle Bennetts	Executive GM Aviation Rescue & Fire Fighting	25 January 2013	Current
Andrew Boyd	Executive GM People and Culture	23 January 2013	Current
Andrew Clark	Chief Financial Officer	16 March 2007	1 July 2015
Paul Logan	A/g Chief Financial Officer	2 July 2015	Current
Jason Harfield	Executive GM Future Service Delivery	1 July 2013	Current
Greg Hood	Executive GM Air Traffic Control	1 July 2013	Current
Mark Rodwell	Executive GM Projects & Engineering	4 July 2011	Current
Robert Weaver	Executive GM Safety, Environment & Assurance	25 January 2013	Current

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

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**(c) Transactions with related parties**

Certain director-related entities have transactions with Airservices that occur within normal customer or supplier relationships on terms and conditions no more favourable than those which it is reasonable to expect Airservices would have adopted if dealing with the director-related entity at arm's length in similar circumstances. These transactions include the following entities and have been described below where the transactions are considered likely to be of interest to users of these financial statements:

- Airservices received legal services from Minter Ellison under a standing panel arrangement amounting to \$693,819 for the period 1 July 2014 to 30 June 2015 during which time Samantha Betzien was both a Board member of Airservices and a partner with Minter Ellison.
- Airservices received professional services from Ernst and Young under a standing panel arrangement amounting to \$606,046 for the period 1 July 2014 to 30 June 2015 during which time Annette Kimmitt was both a Board member of Airservices and a partner with Ernst and Young.
- Airservices received training and professional development services from the Melbourne Business School amounting to \$134,331 for the period 1 July 2014 to 30 June 2015 during which time Annette Kimmitt was both a Board member of Airservices and a director of the Melbourne Business School.
- Airservices has contributed employer superannuation payments and administration fees to the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS) of \$7,284,476 for the period 1 July 2014 to 30 June 2015 during which time Margaret Staib was a Board member of the Commonwealth Superannuation Corporation. The Commonwealth Superannuation Corporation acts as the trustee for both the CSS and PSS.
- To the extent permitted by law, Airservices provides indemnities to its Board members and officers to complement the insurance arrangements that it has in place.
- The Board adheres to a strict Conflict of Interest Protocol which includes a review of Board members' personal interests at each Board meeting. The management of any conflict is dependent on its nature and severity and may include the exclusion of Board members from receiving related material or withdrawal from discussion or decision making.

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

### Note 27 Financial instruments

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

#### (a) Fair value measurements

The fair values of foreign currency Forward Exchange Contracts (FECs) and Interest Rate Swaps (IRSs) are calculated using a credit adjusted discounted cash-flow methodology (fair values for 2014 were not credit adjusted). FEC and IRS contracted rates are compared to current market rates to calculate future cash flows which are then discounted to arrive at a present value.

Airservices presents the fair value of its derivative assets and liabilities on a net basis. As at 30 June 2015, when netting is applied to the FEC portfolio, currency derivative assets of \$871,410 are reduced by \$8,015 to the net amount of \$863,395 (30 June 2014: currency derivative assets of \$310,896 are reduced by \$nil to the net amount of \$310,896). When netting is applied to the IRS portfolio, interest rate swap assets of \$19.2 million are reduced by \$6.3 million to the net amount of \$12.9 million (30 June 2014: interest rate swap assets of \$14.9 million are reduced by \$4.9 million to the net amount of \$10.0 million).

Medium Term Note and Commercial Paper fair values reflect the price that an existing investor is prepared to receive if they were to sell their investment in the secondary market. These prices are provided by independent secondary market traders.

Other financial assets represent the royalty stream which Airservices is entitled to receive from the sale and use of airways navigation systems. The asset is valued at fair value through profit and loss by applying a discounted cash flow methodology. The significant level 3 inputs to this valuation are the sales forecast, discount rate and foreign exchange rate.

Refer to Note 5 for fair value measurement basis of these instruments.

	Carrying amount 2015 \$'000	Fair value 2015 \$'000	Carrying amount 2014 \$'000	Fair value 2014 \$'000
<b>Assets</b>				
Forward exchange contracts	863	863	311	311
Cash and cash equivalents	56,244	56,244	80,488	80,488
Receivables	130,669	130,669	117,884	117,884
Interest rate swaps	12,949	12,949	10,027	10,027
Other financial assets	1,650	1,650	1,836	1,836
<b>Total assets</b>	<b>202,375</b>	<b>202,375</b>	<b>210,546</b>	<b>210,546</b>
<b>Liabilities</b>				
Medium Term Notes	471,472	501,950	470,570	502,184
Trade and other payables	105,259	105,259	96,264	96,264
Commercial Paper	59,772	59,829	19,913	19,892
<b>Total liabilities</b>	<b>636,503</b>	<b>667,038</b>	<b>586,747</b>	<b>618,340</b>

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

**(b) Financial risk**

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

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

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

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

**(c) Credit risk**

Credit risk represents the risk that one party to a transaction will fail to discharge an obligation and cause the other party to suffer a financial loss. Airservices invests money and enters into financial derivative contracts with authorised counterparties whose long term credit rating is at, or above, A- (Standard and Poor's) or A3 (Moody's). The maximum credit limit for each approved counterparty is currently \$70 million. Counterparty credit exposure is assessed using the principles of the Australian Prudential Regulatory Authority 'Current Exposure Method'.

Airservices is exposed to credit risk arising from potential default of debtors. This is equal to the total amount of trade and other receivables (2015: \$130.669m and 2014: \$117.884m). Airservices has assessed the risk of default on payment and has allocated \$1.489m in 2015 (2014: \$1.510m) as an allowance for impairment.

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

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

	<b>Not past due nor impaired 2015 \$'000</b>	Not past due nor impaired 2014 \$'000	<b>Past due or impaired 2015 \$'000</b>	Past due or impaired 2014 \$'000
Loans and receivables	<b>90,618</b>	85,438	<b>25,159</b>	25,939
<b>Total</b>	<b>90,618</b>	85,438	<b>25,159</b>	25,939

The Group is also exposed to credit risk arising from the cross-border financing arrangement as detailed in note 30.

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

### (d) Liquidity risk

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

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

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

	Average interest rate %	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	Total \$'000
<b>2015</b>							
<b>Financial liabilities</b>							
<b>Non-derivative</b>							
Trade and other payables	-	-	-	-	-	105,259	105,259
Commercial paper	2.22	60,000	-	-	-	-	60,000
Medium term notes	5.29	-	24,063	539,281	-	-	563,344
<b>Derivative</b>							
Interest rate swaps <sup>(1)</sup>	-	-	(7,446)	(12,426)	-	-	(19,872)
Interest rate swaps <sup>(2)</sup>	-	-	3,153	2,965	-	-	6,118
<b>Net financial liabilities</b>		<b>60,000</b>	<b>19,770</b>	<b>529,820</b>	<b>-</b>	<b>105,259</b>	<b>714,849</b>

(1) weighted average interest rates at 30 June were pay float at 2.24% and receive fixed at 4.48%.

(2) weighted average interest rates at 30 June were pay fixed at 3.71% and receive float at 2.23%.

	Average interest rate %	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	Total \$'000
<b>2014</b>							
<b>Financial liabilities</b>							
<b>Non-derivative</b>							
Trade and other payables	-	-	-	-	-	96,264	96,264
Commercial paper	2.75	20,000	-	-	-	-	20,000
Medium term notes	5.29	-	24,063	268,750	294,594	-	587,407
<b>Derivative</b>							
Interest rate swaps <sup>(3)</sup>	-	-	(5,753)	(23,010)	(4,646)	-	(33,409)
Interest rate swaps <sup>(4)</sup>	-	-	3,003	6,006	485	-	9,494
<b>Net financial liabilities</b>		<b>20,000</b>	<b>21,313</b>	<b>251,746</b>	<b>290,433</b>	<b>96,264</b>	<b>679,756</b>

(3) weighted average interest rates at 30 June were pay float at 2.71% and receive fixed at 4.48%.

(4) weighted average interest rates at 30 June were pay fixed at 4.03% and receive float at 2.71%.

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

**(e) Market risk**

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

Interest rate sensitivity analysis is calculated on a 'reasonably possible' basis with reference to the key drivers of interest rates, market expectations and historical data. In analysing interest rate sensitivities Airservices has adopted to vary actual interest rates by +/- 0.40%.

Airservices has adopted a simplified approach to calculate market risk sensitivities for foreign exchange contracts. A standard sensitivity variable of 10.9% has been applied to all currencies. Airservices acknowledges that it is necessary to monitor annual movements in currencies to ensure the relevance of using a single constant rate.

2015	Carrying amount \$'000	Change in risk variable +/-%	Effect of positive movement		Effect of negative movement	
			Profit and loss \$'000	Equity \$'000	Profit and loss \$'000	Equity \$'000
<b>Currency risk</b>						
Buy USDs	20,696	10.90	-	(2,075)	-	2,583
<b>Interest rate risk</b>						
Cash and cash equivalents	56,244	0.40	337	-	(337)	-
Medium term notes	471,472	-	-	-	-	-
Interest rate swaps	552,500	0.40	(1,859)	-	1,908	-
Commercial paper	59,772	-	(240)	-	240	-
<hr/>						
2014	Carrying amount \$'000	Change in risk variable +/-%	Effect of positive movement		Effect of negative movement	
			Profit and loss \$'000	Equity \$'000	Profit and loss \$'000	Equity \$'000
<b>Currency risk</b>						
Buy EUROS	2,762	11.50	-	(316)	-	398
<b>Interest rate risk</b>						
Cash and cash equivalents	80,488	0.60	483	-	(483)	-
Medium term notes	470,570	-	-	-	-	-
Interest rate swaps	552,500	0.60	(4,393)	-	4,586	-
Commercial paper	19,913	0.60	(120)	-	120	-

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

### (f) Forward exchange contracts

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

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

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

Buy EUROS	Sell Australian Dollars		Average Exchange Rate	
	2015	2014	2015	2014
	\$'000	\$'000	EURO/\$1	EURO/\$1
<b>Maturity</b>				
3 months or less	-	2,392	-	0.7670
Greater than 3 months but less than 1 year	-	370	-	0.7624

Buy US Dollars	Sell Australian Dollars		Average Exchange Rate	
	2015	2014	2015	2014
	\$'000	\$'000	US/\$1	US/\$1
<b>Maturity</b>				
3 months or less	2,278	-	0.7842	-
Greater than 3 months but less than 1 year	9,790	-	0.7942	-
Greater than 1 year	8,628	-	0.7837	-

### (g) Capital management

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

Airservices sets its prices with airlines and other customers using a five-year Long Term Pricing Agreement (LTPA) which is subject to a comprehensive consultation and review process that includes airlines, aircraft operators, and aviation stakeholders. The proposal takes into consideration industry feedback and is then subject to further scrutiny by the ACCC before a formal price notification is lodged. Once endorsed by the ACCC the agreement allows pricing to recover all reasonably incurred costs (including a return on capital employed) relating to the delivery of services. The current Long Term Pricing Agreement was established in October 2011. It provides price certainty for customers through to June 2016 and a price path with annual changes on 1 July each year, incorporating nominal price increases of 3.3% for the five year period, translating to real price reductions of 11.4% over the five year period.

Airservices' corporate plan projected a return on equity after tax for 2015 of 6.4%; during the year ended 30 June 2015 the return was 0.7% (30 June 2014: 3.9%). The lower return is primarily due to a decline in domestic airways activity growth during the year, which resulted in revenue significantly below corporate plan assumptions.

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

There were no changes to Airservices approach to capital management during the year.

**Airservices Australia**

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

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**Note 28 Monies held on behalf of third parties**

Airservices has been contracted by the Solomon Islands Civil Aviation Authority and the Republic of Nauru to provide airspace management and accounts receivable services. The contracts require Airservices to retain cash received and to remit funds at a later date to the Solomon Islands and Nauru Governments as required under the respective agreements. At balance date, the money held on behalf of third parties totalled \$0.472m (2014: \$0.499m) for the Solomon Islands and \$0.076m (2014: \$0.045m) for Nauru.

**Note 29 Economic dependency**

Airservices is dependent on airline activity in the Australian aviation industry, of which the Qantas and Virgin Groups are the dominant operators. Of the airways revenue earned during the year 28% (2014: 30%) related to the Qantas Group excluding the Jetstar Group, 11% (2014: 11%) related to the Jetstar Group, and 20% (2014: 20%) related to the Virgin Group (including Tiger Airways Australia).

**Note 30 Cross-border financing arrangement**

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

Airservices has provided certain guarantees and indemnities to various participants in the transaction. If certain events occur, Airservices could be liable to make substantial payments under the lease guarantees and indemnities. In December 2012, Airservices negotiated an early termination of two of its cross-border financing arrangements. These terminations significantly reduced the value of the guarantees and indemnities provided to participants involved in the transactions. The current underlying exposures against which these guarantees and indemnities have been provided are up to a maximum of US\$267m (30 June 2014: US\$293m).

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

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



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

**Note 31 Notes to the statement of cash flows**

	2015	2014
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents</b>		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Cash advances and cash on call	<u>56,244</u>	<u>80,488</u>
Total cash and cash equivalents	<u>56,244</u>	<u>80,488</u>
<b>Reconciliation of net profit after income tax to net cash flows from operations</b>		
Net profit after income tax	4,509	21,323
Adjustments for:		
Depreciation expense	104,428	94,193
Amortisation expense	27,542	24,154
Impairment recognised	4,365	11,207
Reversal of previous asset write-downs	(4,600)	(4,378)
Net loss on sale/write-off of non-current assets	924	1,628
Fair value adjustments to derivatives	(2,930)	(2,960)
Prepayments & accruals relating to plant and equipment	7,730	4,581
AvSuper defined benefit contributions movement (after tax)	2,617	4,911
Change in assets		
(Increase)/decrease in gross receivables	(519)	(2,033)
(Increase)/decrease in inventories	(245)	(23)
(Increase)/decrease in prepayments	(6,077)	(44)
(Increase)/decrease in income tax receivable	(11,199)	(2,523)
(Increase)/decrease in other assets	1,166	1,438
(Increase)/decrease in deferred tax	2,606	(3,610)
Change in liabilities		
Increase/(decrease) in employee benefits	3,794	29,268
Increase/(decrease) in allowance for impairment	(21)	(811)
Increase/(decrease) in legal provisions	1,000	300
Increase/(decrease) in other liabilities	1,419	723
Increase/(decrease) in other provisions	(2,817)	(1,918)
Increase/(decrease) in creditors and accruals	5,220	(4,860)
Increase/(decrease) in revenue to be returned to customers provision	(3,920)	(2,753)
Net cash flow from operating activities	<u>134,992</u>	<u>167,813</u>

The background features a blurred, high-angle view of a modern building's interior or exterior, showing a grid of columns and beams. The image is split diagonally from the bottom-left to the top-right. The upper-left portion is a light gray, and the lower-right portion is white. Large, solid blue geometric shapes, including a triangle in the bottom-left and a trapezoid in the top-right, frame the central content.

# 06

**APPENDICES**

## Appendix 1: Board memberships, meetings and committees

### Members of the Board and their terms of appointment



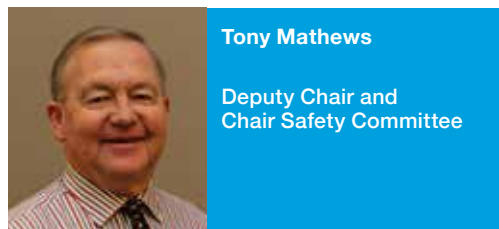
**Air Chief Marshal Sir Angus Houston**  
AK, AFC (Ret'd)  
Chair

Air Chief Marshal Sir Angus Houston AK, AFC (Ret'd) is Chair of Airservices Australia. He was reappointed to the position for a further two years on 13 May 2015. Sir Angus is also Chair of the Council for the Order of Australia, the Defence South Australia Advisory Board, the Canberra Symphony Orchestra and the University of New South Wales Canberra Advisory Board.

He is a Board member of the Lowy Institute for International Policy, the Australian Cancer Research Foundation, the ANZAC Centenary Public Fund Board and Greater Good Canberra. Sir Angus was also appointed South Australia's special envoy for international trade and investment.

Sir Angus was the Chief of the Defence Force from 4 July 2005 until 4 July 2011, prior to that he was Chief of Air Force for four years. Sir Angus was chair of the ANZAC Centenary Advisory Board from July 2011 until March 2014. The board provided strategic advice to the Australian Government on the national programme for the ANZAC Centenary 2014–2018. In 2012 Sir Angus led the Expert Panel on Asylum Seekers.

He was awarded a Knighthood for his extraordinary and pre-eminent achievement and merit in service to Australia. Sir Angus is married to Liz and they have three sons and two grandchildren. In 2011, he was named the Australian Father of the Year and in 2012, the ACT Australian of the Year.



**Tony Mathews**  
Deputy Chair and  
Chair Safety Committee

Tony Mathews was appointed to the Board on 4 June 2012 and is Chair of the Safety Committee. Mr Mathews was reappointed to the Airservices Board for a further three years until September 2017 and has been appointed as the Deputy Chair for the same period.

