AIRSERVICES AUSTRALIA ANNUAL REPORT 1997-1998

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Contents

Airservices Australia
Mission

"To provide a safe, efficient and effective air traffic system"

Letter of transmittal

Date 15 September 1998

The Hon Mark Vaile MP

Minister for Transport and Regional Development

Parliament House

CANBERRA ACT 2600

Dear Minister

I have pleasure in submitting to you the Airservices Australia Annual Report for the period 1 July 1997 to 30 June 1998.

The report of operations and financial statements have been prepared in accordance with the *Air Services Act 1995*, division 2 of Part XI of the *Audit Act 1901* and division 2 of Part 3 of the *Commonwealth Authorities and Companies Act*, except for compliance with paragraph 1(a) of Schedule 1 to the CAC Act exempted under the *Audit (Transitional and Miscellaneous) Regulations, 18 December 1997*.

Yours sincerely

William H Pollard

Chief Executive

Introduction

Annual Report compliance

The Airservices Australia Annual Report 1997-98 complies with the requirements of the *Air Services Act 1995* and the *Guidelines for the Content, Preparation and Presentation of Annual Reports by Statutory Authorities, November 1982* and is in accordance with division 2 of Part 3 of the *Commonwealth Authorities and Companies Act (CAC) 1997*, except for compliance with paragraph 1(a) of Schedule 1 to the Act, exempted under Part 4 of the *Audit (Transitional and Miscellaneous) Regulations*, 18 December 1997, "*Application of Commonwealth Authorities and Companies Act 1997*".

The Report of Operations contains the performance report and is structured around the corporate objectives of the *Airservices Australia Corporate Plan July 1997 - June 2002*. It does not refer to Airservices' individual operational and support divisions except to indicate the contribution of specific divisions to the objectives where necessary.

Powers, functions and objects

Airservices Australia (hereafter called Airservices) was established on 6 July 1995 as a Government Business Enterprise under the *Air Services Act 1995* with reporting and accountability arrangements in accordance with the *Commonwealth Authorities and Companies Act 1997*.

In 1997, Airservices' status was amended to that of a Commercial Authority, which had some minor implications regarding the application of the *Commonwealth Authorities and Companies Act 1997*, but none for Airservices' ownership or governance.

Airservices is responsible for the provision of safe and efficient air traffic services in the Australian Flight Information Region (FIR), which covers 11% of the earth's surface. Specific responsibilities include airspace management, air traffic flow management, traffic and flight information, navigation services, search and rescue alerting, aeronautical information and rescue and firefighting services.

Directorship and staff

Airservices is governed by a Board appointed by the responsible Federal Government Minister. The Board members are responsible for determining Airservices' objectives, strategies and policies, and ensuring that functions are performed in a proper, efficient and effective manner.

During 1997-98 the business structure comprised of three operational divisions, four support divisions and two specialist advisory units, which report to the Chief Executive (see corporate structure on page 16).

Approximately 4350 staff are employed Australia-wide. The workforce is composed of stream specialists in air traffic control, rescue and firefighting, engineering and is supported by management and administrative staff. Staff numbers for 1997-98 appear in the table on page 14.

Chairman's year in review

This time last year I reported that this financial year would be immensely challenging, with an ambitious program of change and structural realignment, which would embark upon the Board and management's shared vision for the future of Airservices Australia.

I am delighted and pleased to report that Airservices is indeed an organisation which is becoming increasingly regarded as a world leader; that continues to improve its responsiveness to the needs of clients and the shareholder; and is maintaining a leading edge in the provision of professional services in a business environment for the benefit of the aviation sector.

1997–98 provided the most challenging and difficult trading environment in recent times with depressed aviation activity trends resulting from major economic downturns in Asia and flow-on effects from these events. Despite this environment, Airservices pursued planned restructuring activities, new charging initiatives and technology implementation. The underlying business remained sound despite those external and internal pressures. Airservices' operating profit before abnormal items and taxation for the year ended 30 June 1998 was $32.7m after meeting Community Service Obligations such as the development of the Long Term Operating Plan for Sydney Airport, provision of noise inquiry functions, noise and flight path monitoring systems, and transfer of aviation search and rescue functions, totalling a direct cost of $6.2m. This profit compared with $35.9m for the year ended 30 June 1997. The operating profit was reduced by abnormal costs totalling $80.7m resulting in an operating loss after abnormal items and taxation of $33.0m. The abnormal costs largely arose from a combination of events which occurred prior to the formation of Airservices and provisions for major organisational restructuring currently taking place which, when completed, will position Airservices to meet future challenges as a highly competitive service provider. Full details of the financial position are reported in detail in the following pages.

Given the difficult economic conditions, the achievements of Airservices this financial year are impressive by any measure.