Mr Mathews has over 40 years' experience in the aviation industry including extensive work in regional aviation as a chief pilot and general manager of a regional airline, and is a qualified airline transport and commercial pilot.

Mr Mathews is Chair of the Board of Advice, Mildura Private Hospital, a director of the Mildura District Hospital Fund and Deputy Chair Lower Murray Water.

Mr Mathews has held managerial positions with Qantas Regional Airlines, served as chair and a board member of the Mildura Cooperative Fruit Company, Chair of the Murray Campaign Committee and Mildura Murray Outback Tourism, president and board member of the Regional Aviation Association of Australia, a board member of the Chances for Children Committee, a board member of the First Mildura Irrigation Trust, and a director of RCP Finance Limited.



**Fiona Balfour**

**Member of the Audit and Risk, Technology and Remuneration and Human Resources Committees**

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

Ms Balfour has over 35 years experience across aviation, information and telecommunication services, financial services, distribution and logistics, and corporate governance. She has been an advisor to Medibank Private Limited and was previously CIO at Telstra Corporation Limited. Ms Balfour also spent 14 years with Qantas Airways Limited during which time she held various positions including Chief Information Officer and Executive General Manager of Qantas Business Services.

Ms Balfour has been an Independent non-Executive member since 2002 and currently sits on the boards of Metcash Limited, Salmat Limited and TAL (Dai ichi Life) Australia Pty Limited. She is Councillor and Treasurer of Knox Grammar School. Ms Balfour is a former director of SITA SC (Geneva), the National Breast Cancer Foundation and former Chair of the St James Kings Street Conservation Appeal.

Mrs Balfour has a BA (Hons) Grad.Dip IM MBA. She was appointed a Fellow of Monash University in 2010 and is also a Fellow of AICD.



**Paul Lucas**

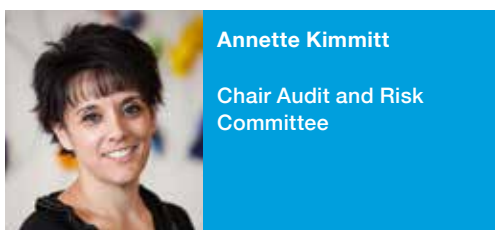
**Chair Environment Committee**

The Hon. Paul Lucas was appointed to the Board on 4 June 2012 and is Chair of the Environment Committee. His current term expires on 3 September 2015.

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

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

Mr Lucas has Bachelor's Degrees in Economics and Law and Masters in Business Administration, and in Urban and Regional Planning. He is a board member of Australian College of Optometry, an Adjunct Professor at School of Business and Law at the Australian Catholic University, Adjunct Professor in the School of Law at Bond University, a Chartered Member of the Institute of Logistics and Transport, and a Fellow of the Australian Institute of Company Directors.

**Annette Kimmitt**

**Chair Audit and Risk Committee**

Annette Kimmitt was appointed to the Board on 6 June 2012 and is the Chair of the Audit and Risk Committee. Her current term expires on 5 September 2017.

Ms Kimmitt is Ernst & Young Asia-Pacific Accounts Leader, Global Middle Market Leader and a member of the firm's Asia-Pacific Operating Executive. She leads the firm's Asia-Pacific markets functions, including Business Development/Pursuits, Knowledge and Partner Learning, Strategic Growth Markets and Markets Operations.

In addition to her role at Ernst & Young, Ms Kimmitt is a director of the Melbourne Business School.

In 2013, Ms Kimmitt co-founded, SCALe Investors, Australia's first seed capital organisation focused on equipping women with the education and deal flow opportunities to have confidence to invest in high-growth, female-led businesses at an early stage of their development.

Ms Kimmitt's executive career has included a range of senior roles with Ernst & Young and with the International Accounting Standards Board. She was previously Ernst & Young's Melbourne office managing partner and leader of its Victorian Government practice. Ms Kimmitt was formerly a director of the United Nations Principles for Social Investment and is a former Victorian chair of the Institute of Chartered Accountants.

**Samantha Betzien**

**Chair Remuneration and Human Resources Committee**

Samantha Betzien was appointed to the Board on 4 June 2012. She is Chair of the Remuneration and Human Resources Committee and a member of the Safety Committee and Environment Committee. Her current term expires on 3 September 2017.

Ms Betzien is a partner in the Human Resources and Industrial Relations team in the Brisbane office of Minter Ellison. She also performs the management role of staff partner at Minter Ellison. She has 16 years' experience providing legal advice on all aspects of employment, industrial relations and work health and safety to major employers in the transport, aviation, energy and resources and construction sectors. Her clients also include a number of Queensland Government owned corporations.

She is a member of the Australian Institute of Company Directors and the Industrial Relations Society of Queensland and is listed in the Australian Financial Review's Best Lawyers and in Doyle's Guide in the areas of labour law, employment and occupational health and safety law.

She was named 2014 Queensland Woman Lawyer of the Year by the Women Lawyers Association of Queensland.



David Marchant was appointed to the Board on 21 July 2014. He is Chair of the Board Technology Committee and a member of the Safety Committee and Audit and Risk Committee. His current term expires on 20 July 2017.

Mr Marchant has extensive experience in the transport industry. He is a former Chief Executive Officer of the Australian Rail Track Corporation and director and Chair of the Australian Railway Association. Mr Marchant also served as a director of the Rail Industry Safety and Standards Board.

Mr Marchant has worked as Managing Director of Lend Lease Engineering and Managing Director of Lend Lease Infrastructure Services, and as a director of the Hunter Valley Coal Chain Coordination Company Pty Ltd.

He received the General Division of the Order of Australia in 2013 for significant service to the rail industry through national structural reform and infrastructure upgrades and has been a member of the Australian Institute of Company Directors since 2000.



Tim Rothwell was appointed to the Board on 21 July 2014. He is a member of the Board Audit and Risk Committee, and a member of the Remuneration and Human Resources Committee, Technology Committee and Environment Committee. His current term expires on 20 July 2017.

Mr Rothwell retired as Chief Financial Officer of Brisbane Airport Corporation in 2013 after 20 years with the organisation, and is now a consultant to industry. He is the honorary treasurer of the Royal National Agricultural and Industrial Association of Queensland. Mr Rothwell is a Member of the Audit, Finance and Risk Committee of Wesley Mission Brisbane, having been chair of that committee and a board member for a number of years. He is a member of the Oz Harvest Brisbane Champions Group.

Mr Rothwell mentors Queensland University of Technology executive MBA students and aspiring chief financial officers through the Financial Executives Institute program, and lectures to University of New South Wales undergraduates each year as part of their Aviation Business Degree.

He holds a Bachelor of Economics and Accounting (Honours), is a Fellow of the Institute of Chartered Accountants and a Member of the Australian Financial Executives Institute and the Australian Institute of Company Directors.

**Margaret Staib AM, CSC**

Chief Executive Officer

15 October 2012–  
10 August 2015

Margaret Staib AM, CSC was Chief Executive Officer at Airservices from 15 October 2012 to 10 August 2015. This followed a distinguished career spanning over three decades in the Royal Australian Air Force where, from January 2010, she held the position of Commander Joint Logistics.

In 2000, Ms Staib's contribution and leadership in the field of ADF Aviation Inventory Management was recognised when she was awarded the Conspicuous Service Cross. A posting with the United States Air Force at the Pentagon furthered her experience of logistics transformation. Her service during this period was recognised with the United States Meritorious Service Medal.

In January 2009, Ms Staib was appointed as a Member in the Military Division of the Order of Australia. She also received the Outstanding Contribution to Supply Chain Management in Australia award at the 2011 Smart Supply Chain Conference.

Ms Staib is a Certified Practising Logisticians, a Fellow of the Chartered Institute of Logistics and Transport and a member of the Industry Advisory Board. In May 2014, Ms Staib was appointed a director of the Commonwealth Superannuation Corporation. In January 2015, she was appointed to the Australian Strategic Policy Institute Council.

Ms Staib holds a Bachelor of Business Studies, Master of Business Logistics and Master of Arts in Strategic Studies and the rank of Air Vice Marshal in the Royal Australian Air Force Active Reserve.

**Jason Harfield**Acting Chief Executive  
Officer

10 August 2015–ongoing

Jason Harfield commenced as Acting Chief Executive Officer on 10 August 2015.

Prior to this he was the Executive General Manager, Future Service Delivery.

With over 25 years of experience in the aviation and air traffic management industry, Jason has been a core member of our executive team since 2005. His previous roles include General Manager Safety Management and Executive General Manager Air Traffic Control group.

As the Executive General Manager Air Traffic Control group, Jason was fundamental to Airservices ongoing operational improvement program where he led the introduction of new services, advanced airport capacity and air traffic flow management capabilities. As General Manager Safety Management, Jason was chief advisor on safety matters.

Until 2005, he held a number of operational management and senior management positions including Australia's Head Air Traffic Controller and Australian Airspace Regulator as well as operating as a qualified operational air traffic controller.

Mr Harfield has an EMBA from Melbourne Business School (Mt Eliza), has completed the Advanced Management Program at Harvard Business School and is a Managing Successful Programmes (MSP) Registered Advanced Practitioner. He is also a fellow of the Australian Institute of Company Directors, a fellow of the Royal Aeronautical Society and a private pilot.

## Benefits and interests in contracts with Airservices Australia

Details of member's benefits and interests in contracts are set out in notes 25 and 26 of the financial statements.

## Members and officers indemnities and insurance

In 2014–15, we held a members and officers liability insurance policy. It is a condition of this policy that the nature of the limits of liability, the liability indemnified and the premium payable is not disclosed to third parties except to the extent that:

- we are required to do so by law
- the insurer consents in writing to such disclosure.

Details on meetings of the Board, Board committees and members' attendance at committee meetings are provided in table 4.

**TABLE 4:** Meetings of the Board, Board committees and members attendance 2014–15

	Board	Sched	Unsched	Safety	Audit	Remuneration	Environment	Technology
<b>Meetings convened</b>	<b>13</b>	<b>10</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>3</b>
Angus Houston <sup>a</sup>	13	10	3	5	4	5	3	3
Tony Mathews <sup>bc</sup>	13	10	3	5	0*	0*	0*	0*
Annette Kimmitt <sup>d</sup>	11	8	3	1*	4	0*	0*	0*
Sam Betzien <sup>e</sup>	13	10	3	5	0*	5	2	0*
Paul Lucas <sup>f</sup>	12	9	3	5	0*	1*	3	0*
Fiona Balfour	10	9	1	0*	4	4	1*	3
David Marchant <sup>g</sup>	13	10	3	5	4	3*	0*	3
Tim Rothwell	11	9	2	1*	3	4	3	2
Margaret Staib <sup>h</sup>	12	10	2	5	4	5	3	3

a Chair of the Board

b Deputy Chair of the Board

c Chair of the Safety Committee

d Chair of the Audit and Risk Committee

e Chair of the Remuneration and Human Resources Committee

f Chair of the Environment Committee

g Chair of the Technology Committee

h CEO ex officio member of all Board Committees (excluding Board Audit and Risk Committee)

\* not a committee member during relevant period.



## Appendix 2: Statement of Expectations

### Statement of Expectations For the Board of Airservices Australia For the period 1 July 2013 to 30 June 2015

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 2013 – 30 June 2015. This SOE serves as a notice of strategic direction to Airservices under section 17 of the *Air Services Act 1995* and commences on 1 July 2013.

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.

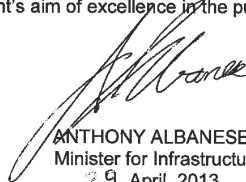
I expect that the Board of Airservices will:

- 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
- keep me and the Secretary of the Department of Infrastructure and Transport (the Department), through the Chair of the Board, fully informed of Airservices' actions in relation to the initiatives and activities stated below, and alert me to events or issues that may impact on the operations of Airservices, including the provision of timely Board reports and quarterly reports of progress against the Corporate Plan.

My expectations are that Airservices will:

1. undertake effective consultation with the community, industry and Government on the development and implementation of significant changes by Airservices to air traffic and aviation rescue and fire fighting services.
2. perform its functions in a manner that supports Government policy, specifically the following three key aviation goals:
  - safety remains the highest priority;
  - a responsible approach to managing the environmental impacts of aviation; and
  - a coordinated approach to airport planning and investment.
3. continue to implement Government air traffic management and other airspace policy initiatives (in conjunction with the Department, the Australian Transport Safety Bureau (ATSB), the Civil Aviation Safety Authority (CASA) and the Department of Defence).
4. engage constructively in processes where it can provide information, assistance or advice for policy formulation, implementation and regulation undertaken by Government agencies, both within and outside my portfolio.

5. assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including:
  - supporting the ongoing role of the independent Aircraft Noise Ombudsman (ANO) and implementation of agreed recommendations made by the ANO;
  - the appropriate resourcing of the Noise Complaints Unit to continue to improve the flow and quality of information to noise affected communities;
  - continuing the annual update of a detailed environmental work plan which outlines Airservices initiatives in managing, monitoring and reporting on the environmental effects of aircraft;
  - the ongoing commitment to the Sydney Airport Long Term Operating Plan; and
  - the wider use of Required Navigation Performance (RNP) approaches, as appropriate, at Australian airports to enhance safety and efficiency, reduce emissions and minimise noise impacts, following consultation with community and industry stakeholders.
6. contribute to a coordinated approach to airport planning including appropriate participation in, and providing information to, planning coordination forums, community aviation consultation groups, and the National Aviation Safeguarding Advisory Group.
7. support the Government's Air Traffic Management (ATM) Policy through the development and implementation of an ATM Services and Facilities Plan.
8. provide a clearly defined Aviation Rescue and Fire Fighting Service (ARFFS) for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety Regulations 1998, and continue to develop and implement Memorandum of Agreements with State and Territory fire authorities.
9. progress the implementation of agreed joint civil and military aviation harmonisation initiatives with the Department of Defence including Airservices acting as the lead agency on the future joint air traffic control system project.
10. continue investment in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program, including enhanced air traffic and surveillance services at regional airports.
11. commit to a strong focus on human resource issues, including publication of an annual update of the Airservices Australia Workforce Plan, and the development and implementation of proactive recruitment, training and retention policies.
12. continue to support the Government's aviation safety initiatives in the Asia-Pacific region.
13. adhere to values and a code of conduct that maintains high standards of professionalism, customer service, probity, reporting, accountability and transparency, consistent with the Government's aim of excellence in the public sector.



ANTHONY ALBANESE  
Minister for Infrastructure and Transport  
29 April 2013

EXPLANATORY STATEMENT

AIRSERVICES AUSTRALIA – STATEMENT OF EXPECTATIONS

## **Statement of Expectations – Airservices Australia**

### **Outline**

The Statement of Expectations was issued by the Government as a notice of strategic direction under Section 17 of the *Air Services Act 1995* to Airservices Australia (Airservices).

Section 17 of the *Air Services Act 1995* provides that the Minister may notify Airservices in writing of the Minister's views on the appropriate strategic direction for Airservices and the manner in which it should perform its functions.

The Statement of Expectations outlines the Minister's expectations for the agency in regard to its operations and performance over the period 1 July 2013 to 30 June 2015.

The new Statement replaces the previous statement which was issued by the Minister for Infrastructure and Transport, the Hon Anthony Albanese MP, on 2 May 2011.

The Statement emphasises the need for Airservices to perform its functions in a manner that supports Government policy including that aviation safety remains the highest priority. Airservices is also expected to comply with relevant legislation and to keep the Minister and the Secretary of the Department of Infrastructure and Transport informed of Airservices' actions and initiatives.

Other major areas covered by the Statement include Airservices' infrastructure investment, supporting the role of the independent Aircraft Noise Ombudsman, implementation of environmental initiatives, stakeholder engagement and workforce planning.

The Statement outlines the Government's expectations in relation to the way Airservices conducts its functions and the need for consultation with the community, industry and Government agencies.

Details of the Statement of Expectations are set out in the Attachment.

Airservices was consulted in finalising the Statement.

Notices issued under section 17 of the *Air Services Act 1995* are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Statement of Expectations commences on 1 July 2013 and expires on 30 June 2015.

Authority: Section 17 of the *Air Services Act 1995*.

**ATTACHMENT****Details of the Statement of Expectations****Item 1 – Stakeholder Engagement**

This item requires Airservices to effectively consult with the community, industry and Government in relation to the development and implementation of significant changes to air traffic and aviation rescue and fire fighting services.

**Item 2 – Government Aviation Policy**

This item requires Airservices to ensure that its activities are aligned with all relevant Government aviation policies, with the highest priority afforded to aviation safety.

**Item 3 – Implementing Relevant Government Air Traffic Initiatives**

The Government has a number of ongoing air traffic management and other airspace policy initiatives. Effective implementation of these initiatives requires a good working relationship between Airservices and the Department of Infrastructure and Transport, the Australian Transport Safety Bureau, the Civil Aviation Safety Authority and the Department of Defence.

**Item 4 – Provision of Information, Assistance or Advice**

This item requires Airservices to provide information and advice to other Government agencies to assist in their performance of regulatory and policy functions, including relevant aviation and airport studies.

**Item 5 – Environmental Responsibilities**

This item requires Airservices to play a key role in supporting the Government's initiatives in relation to the management of environmental impacts of aircraft operations, including aircraft noise. Airservices is expected to implement agreed recommendations from the Aircraft Noise Ombudsman, annually update a detailed environmental work plan and continue to work on the wider use of Required Navigation Performance (RNP) at Australian airports in consultation with the community and industry.

**Item 6 – Airport Planning**

This item requires Airservices to contribute to a coordinated approach to airport planning including the appropriate participation in a number of cross agency, industry and community forums including Planning Coordination Forums and Community Aviation Consultation Groups.

**Item 7 – Air Traffic Management Policy**

Consistent with the Government's Air Traffic Management Policy, Airservices is expected to develop and implement an Air Traffic Management Services and Facilities Plan which outlines Airservices' future planned investment in infrastructure, equipment and personnel skills and training.

**Item 8 – Provision of Aviation Rescue and Fire Fighting Services (ARFFS)**

Airservices will continue to provide ARFFS functions for civil and joint user airports where required in accordance with aviation safety regulations and detail arrangements with State and Territory fire authorities on each agencies roles and responsibilities at the ARFFS airports.

Item 9 – Joint Civil and Military Aviation Harmonisation

This item requires Airservices, to continue to work with the Department of Defence to enhance civil and military aviation harmonisation to realise the benefits of improved safety, better investment in personnel and infrastructure, seamless systems compatibility and smarter procurement practices. The provision confirms that Airservices will act as the lead agency in the joint future air traffic control system project.

Item 10 - Future Investment in Technology and Infrastructure

This item articulates the need for Airservices to support investment in aviation infrastructure, including at regional airports.

Item 11 – Sustainable Workforce Planning

Airservices needs to ensure that it can maintain a sustainable and highly skilled workforce to service growing demand for services and support current and future investment in infrastructure and technology. The provision of an ongoing Airservices workforce plan, annually updated, is consistent with this objective.

Item 12 – Asia-Pacific Regional Aviation Safety

Australia has an important role to play in assisting our regional partners to meet their air traffic management responsibilities. Airservices will continue to support the Australian Government's aviation safety initiatives in the Asia-Pacific region.

Items 13 – Public Sector Professionalism and Accountability

This item reflects that Airservices should operate in a manner consistent with the standards expected of a highly professional public sector organisation with a strong culture of accountability and transparency.

## Appendix 3: Statement of Intent

The Airservices Board's Statement of Intent responds to the Statement of Expectations, July 2013 to June 2015, received from the Minister and states Airservices formal commitment to meeting the expectations of the Minister.

Statement of Expectations	Statement of Intent	2013–14 initiatives
<p><b>1. Stakeholder Engagement</b></p> <p>Undertake effective consultation with the community, industry and Government on the development and implementation of significant changes by Airservices to air traffic and aviation rescue and fire fighting services.</p>	<p>Airservices will consult with key stakeholders in Government and industry and participate in relevant community, industry and Government forums to support the integrity of operations and whole-of-industry safety outcomes.</p>	<p>1.3 Improve awareness and confidence in Airservices safety performance.</p> <p>2.2 Update the Services Charter.</p> <p>3.5 Implement a new aircraft noise management strategy.</p>
<p><b>2. Government Aviation Policy</b></p> <p>Perform its functions in a manner that supports Government policy, specifically the following three aviation goals:</p> <ul style="list-style-type: none"> <li>▪ safety remains the highest priority</li> <li>▪ a responsible approach to managing the environmental impacts of aviation</li> <li>▪ a coordinated approach to airport planning and investment.</li> </ul>	<p>Airservices will ensure that safety system enhancements and infrastructure replacement programs optimise safety benefits. Airservices will meet or exceed safety and performance benchmarks established in the Corporate Plan. In addition, Airservices will develop initiatives to improve the environmental performance of operations.</p> <p>Airservices will focus on connecting the component parts of the Australian aviation industry to enable the best business outcomes for individual participants.</p> <p>Airservices will create and deliver new value to the industry through innovation and the delivery of new services, products and technology particularly with respect to ground surveillance at airports and air traffic flow management.</p>	<p>1.1 Optimise localised airspace design to enhance operational safety and efficiency.</p> <p>1.2 Improve safety at regional aerodromes through the delivery of new services (Surveillance Arrangement For Regional Airports - SAFRA).</p> <p>1.4 Collaborate locally and internationally to support the integrity of our operations and whole-of-industry safety outcomes.</p> <p>1.7 Enhance our safety management system (SMS) and safety culture.</p> <p>2.1 Improve the alignment of key systems, processes and accountabilities through an integrated management system (IMS).</p> <p>3.2 Deliver new regional ARFF services.</p> <p>3.6 Improve environmental measurement, modelling and reporting.</p> <p>3.7 Improve the environmental management system and reduce energy, water and waste footprint.</p> <p>3.14 Enhance the efficiency and effectiveness of property management.</p>

Statement of Expectations	Statement of Intent	2013–14 initiatives
<p><b>3. Implementing relevant Government Air Traffic Initiatives</b></p> <p>Continue to implement Government air traffic management and other airspace policy initiatives (in conjunction with the Department, the Australian Transport safety Bureau (ATSB), the Civil Aviation Safety Authority (CASA) and the Department of Defence).</p>	<p>Airservices will continue to work cooperatively with the Department and Government agencies through the Aviation Policy Group and other forums to implement relevant air traffic management and other airspace policy initiatives.</p>	<p>3.1 Implement a harmonised core ATM system in collaboration with the Department of Defence.</p> <p>3.5 Implement a new aircraft noise management strategy.</p>
<p><b>4. Provision of Information, Assistance or Advice</b></p> <p>Engage constructively in processes where it can provide information, assistance or advice for policy formulation, implementation and regulation undertaken by Government agencies, both within and outside my portfolio</p>	<p>In line with the Government's policy, Airservices will coordinate and foster aviation industry relationships.</p> <p>Airservices will continue to participate in cross-agency forums and provide technical advice to assist with policy formulation in areas such as safety, airspace policy, airport planning and aviation environmental impacts.</p>	<p>1.3 Improve awareness and confidence in Airservices safety performance.</p> <p>1.5 Enhance operational analysis through development of predictive tools and reporting frameworks.</p> <p>2.2 Update the Services Charter.</p>
<p><b>5. Environmental Responsibilities</b></p> <p>Assist in implementing the Government's environmental initiatives in relation to climate change and aircraft noise management, including:</p> <ul style="list-style-type: none"> <li>▪ supporting the ongoing role of the independent Aircraft Noise Ombudsman (ANO) and implementation of agreed recommendations made by the ANO</li> <li>▪ the appropriate resourcing of the Noise Complaints Unit to continue to improve the flow and quality of information to noise affected communities</li> <li>▪ continuing the annual update of a detailed environment work plan which outlines Airservices initiatives in managing, monitoring and reporting on the environmental effects of aircraft</li> <li>▪ the ongoing commitment to the Sydney Airport Long Term Operating Plan</li> <li>▪ the wider use of Required Navigation Performance (RNP) approaches, as appropriate, at Australian airports to enhance safety and efficiency, reduce emissions, and minimise noise impacts, following consultation with community and industry stakeholders.</li> </ul>	<p>Airservices will continue to develop air traffic management and aviation rescue and fire fighting initiatives to improve the environmental performance of operations.</p> <p>Airservices will implement an Environment Strategy with an action plan with particular emphasis on the management of aircraft noise and its impact on affected communities. Specifically, Airservices will:</p> <ul style="list-style-type: none"> <li>▪ consult with the community on aircraft noise issues</li> <li>▪ enhance management of the Noise Complaints Information Service to enable improved complaints handling</li> <li>▪ maintain an independent Aircraft Noise Ombudsman's Office</li> <li>▪ implement the recommendations of the Aircraft Noise Ombudsman.</li> </ul> <p>Airservices will focus on implementing a range of new systems and tools across the core air traffic management suite that support optimal operations, including performance based navigation, to improve capacity, enhance safety, improve cost effectiveness, realise environmental benefits and meet customer needs.</p>	<p>1.5 Enhance operational analysis through development of predictive tools and reporting frameworks.</p> <p>3.3 Develop and implement demand and capacity management capabilities.</p> <p>3.4 Improve capacity management through Airport Capacity Enhancement (ACE).</p> <p>3.5 Implement a new aircraft noise management strategy.</p> <p>3.6 Improve environmental measurement, modelling and reporting.</p> <p>3.7 Improve the environmental management system and reduce energy, water and waste footprint.</p>



Statement of Expectations	Statement of Intent	2013–14 initiatives
<p><b>6. Airport Planning</b></p> <p>Contribute to a coordinated approach to airport planning including appropriate participation in, and providing information to, planning coordination forums, community aviation consultation groups, and the National Aviation Safeguarding Advisory Group.</p>	<p>Airservices will continue participation in the National Aviation Safeguarding Advisory Group and other relevant forums and maintain a high level of stakeholder and community satisfaction.</p>	<p>3.5 Implement a new aircraft noise management strategy.</p> <p>3.11 Improve alignment in airport planning outcomes.</p>
<p><b>7. Air Traffic Management Policy</b></p> <p>Support the Government's Air Traffic Management (ATM) Policy through the development and implementation of an ATM Services and Facilities Plan.</p>	<p>Airservices will develop and implement an ATM Services and National Facilities Plan that delivers long-term tangible improvements in safety, capacity management, flexibility and resource efficiency.</p> <p>Airservices will review service requirements in key traffic growth areas such as Western Australia.</p>	<p>3.3 Develop and implement demand and capacity management capabilities.</p> <p>3.4 Improve capacity management through Airport Capacity Enhancement (ACE).</p> <p>3.11 Improve alignment in airport planning outcomes.</p>
<p><b>8. Provision of Aviation Rescue and Fire Fighting Services (ARFFS)</b></p> <p>Provide a clearly defined Aviation Rescue and Fire Fighting Services (ARFFS) for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety Regulations 1998, and continue to develop and implement Memorandum of Agreements with State and Territory fire authorities.</p>	<p>Airservices Aviation Rescue and Fire Fighting (ARFF) service will continue to operate in line with relevant Civil Aviation Safety Regulations and in cooperation with State and Territory fire authorities.</p> <p>Airservices will continue to pursue outcomes based operating regulations for ARFF and establish Memoranda of Agreement as to roles and responsibilities established with State and Territory fire authorities for all airport locations.</p>	<p>1.2 Improve safety at regional aerodromes through the delivery of new services (Surveillance Arrangements For Regional Airports - SAFRA)</p> <p>3.2 Deliver new regional ARFF services.</p>
<p><b>9. Joint Civil and Military Aviation Harmonisation</b></p> <p>Progress the implementation of agreed joint civil and military aviation harmonisation initiatives with the Department of Defence including Airservices acting as the lead agency on the future joint air traffic control system project.</p>	<p>Airservices act as lead agency with the Australian Department of Defence to harmonise civil and military air traffic management operations to improve operational efficiency and cost effectively manage increasingly complex civil-military airspace integration requirements.</p>	<p>2.11 Collaborate with the Department of Defence to identify and progress opportunities for harmonisation under Australian Civil–Military ATM Committee (AC-MAC).</p> <p>3.1 Implement a harmonised core ATM system in collaboration with the Department of Defence.</p>
<p><b>10. Future Investment in Technology and Infrastructure</b></p> <p>Continue investment in future infrastructure upgrades and replacement programs as demonstrated in a detailed capital expenditure program, including enhanced air traffic and surveillance services at regional airports.</p>	<p>Airservices will work collaboratively across the industry to anticipate, understand and plan for future needs.</p> <p>Airservices will develop a long-term plan for the replacement of the core air traffic management system to deliver operational flexibility and robust business continuity while meeting capacity growth and increasing flexibility.</p>	<p>3.12 Improve project delivery.</p> <p>3.14 Enhance the efficiency and effectiveness of property management.</p>

Statement of Expectations	Statement of Intent	2013–14 initiatives
<p><b>11. Sustainable Workforce Planning</b></p> <p>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 recruitment, training and retention policies.</p>	<p>Airservices will attract and retain talent, deliver a flexible, empowered and engaged workforce that is supported by strong leadership.</p> <p>Airservices will develop leaders who are focussed on guiding and motivating the organisation's workforce to deliver future outcomes and will create opportunities for individuals to develop and excel and to ensure the workforce as a whole is ready to take on challenges of the future.</p> <p>Airservices will provide an annual Workforce Plan update, with specific emphasis on increasing workforce diversity, and developing a values based culture that does not tolerate bullying and harassment.</p>	<p>1.6 Improve Workplace Health and Safety culture and outcomes.</p> <p>2.3 Reform the forward training program.</p> <p>2.4 Review the end-to-end training model (ATC and ARFF).</p> <p>2.5 Improve operational training program for ARFF, ATC and Projects and Engineering (P&amp;E).</p> <p>2.6 Enhance and execute the Airservices Diversity Strategy.</p> <p>2.7 Align employee relations strategy to business strategy.</p> <p>2.8 Develop and implement an ethics and fraud strategy</p> <p>2.9 Refine and improve the workforce model.</p> <p>2.10 Enhance and implement management and leadership capability.</p> <p>3.13 Align future technology acquisition and deployment with service plans.</p>
<p><b>12. Asia-Pacific Regional Aviation Safety</b></p> <p>Continue to support the Government's aviation safety initiatives in the Asia-Pacific region.</p>	<p>Airservices will collaborate internationally with neighbouring partners and support the Australian Government's aviation safety initiatives in the Asia Pacific region to improve the safety outcomes for the industry across the region.</p> <p>In particular, Airservices will assist air navigation service providers in Indonesia and Papua New Guinea to build air traffic service capability to facilitate increased safety, harmonisation and integration of air traffic management with Australia's adjoining airspace.</p>	<p>1.4 Collaborate locally and internationally to support the integrity of our operations and whole-of-industry safety outcomes.</p> <p>2.12 Collaborate with the Department of Defence to identify and progress opportunities for harmonisation under Australian Civil–Military ATM Committee (AC-MAC).</p>

Statement of Expectations	Statement of Intent	2013–14 initiatives
<p><b>13. Public Sector Professionalism and Accountability</b></p> <p>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.</p>	<p>Airservices will continue to maintain a high level of compliance with relevant legislative requirements, policy and guidelines and will provide regular reporting to industry with performance KPIs embedded in the Service Charter. This will be supported by a comprehensive internal audit program.</p> <p>Airservices will maintain integrated management systems that support and promote excellence.</p>	<p>2.1 Improve the alignment of key systems, processes and accountabilities through an integrated management system (IMS).</p> <p>2.3 Reform the forward training program.</p> <p>2.6 Enhance and execute the Airservices Diversity Strategy.</p> <p>2.7 Align employee relations strategy to business strategy.</p> <p>2.8 Develop and implement an ethics and fraud strategy.</p> <p>2.9 Refine and improve the workforce model.</p> <p>2.10 Enhance and implement management and leadership capability.</p> <p>3.8 Optimise acquisition of goods and services through supplier category management (SCM).</p> <p>3.9 Enhance supplier performance through implementation of a supplier relationship management (SRM) framework.</p> <p>3.10 Implement the information communication technology (ICT) business reform program.</p>

## Appendix 4: Statutory and administrative information

### Work health and safety—executive commitment

We are continuing with our strategic activity 'Fit and Well' Work Health and Safety Strategy 2013–2018. The strategy aims to embed health and safety in all that we do and supports the corporate objective to maximise safety performance. The strategy's objectives are to:

- get it right—through safe design and effective risk management
- be fit and well—through health risk management and worker wellbeing
- first care—through early intervention and injury management.

In September 2014, work health and safety specialists were embedded within business units. This aims to capitalise on existing specialist knowledge by providing a dedicated resource to business groups that require either a specialised skill set or a higher level of assistance. It also enables specialists to provide tailored assistance to business groups with a greater focus on user needs.

### Consultation and health and safety committees

The National Health and Safety Committee is our peak consultative body for work health and safety. Three meetings were held throughout the year, one in Brisbane and two in Canberra. The meetings were open to all workers, health and safety representatives and management.

To increase engagement across the organisation, consultations were conducted to seek the views of our health and safety representatives in Canberra, Brisbane and Perth. Based on these, health and safety forums we then developed programmes to increase work, health and safety knowledge and networking. Four forums will now

be held each year with the agenda devised by health and safety representatives.

### Education

Our online work health and safety induction and legal obligations refresher package was completed by 88.5 per cent of employees. An awareness programme has commenced on safe work method statements targeting technical service workers to improve high-risk construction work processes.

### Safety assist visit program

The safety assist visit initiative helps managers and supervisors to implement work health and safety principles across our workplaces. This will assist compliance with health and safety requirements. The initiative is a safety feedback and coaching process rather than an audit. Five workplaces were visited this year and 58 improvements were identified across the business. Local managers rectified 88 per cent of these within the agreed time frame and the remaining 12 per cent are being progressed.

### Work health and safety incidents

Work health and safety notifications to Comcare in 2014–15 complied with the *Work Health and Safety Act 2011 (Cth)*. Table 5 shows occurrences and hazards for the last five financial years.

### Workers compensation premium

The Comcare premium for the financial year was 1.05 per cent of payroll. In 2013–14 it was 0.83 per cent.

## Comcare investigations and notices

There were no Comcare visits or investigations conducted this year. Comcare has commenced a case against Airservices for breaches of occupational health and safety laws arising out of a fatal accident in Darwin on 7 August 2011.

## Provisional improvement notices

There were no provisional improvement notices raised this year.

## Aviation security

We build, run and manage a range of operational and corporate Information Communication Technology systems. These electronic services and associated data have a range of security requirements surrounding the management of the confidentiality, integrity and availability of

data. Our processes and systems have served us well until now, however, with the continued emergence of cyber threats we need to ensure that we are constantly updating and improving our processes and systems to maintain security against any cyber incursion.

We are now moving towards compliance with the Attorney-General's Protective Security Policy Framework and the Australian Government Information Security Manual. We will be reporting our compliance status against those frameworks into the future.

We also maintain a Transport Security Program, and associated Aviation Security Identification Card Program. The programmes have been updated as required under the *Aviation Transport Security Act 2004* and the Aviation Transport Security Regulations 2005 and were approved by the Office of Transport Security in April 2015.

**TABLE 5:** Work health and safety occurrences and hazards, 2010–2015

Incident category	2010–11	2011–12	2012–13	2013–14	2014–15
Total occurrences and hazards lodged in the health and safety reporting system	NR	NR	NR	423	386
Workplace fatality	1	0	3 <sup>1</sup>	0	0
Serious injury or illness requiring Comcare notification <sup>2</sup>	16	6	4	6	3
Dangerous incidents requiring Comcare notification <sup>2</sup>	35	34	22	16	17

<sup>1</sup> Relates to deaths of members of the public due to a vehicle accident.

<sup>2</sup> Requirement for Comcare notifications changed in January 2012.

NR = not reportable.

**TABLE 6:** Corporate Plan performance measures, 2014–15

Performance measure	Purpose and definition	Performance standard	Rate at 30 June 2014	Rate at 30 June 2015
Work health and safety occurrence rate	Occurrences per one hundred workers per month	0	0.53	0.46
Total Lost Time Injury Frequency Rate	Total number of lost time injuries per million hours worked (Comcare accepted claims)	0	3.0	2.0

## Protective security

Our personnel, physical, and security governance arrangements affect all of our organisation's operations and facilities.

We apply protective security standards consistent with the Australian Government's Protective Security Policy Framework using a risk-based, outcomes-focused approach. We participate in various government and industry security forums, including the Trusted Information Sharing Network for operators of critical infrastructure, as well as local airport security committees and associated airport security consultative working groups.

## Fraud control

Fraud control arrangements comprise prevention, detection, response, monitoring, evaluation and reporting activities and are articulated in our Fraud Control Policy and supporting Ethics and Fraud Control Plan and Ethics and Fraud Framework.

Fraud risks are subject to quarterly review with an independent review also conducted during the year. All reasonable measures were undertaken to minimise and investigate the incidence of fraud with recovery of fraud losses also occurring wherever possible.

## Resilience

During the year we collaborated with the Attorney-General's Department, the Office of Transport Security, various state and Commonwealth law enforcement agencies, and operators of critical infrastructure on various activities to support the Critical Infrastructure Resilience Strategy.

This strategy describes the Australian Government's approach to enhancing the resilience of our critical infrastructure to all hazards that may impact operations. It

encourages and enables critical infrastructure organisations, through a range of initiatives and activities, to better manage both foreseeable and unforeseen or unexpected risks to critical infrastructure assets, supply chains and networks.

We participated in several state and federal based resilience exercises and information sharing forums to improve the ability of critical infrastructure operators to plan and respond to hazards that may impact our operations. We also conduct annual internal resilience exercises for our executive, senior managers and subject matter experts who are all involved in the response to abnormal operations.

## Privacy

The *Privacy Act 1988* requires our organisation to maintain a Privacy Policy in accordance with the Australian Privacy Principle 1.3. This policy includes the following:

- the kind of personal information that we collect and hold
- how we collect and hold personal information
- the purposes for which we collect, hold, use and disclose personal information
- how an individual may access their personal information held by us and seek the correction of such information
- how an individual may complain about a breach of the Australian Privacy Principles, or a registered Australian Privacy Principles code (if any) that binds us, and how we will deal with such a complaint
- whether we are likely to disclose personal information to overseas recipients
- if we are likely to disclose personal information to overseas recipients, the countries in which such recipients are likely to be located if it's practical to specify this.

Our Privacy Policy is available at [www.airservicesaustralia.com](http://www.airservicesaustralia.com)

During 2014–15, the Privacy Commissioner did not undertake any investigations under section 40 of the Privacy Act in relation to Airservices.

### **Freedom of information**

Australian Government agencies subject to the *Freedom of Information Act 1982* are required to publish information as part of the Information Publication Scheme. This requirement is in Part II of the Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the Information Publication Scheme requirements.

This information is available at [www.airservicesaustralia.com/about/information-publication-scheme](http://www.airservicesaustralia.com/about/information-publication-scheme)

### **Powers and functions**

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

### **Procedures and initial point of contact**

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

The address for lodging Freedom of Information requests is:

Freedom of Information and Inquiries Coordinator  
Office of Legal Counsel  
Airservices Australia  
GPO Box 367  
Canberra ACT 2601  
Telephone: (02) 6268 5108  
Fax: (02) 6268 5148  
Email: [foi@airservicesaustralia.com](mailto:foi@airservicesaustralia.com)

## Freedom of information activity in 2014–15

Table 7 shows our freedom of information activity for 2014–15.

**TABLE 7:** Freedom of information activity for 2014–15

Activity in 2014–15	Numbers
<b>Requests</b>	
On hand at 1 July 2014	4
New requests received	32
Total requests handled	36
Total requests completed at 30 June 2015	33
Outstanding at 30 June 2015	3
<b>Action on requests</b>	
Access in full	17
Access in part	11
Access refused	4
Access transferred in full	0
Request withdrawn	1
<b>Response times (excluding withdrawn)</b>	
0–30 days	29
31–60 days	3
61–90 days	0
90+ days	0
<b>Internal review</b>	
Requests received	3
Decision affirmed	2
Decision amended	1

## Commonwealth Ombudsman activity

During 2014–15, we received no formal requests for information from the Office of the Commonwealth Ombudsman.

## Aircraft Noise Ombudsman activity

We received 23 formal requests during the year for information from the Aircraft Noise Ombudsman and closed 21 requests.

## Consultative arrangements

We welcome comment from other organisations and the public on our policies and practices. We maintain several methods for consultation, including attending airport community aviation consultation groups and other forums, the website—[www.airservicesaustralia.com](http://www.airservicesaustralia.com)—our Noise Complaint and Information Service, telephone enquiry services, industry and pilot briefings, and, when required, locally advertised public meetings.

Our representatives attend community aviation consultation groups to provide information on our activities. These meetings are conducted at federally leased airports and similar community forums at some non-federal airports.

During the year, our representatives attended 93 of the 94 Community Aviation Consultation Group meetings as well as community noise forums and airport technical noise forums.

In May, Airservices and the Australian Airports Association held a national noise forum. This was attended by more than 60 representatives from airports, airlines, Defence and the Department of Infrastructure and Regional Development. An agreement was reached at the forum to progress a national industry noise strategy.

We are also a member of various Australian and international aviation and peak industry bodies.



## Documents

Categories listed below are for documents held by our organisation as paper records, optical, audio and digital media.

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

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

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

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

**Internal procedures:** financial and resource management records; internal operating procedures; policy and procedures manuals and instructions; procurement guidelines; budget reports; general ledger records; project financial data; approvals, briefs, plans, designs and commissioning reports; project management policies, manuals, processes and procedures; project records including schedules, contracts and financial records; project documentation; working party and committee reports; statistical information; information technology policy,

procedures, specifications, instructions, manuals, standards, reports, maintenance and asset records; back-up tapes; quality management records.

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

**Technical:** the Integrated Aeronautical Information Package containing the Aeronautical Information Publication, amendments, supplements, Notices to Airmen and aeronautical information circulars; communication systems handbooks; Airways Engineering instructions; drawings, reports, configuration documents and policy documents; operational policy and procedures manuals; communications, surveillance, navigation, testing and maintenance systems and engineering documents; specifications, instructions, manuals, standards, procedures, reports, maintenance records, plans and asset records; documentation of radar tapes and analyses; data communications operations manuals, maps, charts and research, and investigation records; statistics of airport operations; curriculum, syllabus, courseware and assessment records.

**Environment:** standards and procedures; records of assessment under Air Navigation (Aircraft Noise) Regulations; Australian noise exposure forecasts; exposure concepts, indices and related documents; noise and flight path monitoring system reports; reports on environmental assessments; records of telephone enquiries and aircraft noise complaints; assessments of heritage values; assessments of contamination and site status; and reports of research and development trials.

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

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

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

**Aviation rescue fire fighting:** operational, engineering, quality assurance and safety management procedures and instructions; documents and procedures on recruitment, occupational health and safety, environment, hazardous materials and fire safety; aviation fire fighting manual; curriculum, syllabus, courseware and assessment records; aviation rescue fire fighting systems training and instruction manuals; incident and investigation records.

**Superannuation:** our employer superannuation arrangements comply with the requirements of the *Superannuation Benefits (Supervisory Mechanisms) Act 1990* as prescribed by the Minister for Finance in Determination No.1 of 1994 made under that Act.

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

We are a Commonwealth Superannuation Scheme (CSS) approved authority under the Superannuation Approved Authority Declaration (1995). Approximately 194 employees are defined benefit members of the CSS, which is administered by the Commonwealth Superannuation Corporation (RSE licence L0001397).

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

### **Judicial decisions and reviews by outside bodies**

A dispute was brought into the Fair Work Commission preventing us from implementing a new work performance framework during the year. The dispute arose because Airservices and unions representing our employees could not agree on a framework.

A decision was handed down by the Deputy President of the Fair Work Commission on 16 February 2015 confirming that the proposed work performance framework complied with the principles set down in the *Airservices Australia Enterprise Agreement 2013–2017*.

## Appendix 5: Staff equity and diversity progress report

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

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

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

### Reporting obligations

The EEO Act requires us to undertake the following actions as part of its equity and diversity programmes.

#### Informing employees—s. 6(a)

Employees are informed about our equity and diversity initiatives through staff induction, our intranet (AvNet), our staff magazine *Azimuth* and individual business group newsletters. Each year, diversity progress is detailed in our annual report which is published on our website at [www.airservicesaustralia.com/publications/annual-report](http://www.airservicesaustralia.com/publications/annual-report)

Policies, procedures and information on fairness and diversity can be accessed on AvNet and updated information on diversity initiatives and amendments to policies and procedures is published through a range of internal communications.

#### Conferring responsibility—s. 6(b)

Overall accountability for the National Equity and Diversity Program has been conferred to the Chief Executive Officer and Executive Committee. The People and Culture business group is responsible for reviewing this programme. Individual business groups are responsible for implementing programme strategies within their areas.

All employees have a responsibility to ensure their behaviour is compliant with our Code of Conduct which sets the standard for treating staff with fairness, equity and justice at all times.

#### Consultation with trade unions—s. 6(c)

We consult with each employee representative organisation that represents its employees. These are:

- Professionals Australia
- Communications, Electrical and Plumbing Union
- Civil Air
- Community and Public Sector Union
- United Firefighter's Union.

We meet with representatives of the above employee organisations and their employee delegates at the National Consultative Council, held twice a year, to consult and discuss specific employee related issues. The Council is comprised of employee representatives and members of our Executive.

#### Consultations with employees—s. 6(d)

In 2014–15, we continued with our chief executive officer and executive visits and video conferences at metropolitan and regional sites to meet with employees and discuss current initiatives and any areas of concern. The visits provide employees, particularly those in regional locations, with the opportunity to engage directly with our executive.

**Collection of statistics—s. 6(e)**

The EEO Act requires organisations to collect and record statistics and related information about their employees, including the number and types of jobs undertaken by employees of each gender, and employees in designated groups.

New employees are invited to provide their equity and diversity information when they start. All employees are encouraged to update and maintain their own equity and diversity data within our Human Resource Information System. The provision of this data is voluntary due to privacy considerations.

We conducted a survey in March 2013. This information was used to guide and inform the development of programmes and policies and measure the effectiveness of existing programmes. A full employee opinion survey to collect detailed data on employee engagement is scheduled to commence in September 2015.

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

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

Every year, our people systems, policies and procedures are reviewed and revised to reflect changes in the organisation or in the external environment, including legislative changes. Our people systems governing documents are updated to reflect the changes in legislation relating to bullying and harassment. This includes our Code of Conduct, the Code of Conduct Management Instruction, Code of Conduct Investigation Procedure, the Performance Improvement Procedure and the Process Review Procedure.

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

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

We are committed to building the capability of our workforce and accessing the broader labour market. Initiatives relating to attracting, recruiting, developing and advancing our people support the inclusion of diverse and previously under-represented groups.

During 2014–15, our Executive Diversity Council, chaired by the Chief Executive Officer, met quarterly to guide the delivery of diversity programmes and initiatives across the organisation.

The Diversity Council oversees the implementation of the *Workforce Diversity Strategy 2012–2016*, which was developed to recognise the value of diversity and provide a clear and coherent framework to integrate diversity into the organisation's culture, programmes and services.

The strategy incorporates four themes that target diversity groups identified as having lower than average workforce participation rates. These are Indigenous Australians, women, people with a disability and people from culturally and linguistically diverse backgrounds.

The strategy also identifies mature-aged workers as a focus area, as it is important for us to successfully manage retention, transition to retirement and effective knowledge transfer for this group.

Action plans to identify priorities and develop initiatives relating to attraction, recruitment, development, advancement and creation of an appropriate work environment will be developed for each of these areas over the life of the strategy.

During the year we progressed our *Reconciliation Action Plan 2012–2016* and *Gender Diversity Action Plan 2014–2016*. Both documents guide activities to increase diversity and inclusion in these two areas. The plans also provide a framework to assist each business group to develop its own initiatives to improve diversity.

#### **Monitoring and evaluation—s. 6(h)**

The Workforce Diversity Strategy allocates responsibilities and sets performance indicators so objectives and strategies can be monitored.

The strategy is reviewed annually to ensure effectiveness and results are set against milestones and presented to our Diversity Council each quarter.

Workforce data on trends in the employment of women and the designated groups form the basis for monitoring and evaluating the strategy.

#### **Summary of progress**

We aim to create a work environment where all employees are supported and differences are embraced. We are committed to increasing the representation of Indigenous Australians, women, people with a disability and people from culturally and linguistically diverse backgrounds together with providing flexible working arrangements and supporting our mature-aged workers.

The *Workforce Diversity Strategy 2012–2016* clearly articulates our diversity priorities. It provides a framework to successfully manage workplace diversity to enhance the capability of employees, and better deliver on our requirements to provide safe, secure, efficient and environmentally responsible services to the aviation industry.

#### **Women**

We are developing strategies to increase the representation of women in senior leadership and operational roles. This includes attracting and recruiting female employees as well as retaining

and developing our female employees to meet future workforce requirements.

We are committed to flexible work practices and building a more inclusive workplace that values women and their contribution. Our Parental Leave Guidelines were reviewed and updated during 2014–15 to provide greater support to employees accessing parental leave and managers of employees.

Four senior women are participating in the 2015 Women's Leadership Program run by Chief Executive Women. This is a 12-month networking and personal development course to support continued career progression and demonstrates our commitment to developing female leaders and improving the gender balance of our senior leadership team.

The Women in Airservices forum runs quarterly with events held across the major centres and more remote locations. The series encourages staff to build networks and seek opportunities, and invites peers to collaborate on ways to build an organisation that facilitates success for women and men.

Our November event saw our Aviation Rescue Fire Fighting group highlight the role of women in operational roles by conducting a special exercise featuring an all-female crew at our Hot Fire Training Ground in Melbourne which was watched by members of the Chief Executive Women leaders programme.

#### **Indigenous Australians**

We work hard to reduce the gap in employment levels between the wider Australian population and Indigenous Australians. The *Airservices Reconciliation Action Plan 2012–2016* forms part of our Workforce Diversity Strategy.

Throughout 2014–15, the Reconciliation Action Plan Reference Group undertook a range of activities to achieve the goals established under the current plan. The focus has been on establishing the foundations of respect, relationships and opportunities and consolidating foundation activities which form the basis of the reflect and innovate stages of Reconciliation Australia's 'RISE' framework. The plan will be reviewed and relaunched under a new framework when it expires later in 2015.

Cultural awareness training was provided to employees with key roles in recruitment and procurement as well as teams where Indigenous employees are, or will soon be, employed. This training included cultural competencies and guidance on mentoring to meet the needs of Indigenous employees. The rollout of an online cultural awareness training package for staff is being advanced so that we can continue building on our relationship with Indigenous Australian communities.

### **Employees from culturally and linguistically diverse backgrounds**

We have processes in place which consistently and actively encourage diversity of applicants including people from culturally and linguistically diverse backgrounds. This includes the development of an integrated calendar of celebrations of importance to diversity. Key days are celebrated through participation at various internal and external events and promoted through internal communication channels.

We have designated multi-purpose faith rooms in our major centres Canberra, Brisbane, Melbourne, Perth and Adelaide to support employees who wish to observe religious practices while at work.

### **Employees with a disability**

We recognise the skills and talents of people with a disability and are committed to removing barriers to participation in the workforce. Our approach to engaging employees with a disability

is under revision as a new Disability (Access and Inclusion) Action Plan is being developed. This will see a more proactive approach to attracting people with a disability to work with us and a framework for identifying and overcoming barriers to full access and inclusion.

A number of programmes have already been implemented to improve workforce participation rates, including those to increase the skills of staff and managers to accommodate disability in the workplace. A network is to be established to facilitate consultation with employees with a disability, as well as providing a voice for interested and affected employees to suggest areas for ongoing improvement.

### **Mature-aged workers**

Enhancing the contribution and job satisfaction of mature-aged employees is a priority, and is being achieved through succession management and knowledge transfer.

We maintain strong relationships and access to the knowledge and experience of our retired workforce through our alumni network. Through this, we are able to tap into the specialist skills of ex-employees, connect aviation enthusiasts, create knowledge sharing opportunities and build an extended community of expertise. To date there are 305 registered alumni members and regular events are held to maintain and build this network.

A large percentage of our employees over the age of 50 remain in defined benefit superannuation funds such as the Commonwealth Superannuation Scheme, Public Sector Superannuation Scheme and AvSuper Defined. Transition to retirement arrangements have been structured with AvSuper to facilitate ongoing employment once a member's defined benefits reach a maximum level. These arrangements allow us to continue to employ people beyond their nominal retirement age.

## Strategic achievements

Our Workforce Plan and *Workforce Diversity Strategy 2012–2016* encourage diversity across four key strategic areas:

- attraction
- recruitment
- development and advancement
- creating an inclusive work environment.

These four areas represent opportunities for us to remove barriers for applicants, develop the capability of current employees and ensure the organisation is culturally aware and inclusive.

### Attract

We continued targeted advertising campaigns during the year to attract candidates to our business. This included a focus on under-represented demographic groups in operational roles such as air traffic control and aviation rescue fire fighting.

The number of applications from women and Indigenous Australians are improving on historical trends. Our focus will be to further refine these strategies to continue to build candidate pools.

As an example, our Aviation Rescue Fire Fighting group launched a new national recruitment campaign, 'Stay Fit Save Lives'. This included sponsoring the Australian Fitness and Health Expo which was held from 10–12 April in Melbourne, and advertising in a range of national fitness publications. The aim of the campaign is to attract fit and active women and men from across Australia to join our aviation rescue fire fighting ranks.

### Recruit

The recruitment process for air traffic controllers and aviation rescue fire fighting specialists was reviewed during the year. As well as improving performance efficiencies, the reviews examined the extent to which barriers to diversity have been redressed.

## Development and advancement

Our organisational leadership and team development programmes are based on exploring ways to lead others by living our values, of 'Cohesion' and 'Inclusion'. There is a strong emphasis on understanding and respecting difference, as well as learning from peers with different backgrounds and from different generations.

For new employees, our Corporate Induction provides information on policies and procedures relating to fairness and diversity.

### Creating an appropriate work environment, policies, procedures and information

We are committed to ensuring that all employees are treated fairly in the workplace, and that our work environment recognises and values diversity.

The *Workforce Diversity Strategy 2012–2016* is supported by action plans to address specific issues relating to diversity groups. More general initiatives are also being implemented to encourage and support a stronger culture of diversity and inclusion. This includes reviewing our recruitment and people processes, conducting cultural awareness training, researching and promoting flexible work arrangements, and developing a communication strategy to encourage understanding and support for diversity.

The goals of our current diversity programme are in line with 'Our people, our future' culture journey, which builds upon previous work done around our corporate values of excellence, cohesion, inclusion, initiative and courage. The programme aims to have all employees behave in a way that builds trust and supports the development of a stronger, more inclusive culture across the organisation.

## Statistics for 2014–15

### Enquiries and complaints

The number of complaints and enquiries—which may include equity and diversity—for the reporting period are shown in table 8.

The statistics show that the total number of complaints has increased from last year but decreased from 2012–13.

## Code of Conduct

### Diversity profile

Our diversity profile has remained relatively stable over the past four financial years, although there has been a slight but continual decrease in employees in the categories of disability and culturally and linguistically diverse backgrounds. There was a slight increase to the percentage of Indigenous employees this year, and the percentage of female employees remains steady at 19.3 per cent from 2013–14 to 2014–15. Percentages over time are outlined in table 9 and figure 3.

**TABLE 8** Equity and diversity enquiries and complaints 2007–2015

	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15
Employee numbers	3130	3237	3462	3853	3991	4204	4475	4493
Ethics Hotline enquiries <sup>1</sup>	10	1	4	6	6	3	3	2
Ethics Hotline disclosures <sup>2</sup>	3	0	1	4	4	17	21	16
Formal complaints	3	10	6	16	18	55 <sup>3</sup> 9 <sup>4</sup>	35 <sup>3</sup> 3 <sup>4</sup>	40 <sup>4</sup>

1. These relate to all enquiries received through the Ethics Hotline, which may include equity and diversity.
2. These relate to all formal disclosures received through the Ethics Hotline which may include equity and diversity.
3. These complaints were made via the Fair Treatment Review System.
4. These relate to complaints reported via the Process Review Procedure where an individual believes that our system, policy or procedure has been applied incorrectly. It also includes any complaints that are escalated to the Grievance Board.

**TABLE 9** Representation of designated groups in overall head count 2007–2015

	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15
Indigenous Australians	1.2	1.1	1.0	0.9	0.9	0.9	0.9	1.0
People with a disability	1.5	1.6	1.6	1.5	1.4	1.3	1.2	1.1
People from a culturally or linguistically diverse background	4.9	5.6	6.3	7.5	8.0	7.1	6.7	6.7
Female employees	17.5	17	16.9	17.6	18.6	19.4	19.3	19.3

\*Disclosure is voluntary and not all staff provide equity and diversity data for these groups.



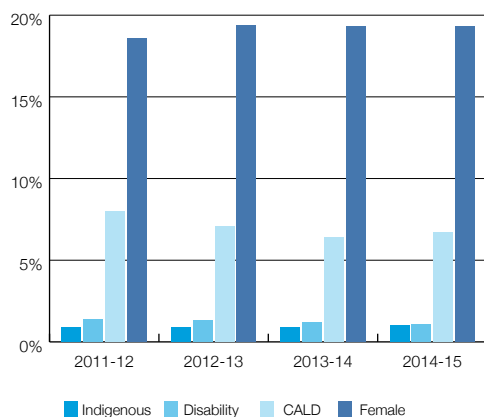
**FIGURE 3** Representation of designated groups in overall head count last four financial years**People with a disability**

Table 10 and figure 3 show a decrease in employees reporting a disability from 51 to 48 over the year. It should be noted that legislated safety standards preclude those with a certain disability from holding some positions, for example air traffic controllers and aviation rescue fire fighters.

**Indigenous Australians**

As outlined in tables 9 and 10 the percentage of Indigenous Australian employees has remained relatively stable, although there was a net increase from 41 to 46 during 2014–15. This includes new employees as well as existing employees who have chosen to identify themselves as Indigenous Australians as a result of the increased activity under our Reconciliation Action Plan.

**TABLE 10** Employees in diversity groups by job role classification at 30 June 2015

Job family*	Indigenous	CALD	Disability
Accounting and finance	0	18	3
Administration	0	13	6
Communication and stakeholder engagement	0	3	1
Comply regulate monitor and audit	0	10	0
Engineering and technical	4	96	16
Information and communication technology	1	24	1
Information and knowledge management	0	6	0
Legal	0	3	0
Organisation leadership	2	9	0
People	2	10	1
Service delivery support	0	2	0
Aviation rescue fire fighting	22	14	2
Air traffic services	15	65	18
Strategic policy research and project	0	27	0
<b>Total by diversity groups</b>	<b>46</b>	<b>300</b>	<b>48</b>
Percentage of workforce	1.0	6.7	1.1

\* This is the new job family framework implemented on 1 July 2014.

### Gender

At 30 June 2014, women made up 19.3 per cent of our total workforce (863 women). At 30 June 2015 the percentage of women in the workforce remained steady at 19.3 per cent (869). Table 11 shows gender by job family.

### Culturally and linguistically diverse backgrounds

Table 12 shows that at 30 June 2015 there were 300 identified people from culturally and linguistically diverse backgrounds employed by us. This is a net decrease of two from 2013–14.

**TABLE 11** Gender by job role classification at 30 June 2015

*Job family	Female by percentage	Female by number	Male by number
Accounting and finance	63.3	76	44
Administration	76.1	134	42
Communication and stakeholder engagement	53.8	28	24
Comply regulate monitor and audit	34.5	29	55
Engineering and technical	6.6	48	674
Information and communication technology	19.3	17	71
Information and knowledge management	78.8	26	7
Legal	50.0	6	6
Organisation leadership	21.5	70	255
People	42.9	84	112
Service delivery support	31.1	14	31
Aviation rescue fire fighting	2.8	24	829
Air traffic services	14.4	226	1,339
Strategic policy research and project	39	87	135
<b>Total by gender</b>		<b>869</b>	<b>3624</b>

\* This is the new job family framework implemented on 1 July 2014.

**TABLE 12** Head count by designated group for 2013–2015

Year	2013-14	2014-15
Indigenous	41	46
Disability	51	48
CALD	302	300
Female	863	869

**TABLE 13** Airservices employee age profile at 30 June 2015

Age range	Under 25	25–34	35–44	45–54	55–64	65+
Number of employees	155	1076	1226	1236	703	97
Percentage of employees	3.40	23.90	27.30	27.50	15.60	2.20

**TABLE 14** Airservices average retirement age

Year	2011–12	2012–13	2013–14	2014–15
Average retirement age	58.5	59.9	60.1	60.8

**TABLE 15** Airservices part-time workers by age bracket as at 30 June 2015

Flexibility age profile	<25	25–<35	35–<45	45–<55	55–<65	65+	Total
Permanent part-time	2	32	84	59	45	19	241
Temporary part-time	1	0	3	1	4	0	9
Casual	1	0	1	5	13	6	26

**TABLE 16** Airservices number of staff by job role classification and state at 30 June 2015

*Job family	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Accounting and finance	100	1	0	11	0	0	8	0
Administration	83	7	0	38	2	0	41	5
Communication and stakeholder engagement	32	9	0	5	0	0	5	1
Comply regulate monitor and audit	44	3	0	23	0	0	13	1
Engineering and technical	74	97	16	220	36	7	221	51
Information and communication technology	62	1	0	11	0	0	13	0
Information and knowledge management	14	1	0	12	0	0	6	0
Legal	12	0	0	0	0	0	0	0
Organisation leadership	146	16	3	75	7	3	60	15
People	82	3	0	23	1	0	84	3
Service delivery	159	286	74	888	107	62	662	225
Strategic policy research and project	96	9	0	51	0	0	64	3
<b>Total by state</b>	<b>904</b>	<b>433</b>	<b>93</b>	<b>1357</b>	<b>153</b>	<b>72</b>	<b>1177</b>	<b>304</b>

\* This is the new job family framework implemented on 1 July 2014

### **Mature-aged employees**

We increasingly rely on mature-aged employees (45 years and over), who in 2014–15 represented 45 per cent of the ongoing workforce.

Implications of an ageing workforce are being addressed through initiatives including succession planning, workforce planning, knowledge and skills transfer, part-time working arrangements and phased retirement plans. Additionally, employees approaching retirement age are provided with information on the superannuation benefits of deferred retirement.

### **Work life balance**

As at 30 June 2015, there were 250 employees working in part-time roles (includes temporary and permanent), or 5.6 per cent of the workforce. This number has increased since last financial year when there were 225 part-time employees, or five per cent of the workforce.

## Appendix 6: Workforce plan progress report

The *Workforce Plan 2013–2020* provides an analysis of our workforce, significant people, capability challenges and risks, and our planned mitigation strategies.

This appendix provides an update on the activity undertaken in the past year to implement the workforce plan, consistent with the Ministerial Statement of Expectations.

In support of our organisational transformation programme and *Workforce Strategy 2015–2035*, we have focused efforts on building a sustainable and fit-for-purpose future workforce. This is critically important if we are to successfully implement the civil-military air traffic management system, remain competitive, and enable our organisation and industry to thrive.

We have developed a model that positions enterprise workforce planning as a continuous planning process which is integrated with and aligned to business and financial planning. As part of this, the following changes have been implemented:

- our Job Family Framework now segments our workforce capability to allow us to analyse our workforce make-up and project the cross-functional demand for workforce capability
- we established a group of workforce strategic leads with representatives from each business group to facilitate business engagement and align strategic and tactical workforce planning across the organisation
- whole-of-organisation planning and forecasting is now in place to provide a strategic context to guide the workforce capability demand process. An analysis of our internal and external workforce supply has also been conducted to identify workforce risks and prioritise strategies to mitigate these

- we have developed ways to drive action and accountability for implementing workforce strategies, including by identifying key performance indicators, designing workforce reports and improving the governance framework for workforce planning.

Our focus for the year ahead will be on progressing the model, and will include evolving planning scenarios, workforce analysis and business process integration.

### Development and implementation of strategies

Our workforce plan identifies a number of key risks and associated mitigation strategies (see table 17). This section summarises some of the initiatives and activities delivered in the past year. While the effectiveness of many of our workforce strategies will take time to determine, we are constantly monitoring and tracking progress and outcomes to assess the success of these.

In conjunction with these initiatives, we have also:

- Developed our *Workforce Strategy 2015–2035* which articulates our vision and future workforce capability and the skills we need as an organisation to meet, adapt and thrive in our evolving environment.
- Aligned our other strategic plans to enable high-level guidance for our people-related programs, services and action plans. This includes workforce challenges, issues and opportunities.
- Delivered the second phase of the workforce capability project, which established a standard set of job roles, competencies and capabilities to deepen our understanding of the current and future workforce that we need.
- Consolidated our critical employment roles to ensure we are prioritising and focusing

on those that are hardest to fill, are core to our business or that have long lead times to competency. We will continue to undertake regular revalidation of critical roles for the next few years as our transition to OneSKY progresses.

- Established the Air Traffic Control Workforce 2021 Program to:
  - ensure we can supply suitably qualified air traffic controllers through to 2021 with a focus on the requirements of OneSKY
  - optimise our workforce to ensure a flow of competent and engaged air traffic control staff.

**TABLE 17** Airservices workforce risks, strategies and activities

Risk	Strategy	Activities
Ageing workforce (knowledge loss through retirement).	<ul style="list-style-type: none"> <li>▪ Accommodate individual preferences and improve work-life balance by implementing flexible working practices (job sharing, phased retirement, casual hours, part-time hours).</li> <li>▪ Develop mentoring programmes to transfer knowledge from potential retirees to identified successors.</li> <li>▪ Maintain focus on entry-level recruitment to balance our ageing demographic.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Monitoring of casual and part-time employees indicates a continued increase—with around 5.6 per cent of the workforce employed with flexible conditions.</li> <li>▪ Air Traffic Control group has updated its career model to cater for flexible work arrangements. This includes developing a guide for assessing and requesting individual flexible arrangements.</li> <li>▪ Mentoring programs continued in the Projects and Engineering and Air Traffic Control business groups. Succession planning activity has progressed in specialist job roles such as engineers.</li> <li>▪ Recruitment efforts, resulted in more than 220 newly qualified starters into entry level positions in aviation rescue fire fighting, air traffic control, projects and engineering and the graduate programme.</li> <li>▪ The Learning Academy’s tablet trial for new trainees proved partially successful and is being extended into 2015–16 to address shortfalls identified in 2014–15.</li> </ul>

Risk	Strategy	Activities
Increased workforce mobility demand internally	<ul style="list-style-type: none"> <li>▪ Develop fit for purpose secondment and career pathways to other geographical areas.</li> <li>▪ Develop employment conditions to facilitate movement, particularly to remote geographic locations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A formal secondment policy has been implemented to enable our people to actively participate in on-the-job training and development. This means our workforce remains flexible and mobile enough to respond to customer and business service delivery needs.</li> <li>▪ There are approximately 50 secondments in progress, providing subject matter expertise where needed and giving individuals broader exposure.</li> <li>▪ Air traffic control's updated career model provides a defined career structure, including defined career stages and the capacity to match individual aspirations with tailored development opportunities.</li> <li>▪ Aviation Rescue Fire Fighting group implemented a number of flexible employment opportunities to support remote and regional station staffing requirements, including fly-in-fly-out, temporary and term transfer staffing.</li> <li>▪ The group also continued the own-time, own-expense voluntary relocation of employees to meet station demands.</li> </ul>
Long tenure—potential impending retirements	<ul style="list-style-type: none"> <li>▪ Continue to implement succession planning and talent management.</li> <li>▪ Continue to build leadership capability.</li> </ul>	<ul style="list-style-type: none"> <li>▪ An emerging leaders programme has been developed within the existing workforce.</li> <li>▪ A new work performance framework has been implemented with greater emphasis on learning and development.</li> <li>▪ About 40 employees had the opportunity to work in non-operational leadership roles under higher duties arrangements.</li> <li>▪ Mature workforce planning has enabled aviation rescue fire fighting to ensure suitable pools exist for leadership roles in regional locations.</li> <li>▪ Succession planning in the Projects and Engineering group has continued with emphasis on senior and critical job roles.</li> <li>▪ Phase 2 of the aligned leadership programme was rolled out to all aviation rescue fire fighting operational leaders. This has a continued focus on capability training and skills coaching programmes.</li> </ul>
Turnover of short tenure (less than three years)	<ul style="list-style-type: none"> <li>▪ Monitor and review career development plans matching individual aspirations with tailored development opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turnover data of short tenure employees shows an improvement in retention.</li> <li>▪ Enhancements to our talent management approach and recruitment practices have contributed to this result.</li> </ul>

Risk	Strategy	Activities
Diversity profile	<ul style="list-style-type: none"> <li>▪ Continue to build a diverse workforce including:                             <ul style="list-style-type: none"> <li>- Indigenous</li> <li>- women</li> <li>- people with a disability</li> <li>- cultural and linguistically diverse backgrounds.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Over the last year, we have continued to make progress against the current Workplace Diversity Strategy. More information is in appendix 5.</li> </ul>
Competitive market for specialist skills (skills shortage)	<ul style="list-style-type: none"> <li>▪ Establish an organisational brand for current and prospective employees including an Employee Value Proposition.</li> <li>▪ Develop marketing and engagement strategies to better target candidate pools.</li> <li>▪ Adopt recruitment strategies that are flexible and reflect current labour market conditions with a focus around flexible working arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employee and executive engagement workshops were completed to research and determine our employee value proposition. Results are being analysed and a concept and theme are being drafted.</li> <li>▪ Recommendations from recruitment process reviews for aviation rescue fire fighting and air traffic control were implemented. This included amending the eligibility criteria in the air traffic control application process to increase diversity.</li> <li>▪ A cross-functional taskforce was established to enhance recruitment and training outcomes for entry level air traffic control programmes. Early assessment indicates improved pass rates and better training outcomes. Success rates will continue to be monitored.</li> <li>▪ Lead times for notification of recruitment activities were reviewed in some groups to enable tailored campaigns to optimise talent sources.</li> <li>▪ The aviation rescue fire fighting 'Stay Fit Save Lives' campaign was developed and implemented to increase the diversity of applicants for fire fighter roles, particularly women. Early indications are that the campaign is having an impact, with more female respondents.</li> <li>▪ The graduate recruitment cycle was brought forward to improve availability of top talent in the graduate market.</li> </ul>
Government and regulatory changes	<ul style="list-style-type: none"> <li>▪ Review the current recruitment processes to ensure alignment with the changing external environment.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Operational and non-operational recruitment processes were reviewed and refined.</li> <li>▪ All non-operational recruitment has been deferred (unless approved by the CEO).</li> </ul>



## Appendix 7: Environmental sustainability report

This section is presented in accordance with the requirements of section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

### How we apply ecologically sustainable development principles

We develop and implement policies and programmes that protect and conserve the environment and contribute to ecologically sustainable development.

The table below sets out how the organisation applies the principles of ecologically sustainable development.

**TABLE 18** How Airservices applies ecologically sustainable development principles

Ecologically sustainable development principles	Activities
<p><b>Integration principle:</b> decision making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations.</p>	<ul style="list-style-type: none"> <li>▪ Undertaking environmental impact assessments for changes to aircraft operations (in accordance with <i>Environment Protection and Biodiversity Conservation Act 1999</i> requirements) to minimise noise impacts on communities associated with flight paths.</li> <li>▪ Continuing to examine ways to reduce our environmental footprint and that of the aviation industry.</li> <li>▪ Providing efficient routing options for our customers.</li> <li>▪ Implementing Required Navigation Performance procedures.</li> <li>▪ Participating in international initiatives to reduce emissions:               <ul style="list-style-type: none"> <li>- The Asia and South Pacific Initiative to Reduce Emissions (ASPIRE).</li> <li>- The Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE).</li> </ul> </li> <li>▪ Enhancing WebTrak, which provides public access to information about aircraft noise and operations around eight of Australia's busiest airports.</li> </ul>
<p><b>Precautionary principle:</b> if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.</p>	<ul style="list-style-type: none"> <li>▪ Implementing an environment management plan for potential issues arising from the past use of fire fighting foams containing fluorosurfactants at aviation rescue fire fighting training grounds.</li> <li>▪ Continuing involvement in the CANSO environment working group.</li> <li>▪ Implementing pre-departure tactical air traffic management.</li> <li>▪ Implementing the Harmony ground-delay management program to reduce airborne holding at Sydney, Brisbane, Perth and Melbourne airports.</li> </ul>

Ecologically sustainable development principles	Activities
<p><b>Intergenerational principle:</b> the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced, for the benefit of future generations.</p>	<ul style="list-style-type: none"> <li>▪ Training staff on environmental issues, the environmental management system, risk management and staff accountabilities.</li> <li>▪ Promoting environmental awareness and initiatives.</li> <li>▪ Ensuring the organisation’s environmental management system is in line with ISO 14001 (the international standard for environmental management systems) and maintaining ISO14001 certification at two sites.</li> <li>▪ Supporting the preservation of Australia’s aviation history through the Civil Aviation Museum and Civil Aviation Historical Society and undertaking to preserve aviation history through our ‘Connecting the Nation’ project.</li> <li>▪ Ensuring that the impacts of our aviation rescue fire fighting vehicle operations are offset by subscription to Greenfleet, which plants trees on our behalf as carbon offsets.</li> <li>▪ Improving the system for ongoing monitoring of our greenhouse gas emissions and energy consumption and production to enable reporting in accordance with <i>National Greenhouse and Energy Reporting Act 2007</i> requirements for 2014–15.</li> <li>▪ Commissioning a study into the history of Aeradio and Flight Service with the goal of protecting, where feasible, any remaining assets and preserving the story of their operations.</li> </ul>
<p><b>Biodiversity principle:</b> the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision making.</p>	<ul style="list-style-type: none"> <li>▪ Undertaking environmental impact assessments in accordance with <i>Environment Protection and Biodiversity Conservation Act 1999</i> requirements to support new and changing internal business processes for projects, property and operational procedures.</li> </ul>

## Environmental performance of operations

### Environment strategy

The new *Airservices Environment Strategy 2014–2019* describes our vision and commitment to achieving excellence in environmental management, and our efforts to ensure a neutral impact on the environment resulting from our activities while removing, as much as possible, constraints on aircraft operations.

### Environment governance

Our Board Environment Committee monitors the following aspects of environmental performance:

- **Services**—aircraft emissions, aircraft noise and community engagement, aviation rescue fire fighting services.
- **Infrastructure**—infrastructure footprint, biodiversity, heritage and climate adaptation, pollution and contamination.
- **People and processes**—environmentally focused workforce, innovation, management and measurement.

### Sustainability reporting

We recognise our responsibility to monitor, measure and report on our performance across a range of issues. We are now compiling our inaugural sustainability report, which will be aligned to the Global Reporting Initiative G4 framework. The report will examine our environmental performance (along with governance, social and economic).

Our stakeholders determined the following as material issues for our operations:

- delivering for our customers
- transforming our business
- keeping people safe
- connecting Australian aviation
- developing our people
- supporting our community
- protecting the environment
- procuring responsibly
- our stakeholders.

### Environmental management system

Our environmental management system provides a framework for achieving sound environmental outcomes and ensuring the organisation meets its associated legislative and regulatory obligations. The system includes policy requirements and detailed procedures. It highlights that all staff are responsible for environmental management and that managers are accountable for environmental risks and performance in their areas of responsibility.

This system aligns with the international standard ISO 14001 and is certified for ground-based operations at two sites—Gold Coast Airport and Gellibrand Hill Radar.

We review and update the system regularly to ensure that it is fit for purpose, in line with best practice and that it underscores effective management of our environmental impacts and risks.

## Appendix 8: Our stakeholders and industry partners

We provide safe, environmentally responsible and efficient air traffic management and related aviation services.

We engaged with the following key organisations throughout 2014–15.

### Government, Parliamentary and other agencies

Australian Competition and Consumer Commission	Department of Industry
Australian Maritime Safety Authority	Department of Infrastructure and Regional Development
Australian Mayoral Aviation Council	Department of the Environment
Aircraft Noise Ombudsman	Department of Defence
Australian Skills Quality Authority	Defence Materiel Organisation
Australian Transport Safety Bureau	Department of Finance
Bureau of Meteorology	Rural and Regional Affairs and Transport Senate Committee
Civil Aviation Safety Authority	
Council of Australian Government Industry and Skills Council	

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## Industry organisations

Aerial Agricultural Association of Australia	Enterprise Registered Training Organisation Association
Air Traffic Control Association Civil-Military Aviation Conference	Glider Federation of Australia
Australian Airports Association	Government Skills Australia
Australian Business Aircraft Association	Industry and Skills Council Advisory Committee
Australian Civil–Military Air Traffic Management Committee	National Airports Safeguarding Advisory Group
Australasian Fire and Emergency Service Authorities Council	Pricing Consultative Committee
Airport Development Committee	Recreational Aviation Australia
Australian and International Pilots Association	Regional Airspace and Procedures Advisory Committee
Aircraft Owners and Pilots Association of Australia	Regional Aviation Association of Australia
Airspace Protection Task Force	Royal Aeronautical Society
Australian Parachute Federation	Single European Sky Air Traffic Management Joint Undertaking
Australian Strategic Air Traffic Management Group	Thales Australia
Board of Airline Representatives of Australia	Transport Logistics Industry Skills Council

## International organisations

Airports Company—Abu Dhabi	Civil Aviation Department—Timor–Leste
Aeronautical Radio Ltd—Thailand	Civil Air Navigation Services Organisation
Agence pour la Sécurité de la Navigation Aérienne en Afrique	Department of Civil Aviation—Mauritius
AirNav—Indonesia	Department of Transport—Abu Dhabi
Airport and Aviation Services Ltd—Colombo (Sri Lanka)	Directorate of Civil Aviation—Indonesia
Airports Council International	Eurocontrol
Airports Company Limited and Civil Aviation Authority—Maldives	Federal Aviation Administration—United States of America
Airports Ltd—Fiji	General Civil Aviation Authority—United Arab Emirates
Air Navigation Services—Dubai	Indian Ocean Strategic Partnership to Reduce Emissions
Air Navigation Services Civil Aviation Authority— Uganda	International Airline Transport Association
Air Services Limited—Papua New Guinea	International Aviation Fire Protection Association
Air Traffic and Navigation Services—South Africa	International Civil Aviation Organization
Air Traffic Management Bureau of Civil Aviation Administration—China	International Civil Aviation Organization—Somalia
Airways—New Zealand	Ministry of Communication and Aviation—Solomon Islands
Airports Authority—India	Minister of Transport Civil Aviation—Republic of Nauru
Airports Ltd—Vanuatu	NATS—United Kingdom
Asia and South Pacific Initiative to Reduce Emissions	Public Authority for Civil Aviation—Sultanate of Oman
Civil Aviation Authority—Kenya	State Enterprise under the Ministry of Transport—AEROTHAI
Civil Aviation Authority—Seychelles	University of Texas
Civil Aviation Authority—Singapore	
Civil Aviation Bureau—Japan	

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## Employee associations

Civil Air Australia

Community and Public Sector Union

Electrical Trade Union

Professionals Australia

United Fire Fighters Union of Australia

## Airports—federally leased

Adelaide

Albury

Alice Springs

Archerfield

Avalon

Ayers Rock

Ballina

Bankstown

Brisbane

Broome

Cairns

Camden

Canberra

Coffs Harbour

Darwin

Essendon

Gladstone

Gold Coast

Hamilton Island

Hobart

Jandakot

Karratha

Launceston

Mackay

Melbourne

Moorabbin

Mt Isa

Newman

Parafield

Perth

Port Hedland

Rockhampton

Sunshine Coast

Sydney

Tamworth

Tennant Creek

Townsville

Wagga Wagga

### **Airports—non-federally leased**

Busselton	Onslow/Carnarvon
Emerald	Paraburdoo
Geraldton	Roma
Kalgoorlie	Taree
Lord Howe Island	Wellcamp
Mildura	Williamstown

### **Airlines**

AirAsia X	Korean Air
Airlink	Maroomba Airlines
Alliance	Malaysia Airlines
Air India	Qantas
Air Madagascar	Qantaslink
Air New Zealand	Qatar Airways
British Airways	Rex Airlines
Cathay Pacific Airline	Scoot
China Airlines	Skippers
China Eastern	Singapore Airlines
China Southern	Singapore Cargo
Cobham Aviation Services	South African Airways
Delta	Thai Airways
Emirates Airline	Tiger
Ethiopian Airlines	United Airlines
Etihad Airways	Vietnam Airlines
Garuda	Virgin Australia
Jetstar	Virgin Australia Regional Airlines
Kenya Airways	



## Appendix 9: Noise Complaints and Information Service data

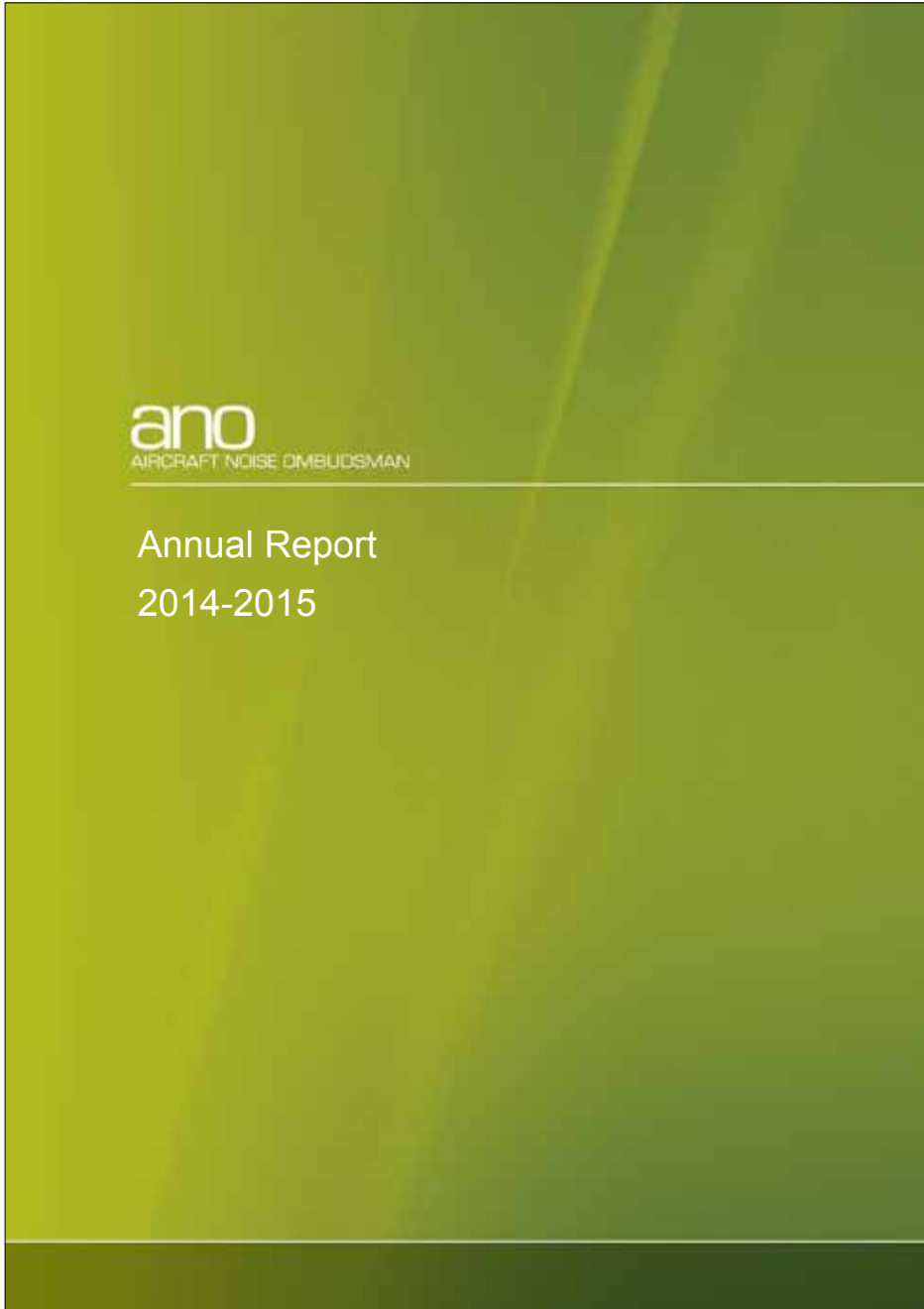
**TABLE 19** Number of people who contacted our Noise Complaints and Information Service for eight major airports for 1 June 2014–31 May 2015.

Airport	Number of people contacting NCIS
Adelaide	183
Brisbane	356
Cairns	30
Canberra	46
Gold Coast	261
Melbourne	188
Perth	1642
Sydney	909
<b>Total</b>	<b>3615</b>

Noise complaints for Melbourne decreased by 45 per cent during the year. This can be attributed to our regular attendance at Community Aviation Consultative Group meetings and Noise Abatement Committee meetings, which allowed responsive and open communication with the community. We also presented our improvements to WebTrak which allows users to analyse cumulative historic data about flight path use and noise monitoring of Melbourne Airport.

Perth noise complaints increased by 52 per cent during the year, which may reflect the sustained growth in aviation for this airport in recent years and the community interest in measures proposed by Airservices to mitigate noise impacts over Perth's residential areas.

## Appendix 10: Aircraft Noise Ombudsman Annual Report



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#### ANO contact

Website: [www.ano.gov.au](http://www.ano.gov.au)

Email: [ano@ano.gov.au](mailto:ano@ano.gov.au)

Freecall: 1800 266 040

Write to: Aircraft Noise Ombudsman  
GPO Box 1985  
Canberra City ACT 2601

## 1 From the Ombudsman

1.1 Alongside our active monitoring of some bold noise improvement initiatives by Airservices Australia (Airservices), the 2014-15 period involved an expansion of our Charter. The Aircraft Noise Ombudsman (ANO) role now encompasses the management of military aircraft noise by the Department of Defence (Defence).

1.2 Our key achievements in 2014-15 include establishing the relationship with Defence, undertaking a major review of Defence's compliance with the conditions of Approval for Super Hornet operations at RAAF Base Amberley (report to be published soon), Airservices' finalisation of all outstanding review recommendations, seeing the finalisation and publication of the revised Australian Standard AS2021-2000: Acoustics — Aircraft noise intrusion — Building siting and construction, and engagement in a range of industry and community forums across the country in both the military and civil space.



*“Taking on the Defence role has been an exciting development”*

1.3 I am pleased that three noise improvements initiated as a response to complaints handled by the ANO office have been implemented in these past 12 months. This includes what has become known as the Roleystone change – the trial of which was concluded and implemented permanently during the second half of 2014. There was also a change to departure procedures in response to complaints from Chidlow residents and a change to Fly Friendly arrangements at Camden Airport so that 'practice engine failures' avoid residential areas. The opportunity for a similar improvement at Point Cook Airport has also been identified and is currently under consideration by Defence and the relevant stakeholders. One further improvement opportunity was investigated, which related to general aviation departures headed to the south-west from Jandakot Airport, however it was found not to be viable.

1.4 I am particularly pleased to see Airservices' continued efforts in identifying, pursuing, and (where practical) implementing, noise improvement opportunities without our intervention. This has seen a number of important noise improvements implemented, either permanently or initially as a trial. It has also led to some challenging consultation activities, which the ANO has monitored closely. Initiatives in Perth and the Gold Coast have absorbed a lot of ANO attention in the second half of the 2014-15 period. We published an article about consultation on changes to air traffic arrangements to reflect this focus.

*“This year has seen a number of important noise improvements implemented”*

1.5 The ANO provides independent administrative reviews of Airservices' and Defence's management of aircraft noise issues, specifically focussed on three areas:

- Complaint handling
- Consultation
- Information provision

Our work with Airservices and Defence is consequently structured around these three areas, so I will briefly summarise the year for each below.

#### **Complaint handling**

1.6 The number of complaints to the ANO office increased dramatically during 2014-15, due in small part to the new role with Defence (five complaints received to date) and in large part to a spike in complaints in the last quarter resulting from community reaction to Airservices' proposal for a night-time respite trial in Perth. **Attachment 1** provides a summary of the ANO complaint statistics for 2014-15 and **Section 2** includes analysis of ANO complaint data.

**“ANO complaints increased dramatically in the last quarter of 2014-15”**

1.7 The trial proposed in Perth was among a suite of three changes Airservices announced in March 2015 for implementation by the end of 2015 that were aimed at improving noise outcomes for Perth. One change was implemented at the end of May, one is scheduled for implementation in September and the final of these (the trial) has now been cancelled before implementation commenced. These change initiatives have sparked a significant complaint load for Airservices in the period since they were announced, and the ANO has also received a high number of complaints.

1.8 The ANO has noted that there are lessons to be learnt from the way these changes have been considered and the way that the consultation and environmental assessments were being managed. Nonetheless, we congratulate Airservices on its efforts to find aircraft noise improvements in Perth and across the country. Significantly, many more of these stem from Airservices' own investigations and fewer from complaints handled by the ANO office. All opportunities identified through complaints to the ANO are reported in the ANO quarterly reports and a summary is available in **Attachment 2**.

1.9 Airservices finalised its implementation of our *Case Studies in Complaint Management Review* recommendations during the period and has continued to take important steps forward in its management of complaints. We look forward to this progress continuing with the support of an improved complaint management database capability. We have generally been impressed with the improvement in Airservices' responses to complainants and the genuine effort made in investigating complaints.

**“Airservices implemented our Case Studies in Complaint Management recommendations”**

1.10 **Attachment 3** outlines the ANO's assessment of action on each recommendation.

**Consultation**

1.11 ANO staff attend a variety of community and industry forums across Australia to monitor Airservices' and Defence's consultation and information provision and to gather information about emerging aircraft noise issues.

***"ANO staff attend community and industry forums across Australia"***

1.12 We have not made any formal recommendations to either Defence or Airservices on their consultation activities in the 2014-15 period. However, we have been monitoring Airservices' consultation activities associated with proposed changes in Perth and the Gold Coast. We have provided feedback as appropriate in an informal way and included discussion of such in our quarterly reports. We will address any specific concerns with formal recommendations where necessary and anticipate a report on the Perth noise initiatives will be completed before the end of 2015.

**Information provision**

1.13 Information provision is an important component of managing aircraft noise issues and a key focus for the ANO.

1.14 During the 2014-15 period, Airservices completed actions to address the one outstanding recommendation from our *Assessment of Aircraft Noise Issues: Sydney, February 2012*. **Attachment 3** outlines the ANO's assessment of action on each recommendation that was open during 2014-15.

***"The ANO's review of Super Hornet operations at Amberley was completed"***

1.15 The ANO's review of Defence's compliance with the conditions of Approval for Super Hornet operations at RAAF Base Amberley was completed recently and submitted to the Chief of Air Force. It includes 12 recommendations including the improvement of information provision.

1.16 The ANO has led development of a Standards Australia handbook about aircraft noise information provision which is nearing completion. The purpose of the handbook is to provide guidance on alternative ways to describe aircraft noise to assist the public to better understand the possible impact of that noise.

**Final remarks** ***"Five years on, there is much to be proud of"***

1.17 Five years on, since creation of the ANO office, there is much to be proud of. This includes tangible reform in the way noise complaints are handled in Airservices, which has seen the organisation move a good way down the path of effective complaint handling. I look forward to the next evolution that will follow from the enhanced complaints database system that Airservices will shortly implement.

1.18 The move by Defence to engage the ANO as an independent review mechanism for their management of aircraft noise issues is in part a recognition that the ANO can contribute to effective improvements in aircraft noise management and, through this, to delivering better noise outcomes to the community.

1.19 The cultural shift that sees Airservices now identifying and actively pursuing opportunities to improve noise outcomes is also a step-change from five years ago. In support of this, the ANO complaint statistics for 2014-15 show that no complaints to the ANO in this financial year led to a change by Airservices. This suggests that Airservices is no longer missing opportunities to identify noise improvements when handling the complaints in the first instance. While recent initiatives in Perth point to important issues with the process for managing community engagement, environmental assessments and decisions about potential noise improvements, the intent by the organisation to strive for better outcomes reflects a genuine change that is to be commended.

1.20 I have also been pleased to see that, over time, the broader aviation industry (particularly airports) and other stakeholders (such as state/territory and local government departments) have increased their attention to aircraft noise issues and their level of engagement with the ANO. My view is that increased knowledge and a more collaborative whole-of-government and whole-of-industry approach to aircraft noise issues will deliver better outcomes for all stakeholders and the community.”

1.21 Certainly the second half of the 2014-15 financial year has been particularly eventful, including a significant review of Defence activities coinciding with some major undertakings by Airservices that have resulted in a large increase in workload for the office. It is a credit to my small team that we have accomplished as much as we have through this demanding time.

1.22 Finally, I wish to thank the staff of Airservices and Defence, with whom we work day-to-day, as well as the leadership teams that support an open and cooperative working relationship. I am also motivated and inspired by the insights and contributions of community members, through both their complaints and participation at community forums. Without their generous efforts to engage on issues that matter to them, we could not contribute as insightfully or effectively to the improvement of aircraft noise management.



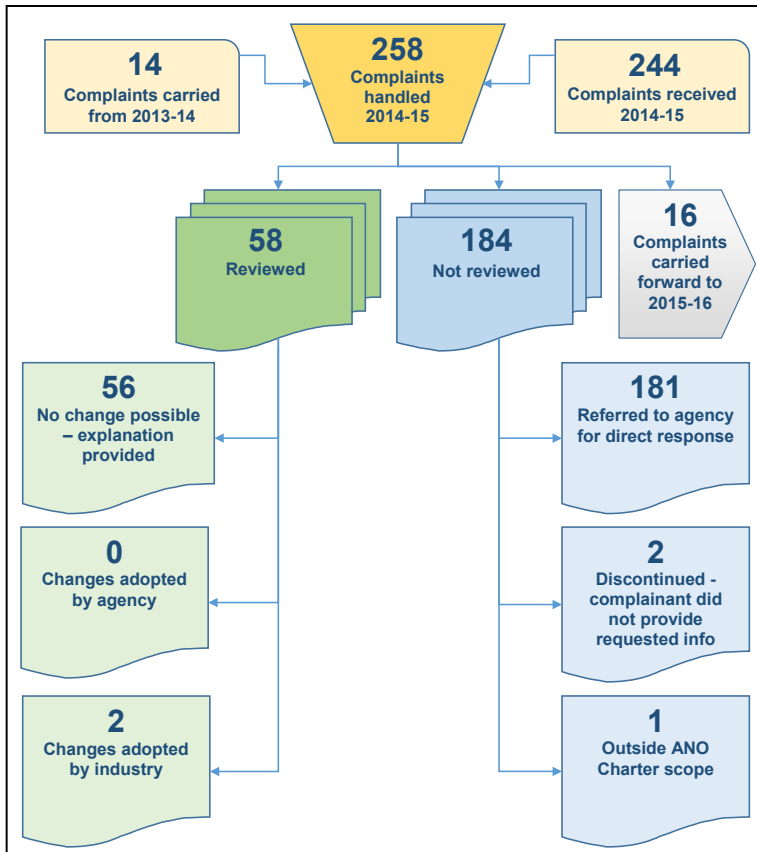
Ron Brent  
Aircraft Noise Ombudsman  
27 August 2015



## 2 Complaints

### Complaint statistics

2.1 The ANO received more complaints in 2014-15 than in any of the previous years. The following graphic shows how we handled them.





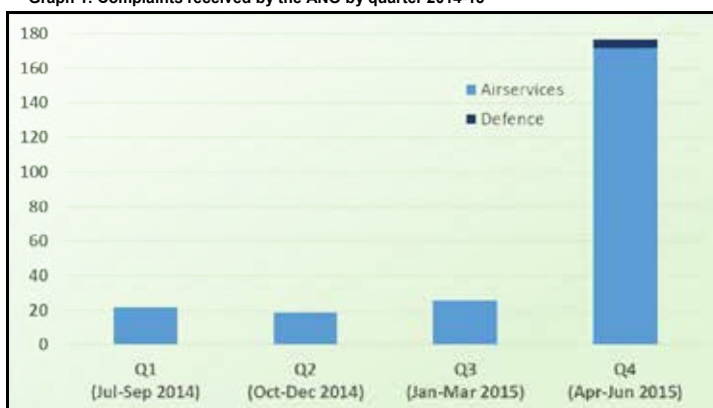
2.2 The table below shows the changes in the annual and per month average for complaints received over time.

**Table 1: Comparative complaints received by financial year**

	Total fin. year	Ave per month	% Change
Sep 2010-Jun 2011 (10 mths)	101	10.1	
Jul 2011-Jun 2012 (12 mths)	109	9.1	↓ 10.1%
Jul 2012-Jun 2013 (12 mths)	88	7.3	↓ 19.3%
Jul 2013-Jun 2014 (12 mths)	106	8.8	↑ 20.5%
Jul 2014-Jun 2015 (12 mths)	239	19.9	↑ 125.4%

2.3 This significant increase was almost entirely due to community reactions in quarter four to a number of flight procedure changes proposed by Airservices. We also started to receive complaints (five) about Defence in the fourth quarter. See the graph below for the per quarter spread.

**Graph 1: Complaints received by the ANO by quarter 2014-15**



2.4 We started the financial year with 14 open complaints and received a further 244 during the year, making the total number of complaints handled in the financial year 258. Of these, over half (181) were closed by referral back to Airservices or Defence to respond to directly. A further 58 were closed following detailed investigation. Of these, most (56) did not identify any practical change opportunities that could be pursued and were closed with a detailed explanation provided to the complainant.

2.5 The table below shows the outcome of complaints reviewed.

**Table 2: Outcome of complaints reviewed by the ANO in 2014-15**

<b>Complaints reviewed and closed:</b>	<b>58</b>	
No change possible - explanation provided	56	96.5%
Change adopted by Airservices or Defence	0	0%
Change adopted by Airport operator	1	1.7%
Change adopted by Operator	1	1.7%

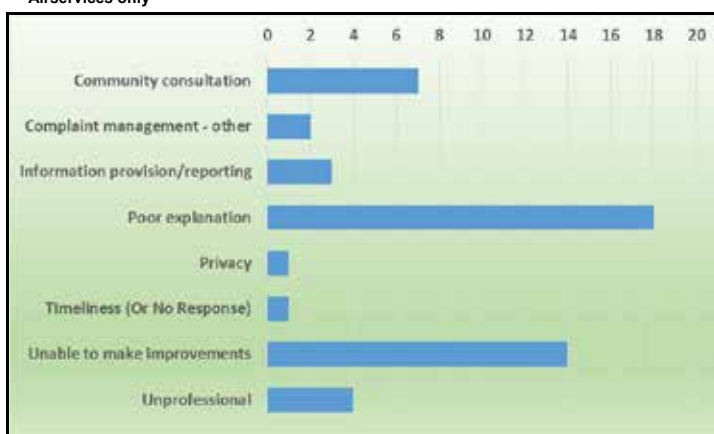
2.6 The statistics above relate to those complaints raised with the ANO. Although no complaints raised with the ANO led directly to Airservices or Defence adopting a change, both agencies have actively pursued noise improvement changes across the country and complaint handling improvements as appropriate, in response to community feedback and through internal review and improvement practices. Two changes were adopted by the industry more broadly, facilitated by Airservices and the ANO in response to complaints to the ANO.

2.7 **Attachment 1** provides a summary of ANO complaint statistics for 2014-15.

### Complaint analysis

2.8 From the start of the 2014-15 financial year, the ANO has recorded issues raised by complainants against a range of issues categories. Issues were recorded only for those complaints that were reviewed by the ANO and reflects what the complainant reported as the main issue(s) with their dealings with the agency. The aim in collecting this data was to allow the ANO to better identify systemic issues. The following graph shows the reported issues for complaints about Airservices that were reviewed and closed in the 2014-15 financial year.

Graph 2: Reported agency issues for complaints reviewed by the ANO in 2014-15 – Airservices only



2.9 The above graph identifies that there are two stand-out areas of concern for complainants who escalate their concerns to the ANO:

- Poor explanation: includes when complainants identify that questions have not been answered or fully addressed, that they could not understand the explanation provided, that too much jargon and/or technical data was used in the response, or that staff didn't seem to know the answers.
- Unable to make improvements: includes when complainants identify that the agency can't or won't resolve the problem, is just recording complaints but can't act to fix the problem, isn't willing to try to help and just fobs complainants off.

2.10 Commonly the ANO provides a detailed explanation to the complainant that includes our assessment of the Airservices response and whether or not it could have better responded to the questions or issues raised by the complainant. The ANO provides this feedback (positive and negative) to the Noise Complaints and Information Service Manager on each complaint that we review and close.

2.11 Further, our responses will identify our assessment of whether or not Airservices could reasonably have done more to resolve the problem. As the statistics for ANO complaints show, none of the complaints reviewed by the ANO in the 2014-15 period led to a change by Airservices and only two generated change in the broader industry. In most cases, therefore, our responses to complainants have supported the view that Airservices cannot do anything in the circumstances, and that we too have independently assessed the case and been unable to identify any practical noise improvement opportunities that might be pursued in the short to medium term. In some cases Airservices might have better explained the constraints on their ability to change the noise situation, and this feedback is provided to Airservices. However, sometimes complainants are just seeking independent confirmation of this from the ANO and are satisfied (or at least a little more accepting) when this is provided.

### 3 Noise improvement opportunities

- 3.1 Investigations into noise improvement opportunities that stem from an ANO review or ANO attendance at community consultation meetings are tracked in our quarterly reports with brief descriptions of the change opportunity and the current status. These reports are available on our website.
- 3.2 **Attachment 2** summarises the noise improvement opportunities considered in the 2014-15 period. It should be noted that there is no direct correlation between the number of noise improvement opportunities explored and the number of complaints closed with a “Change adopted” outcome. This is due to a number of factors such as:
- Several complaints can relate to the same issue and each will be closed when a change is made.
  - Some noise improvement opportunities are identified at community consultation meetings, rather than from a complaint to the ANO.
  - Some noise improvement opportunities, despite detailed exploration of the potential, prove not to be feasible in the short to medium term. In these cases the complaint(s) will be closed with a “No change possible” outcome.
  - Some complaints are specifically about information provision, complaint handling or consultation systems and processes. A change to improve in these areas will not change the noise outcome in a particular area. However, the complaint in this case would be closed with a “Change adopted” outcome, reflecting the change to procedures or systems.

#### C Adopting best practice from other locations

**A** In February 2012, following an ANO investigation into a complaint from a resident near Jandakot Airport, new procedures were introduced at that airport that meant simulated engine failure practice would be conducted over Airport land rather than residential areas. This delivered a noticeable noise improvement for residents.

**S** Following the success of this noise improvement, Airservices included an item on their Strategic Noise Improvement Plan (SNIP) to consider “can procedures for practicing engine failures near general aviation airports be changed (or standardised to align with the procedures currently in practice at Jandakot)?”

**T** When the ANO received a complaint from a resident near Camden Airport, the ANO asked Airservices to look into whether similar procedures for ‘practice engine failures’, as employed at Jandakot Airport, could be applied at Camden to avoid doing this practice over residential areas.

**D** Airservices consulted with relevant stakeholders and the airport has now updated their ‘fly friendly’ arrangements accordingly.

**1** Defence is now investigating if a similar change can be undertaken at Point Cook airport.

*The ANO encourages Airservices and Defence to pursue the possibility of similar noise improvements at other general aviation and RAAF airports, as appropriate. – Ron Brent*

#### 4 Community engagement and information provision

- 4.1 ANO staff have attended community and aviation industry meetings across Australia during the past twelve months. Attending such meetings enables the ANO office to gain a first hand perspective of community and industry issues, monitor Airservices' information presentation and consultation activities, and identify emerging issues. It also provides an opportunity to increase public awareness of the ANO role, our recent activities, and the opportunities we are pursuing to improve noise outcomes.
- 4.2 This year ANO staff attended 17 Airport Community Aviation Consultation Group (or equivalent) meetings. Additionally, we attended various industry meetings, including the major annual conferences of the Australian Airports Association (AAA), the Regional Aviation Association of Australia (RAAA), the Australian Mayoral Aviation Council (AMAC), the combined AAA-Airservices Aircraft Noise Forum and the International Sustainable Aviation Forum.
- 4.3 Taking a broader role in seeking to improve aircraft noise information, the ANO also chaired the committee that has drafted the Standards Australia handbook about aircraft noise information provision, which is nearing completion, and assisted in a local council's planning requirements for a proposed residential area near Point Cook Airport (see Case Study 2 below).

*“By attending community and aviation industry meetings, the ANO can gain a first hand perspective of community and industry issues”*

#### **C** ANO provides independent advice to planning agency

**A** Following a presentation at the Point Cook Community Group meeting by the ANO Senior Adviser, a representative of Wyndham City Strategic Planning sought the advice of the ANO office about the planning of a new residential estate in the vicinity of the Point Cook Airport.

**S** The representative saw the opportunity to learn from the ANO's experience of seeing the various approaches to other such planning activities for residential areas near to an airport, and sought ANO guidance on the best approach to ensuring information is provided to potential buyers and residents.

**E** The ANO was pleased to be able to supply examples of ways that other developments have presented information about the potential for aircraft noise impacts at new residential areas.

**S** In line with the ANO article *The Truth about Aircraft Noise*, the ANO office suggested wording for publications about the new development and for inclusion on the title of all residential properties. Similar wording will be included as requirements in the proposed Memorandum of Common Provisions and Design Guidelines for the proposed residential development near Point Cook Airport.

*If developments are to occur in these areas [near airports] I would like to see the possible impact of the noise emphasised rather than downplayed so that potential buyers can make an informed decision. – Ron Brent*

## 5 ANO reviews

### Airservices

- 5.1 During 2014-15, Airservices finalised its implementation of all outstanding recommendations from our *Case Studies in Complaint Management review (January 2014)* and the one remaining recommendation that carried into this financial year from the *Assessment of Aircraft Noise Issues: Sydney (February 2012)*.
- 5.2 As we commence the 2015-16 financial year, the ANO is considering how best to feed into the learning process following Airservices' recent efforts to introduce noise improvement changes in Perth. It is likely that this will be presented in coming months in the form of a short review.

### Defence

- 5.3 In January 2015, the ANO, Defence and Airservices signed a Memorandum of Understanding, which established the ANO as an independent review and complaints mechanism for Defence's aircraft noise management.
- 5.4 As a first priority, Defence requested that the ANO undertake an audit of Defence's compliance with the Conditions of Approval for Australian Super Hornet Flying Operations, RAAF Base, Amberley, QLD (EPBC 2008/4410), as varied by Ministerial approval in April 2014 (Conditions of Approval).
- 5.5 This was the first major review that the ANO has undertaken of any Defence noise management activity. The ANO considered that Defence not only complied with the intent of the Conditions of Approval, but had also demonstrated a commitment to going beyond the stipulated Conditions in managing the aircraft noise impacts of its flying operations on the community. Defence had shown it is open to new ideas and willing to make changes to improve its management of aircraft noise.
- 5.6 The report, which sets out the detailed review, ANO findings and makes twelve recommendations, was substantially completed in the 2014-15 financial year. Although finalised and provided to the Chief of Air Force in mid-August 2015, it is appropriate that this major piece of work is recognised as part of this 2014-15 Annual Report. We look forward to Defence's formal response and to working with them in the coming year to implement the recommendations.



## 6 ANO publications

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- 6.1 On 19 January 2015 the ANO Charter was updated to reflect the extension of the ANO role to include providing an independent complaint and review mechanism for Defence's aircraft noise management. The updated Charter was published on the ANO website at this time.
- 6.2 In addition to our quarterly reports and last year's annual report the ANO published the following on our website during 2014-15:
- 27 January 2015 - Aircraft Noise Ombudsman to review Defence aircraft noise
  - 24 February 2015 - Embracing Aircraft Noise Complaints for a Sustainable Aviation Future
  - 4 May 2015 - Consultation on Changes to Air Traffic Arrangements

On 7 August 2015, we also released a statement on the Airservices' Perth Noise Initiatives.



## 7 Financial Results

- 7.1 The ANO operates autonomously in managing its financial accountabilities. In line with the ANO Charter, the ANO independently determines how funds and resources are allocated, within the budget provided by Airservices and Defence.
- 7.2 As with previous years, the ANO has managed its budget effectively, with actual costs again well within the annual budget. In 2014-15, the total operating expenditure of the office was \$660,231 against a budget of \$807,947 (including the Defence allocation from 19 January 2015).
- 7.3 Costs include all staff salaries and entitlements, travel, and administrative overhead costs. The increase in costs from last year largely reflects the additional load from taking on the Defence role. However, this has been offset somewhat as we have been able to make savings in staff and travel costs through combining trips to serve both civil and military work objectives.

Graph 5: ANO budget and actual expenditure 2011-12 to 2014-15



### Attachment 1 ANO Complaint Statistics

The following summarises the ANO complaint statistics for 2014-15.

	Total	Airservices	Defence
Complaints carried forward from 2013-14	14	14	0
Complaints received 2014-15	244	239	5
<b>Total complaints handled in 2014-15</b>	<b>258</b>	<b>253</b>	<b>5</b>

<b>Closed complaints - reviewed</b>			
No change possible - explanation provided	56	56	0
Change adopted by Airservices Australia	0	0	0
Change adopted by Airport operator	1	1	0
Change adopted by operator	1	1	0
<b>Total complaints reviewed and closed</b>	<b>58</b>	<b>58</b>	<b>0</b>

<b>Closed complaints - not reviewed</b>			
Referred to Airservices to respond directly	181	179	2
Complainant did not provide further information	2	2	0
Outside Charter scope	1	1	0
<b>Total complaints not reviewed and closed</b>	<b>184</b>	<b>182</b>	<b>2</b>

<b>Complaints closed during 2014-15</b>	<b>242</b>	<b>240</b>	<b>2</b>
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<b>Complaints carried forward to 2015-16</b>	<b>16</b>	<b>13</b>	<b>3</b>
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The statistics above relate to those complaints raised with the ANO. Although no complaints raised with the ANO led directly to Airservices or Defence adopting a change, both agencies have actively pursued noise improvement changes across the country and complaint handling improvements as appropriate, in response to community feedback and through internal review and improvement practices.

## Attachment 2 Noise improvement opportunities

One of the core focuses of our investigations into complaints is to look for the potential to improve noise outcomes. The following table summarises the noise improvement opportunities stemming from complaints received by the ANO that were considered or part of ongoing ANO monitoring during the 2014-15 financial year.

### Noise improvement opportunities considered during 2014-15

Complaint received by ANO	Description of initiative	Current status
Nov 2010	Perth – Can the flight path over Roleystone be relocated to an area that does not affect so many residences?	In Aug 2013, Airservices commenced a 12 month trial of an alternative flight path. Following the success of this trial, Airservices made the decision to permanently implement the change, which was announced to the community in March 2015.
Apr 2012	Brisbane – Can some northbound and westbound departures from runway 19 depart on additional tracks to reduce the concentration of noise over current areas?	Airservices examined the option of a noise sharing approach, where a single departure track is replaced with multiple tracks to enhance noise sharing. Airservices identified that such an arrangement has not previously been trialled in Australia, however, Airservices will consider this approach in the future. Trials of this approach are not likely to be held in Brisbane initially due to the operational constraints of the airport. This item remains a part of Airservices' Strategic Noise Improvement Plan and the ANO is monitoring to ensure it does receive attention in time.
May 2012	Perth – What is the plan to address the numerous issues and change requests associated with Chidlow?	Airservices investigated several opportunities, including one that has led to a trial of a changed departure procedure. The trial ended in March 2014 and following analysis of the results Airservices has permanently adopted the changed departure procedure, effective March 2015.
May 2014	Gold Coast – flights over NSW residences during daylight saving hours	The ANO has asked Airservices to look into whether a better noise outcome can be achieved for NSW residents affected by flights departing Gold Coast Airport prior to 11pm QLD time (that is, prior to the curfew commencing), when the two states are on different zones. The difference means aircraft fly over NSW homes after 11pm NSW time.  Airservices has advised that while this is a relatively small change and it does seem to be feasible, they will not consider further progressing this at the current time because of the complexity of doing so with other changes underway at the Gold Coast. The ANO will continue to pursue this with Airservices when other activities at the Gold Coast have concluded.
August 2014	Camden – Opportunity to reduce aircraft noise at Camden airport by modifying practice engine failure procedures.	The ANO asked Airservices to look into whether best practice procedures employed at other general aviation airports could be applied at Camden. Specifically, this relates to 'practice engine failures' and whether they can be avoided over residential areas. Airservices consulted with relevant stakeholders and the airport has updated its 'fly friendly' arrangements.

Complaint received by ANO	Description of initiative	Current status
October 2014	Jandakot – Opportunity to reduce aircraft noise at Seville Grove and nearby suburbs by moving the general aviation flight path south-west.	The ANO presented the option to the Jandakot CACG meeting, generating a productive discussion by aircraft operators, Jandakot Airport management and air traffic control (ATC). All representatives were keen to explore opportunities for noise improvement. However, concerns about how close the proposed new route would be to the inbound track as well as concerns about making changes in an already recognised danger 'hot spot' meant that the proposal was not viable on safety grounds.
April 2015	Point Cook – Opportunity to reduce aircraft noise at RAAF Base Williams, Point Cook, Victoria by modifying practice engine failure procedures.	Following ANO attendance at the Point Cook Community meeting, the ANO asked Defence to look into whether best practice procedures employed at other general aviation airports could be applied at Point Cook. Specifically, this relates to 'practice engine failures' and whether they can be avoided over residential areas.  Defence is consulting with relevant stakeholders to determine what can be done to improve noise outcomes.

It should be noted that there is no direct correlation between the number of noise improvement opportunities explored and the number of complaints closed with a "Change adopted" outcome. This is due to a number of factors as discussed in section 3.2 of this report.

### **Attachment 3 ANO assessment of action on recommendations**

During the 2014-15 financial year the ANO closed the remaining recommendation from the *Assessment of Aircraft Noise Issues: Sydney, February 2012*, and all of the outstanding recommendations from the *Case Studies in Complaint Management: January 2014* review. The ANO considered that action taken by Airservices met the intention of each of the recommendations listed below:

<p><b>Sydney Issues Recommendation 7:</b></p> <p>Airservices should explore the provision of a more timely (as well as historical) method for complainants to understand why a particular Runway Mode was in use, or why a preferred Runway Mode (noise sharing) was not able to be used at that time.</p>
<p><b>Case Studies Recommendation 1:</b></p> <p>Airservices should:</p> <ul style="list-style-type: none"> <li>a. amend its contact acknowledgement and reference numbering system. Complainants should not be notified of a new reference number for each and every contact made. Complainants advised that responses will not be made on a particular issue, should not be responded to on that issue. Airservices should clarify what the reference number provided to complainants actually means</li> <li>b. acknowledge the lack of timeliness, apologise and provide a brief explanation for the delay where service delivery standards are not met</li> <li>c. be mindful of balancing the resource burden with the value to the complainant when considering the provision of ongoing information, particularly if similar information has already been provided. Procedures or guidelines should be established to assist staff with making these decisions.</li> </ul>
<p><b>Case Studies Recommendation 2:</b></p> <p>Airservices should:</p> <ul style="list-style-type: none"> <li>a. as far as practicable, assign complaints to an airport, rather than a generic category</li> <li>b. provide reports to airports that provide sufficient detail to help identify meaningful issues and avenues for potential improvements</li> <li>c. be clear to complainants about what is, and is not, provided to airports about their complaint</li> <li>d. ensure that information provided to complainants is accurate and does not potentially misrepresent the situation, or contradict other information published by Airservices on their website</li> <li>e. consider opportunities to take the lead in consulting various stakeholders as part of the process to identify noise improvement outcomes, rather than refer complainants to those stakeholders with the expectation that the complainant will manage that consultation process.</li> </ul>
<p><b>Case Studies Recommendation 3:</b></p> <p>Airservices should:</p> <ul style="list-style-type: none"> <li>a. develop and implement processes to ensure all appropriate information about complainants is passed to other authorities when undertaking a transfer of a complaint</li> <li>b. clarify when a response will be provided. Information linked to the complaint form should explain that a response will be provided where specifically requested, where a question has been asked or where a response can provide useful and relevant information. The exception to this rule should be when a complainant has explicitly requested no response or when a complainant has been advised previously that the particular issue has been dealt with to finality.</li> </ul>

**Case Studies Recommendation 4:**

Airservices should:

- a. store all correspondence relating to a complaint in a single repository, accessible to all complaint handlers and, to the extent practicable, accessible through the relevant NCMS database record
- b. ensure complaint records are managed in compliance with the National Archives Act 1983 as well as relevant Australian Standards and Australian Government recommended practices.
- c. standardise the salutations, introductory text and sign-off styles used for correspondence with complaints
- d. carefully consider the expectations created by encouraging further contact and only do so when appropriate
- e. use other means to contact clients whenever details have been provided and the primary means of contact fails.

**Case Studies Recommendation 5:**

Airservices should routinely analyse complaints to identify common issues not yet addressed by the current suite of fact sheets and develop fact sheets or standard responses for residents raising the same issues.

**Case Studies Recommendation 6:**

Airservices should:

- a. establish clear protocols for when residents are to be referred directly to an external authority
- b. review its Guide and Protocols documents and current practices to ensure that documented procedures for managing unreasonable complainant behaviour are followed in practice, including consistent and timely application of management plans for persistent complainants, and ensuring that it is cases of unreasonable behaviour that are subject to 'formal restriction' not complainants
- c. check compliance with its Guide and Protocols in an internal audit/review process for complaint management.

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## Glossary

ACE	Airport Capacity Enhancement Program
ADS-B	Automatic Dependent Surveillance Broadcast System
ADS-C	Automatic Dependent Surveillance Contract
ATSB	Australian Transport Safety Bureau
BNN	Backup Navigation Network
CANSO	Civil Air Navigation Services Organisation
CASA	Civil Aviation Safety Authority
GNSS	Global Navigation Satellite System
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization standards
IFR	Instrument Flight Rule
INTAS	Integrated Tower Automation Suite
LoS	Loss of Separation
RSVM	Reduced Vertical Separation Minimum
STCA	Short Term Conflict Alert
UPR	User Preferred Routes

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