Airservices has started transitioning to the world's first fully integrated air traffic system known as The Australian Advanced Air Traffic System. When completed after a phased introduction across Australia by late 1999, Australia will be the first country in the world to have this type of technology on such a scale, delivering the increases in safety, efficiency and effectiveness promised at the start of the project. With successful pre-commissioning of Stage 1 in Cairns in June 1998, Airservices is further advanced in the provision of this new technology than nearly any nation.

On 1 July 1998 Airservices will introduce location-specific charging for terminal navigation services after extensive consultation with customers and the Australian Government. This will complete the second phase of our financial restructuring, which is designed to be more customer focused and in keeping with user-pays principles. A significant component of this move was the Government's agreement to remove the inequitable financial burden of the Excise Tax on Aviation Gasoline, thereby saving General Aviation $17m per annum.

A program of Business Transformation commenced and a critical analysis of each section of the businesses was completed. We are now moving to a vital stage of this process with new structures, processes and businesses to be established in the first half of next financial year. This will greatly enhance the organisation's ability to meet challenges in a future competitive environment, while simultaneously improving safety.

The Long Term Operating Plan (LTOP) for Sydney Airport and associated airspace was a major focus in response to the Minister's Direction. Airservices introduced additional modes of runway operations and enhanced the availability of overwater operations, which in part allowed significant progress towards achieving LTOP noise sharing targets.

A number of initiatives have been established to reduce the organisation's costs including a review of navigation aids, costs associated with operations and maintenance at GAAP (General Aviation Airport Procedures) and regional air traffic control towers, rationalisation of communications infrastructure and ongoing rationalisation of property assets.

Airservices targeted existing and emerging markets in pursuit of commercial business opportunities including the establishment of an agreement with the Government of the Solomon Islands for Airservices to manage the upper Airspace in the Honiara Flight Information Region for the next five years. Provision of air traffic management, facilities management, and rescue and fire fighting consultancy services to Papua New Guinea, Japan and Mauritius were also undertaken by Airservices during the year..

The Board, management and staff have worked together in an atmosphere of shared vision and commitment, which has made the many achievements listed in the following pages possible. The integration of experience, skills and knowledge of all players has been a significant component of Airservices' progress as a world leader in air traffic service provision.

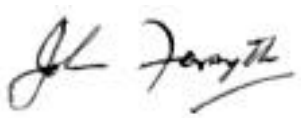
On behalf of the Board I thank the staff and management of Airservices for their dedication and commitment in striving to achieve our shared vision for the future and the immediate goals of the past year. To be able to produce such milestones in particularly difficult circumstances is testament to the attributes of our people.

The Directors of Airservices continued to provide clear leadership and support. I personally thank each member for their dedication to the task of reshaping Airservices. In particular, I acknowledge the contributions made by Norman Correy and Graham Maguire whose terms expire on 30 June 1998. Their service greatly assisted the governance of Airservices during its formative years.

Airservices is now positioned to achieve what no other nation has been able to do in the provision of state-of-the-art air traffic system technology in an integrated and automated environment that maximises safety and efficiency.

I recommend the following 1997–98 Annual Report for a more detailed analysis of our achievements and future outlook.

JOHN PC FORSYTH



Chairman
30 June 1998

Corporate overview

Airservices is a Government-owned authority responsible for the management of air traffic over 11 per cent of the world's surface. It provides air traffic control, airspace management, aeronautical information, radar and communications, radio navigation aids, search and rescue alerting, and airport rescue and firefighting services.

To provide these services to about 3.8 million aircraft movements annually, Airservices maintains a $610 million asset base in facilities at different locations around Australia.

Airservices' workforce, comprising 4350 staff around Australia, is highly skilled in air traffic control, a number of aviation technical and engineering fields, rescue and firefighting and supporting professions.

Air traffic controllers, located in centres around Australia and in control towers at certain airports, assist the safe passage of aircraft in en route controlled airspace and at the destination or departure airport, by ensuring separation from other traffic.

En route and airport-located navigation aids assist with pilot navigation. This equipment, often located in remote areas, is installed and maintained by Airservices' technical staff 24 hours a day and to a high standard of accuracy.

A 24-hour pilot briefing service for all domestic and international flights provides the latest operational and aerodrome information, a range of weather forecasts and alerts, and a flight notification lodgment service.

In the unlikely event that an aircraft needs emergency assistance, Rescue and Fire Fighting Services (RFFS) are provided at 16 aerodromes, including all capital city airports. Competent in aviation firefighting, the RFFS maintains high standards of training and skills to cope with disasters and emergencies on any scale.

Airservices earns 96 per cent of its income from revenue collected through charges which are based on the type of aviation operation and the service used. Of this income, about 97 per cent is derived from airline operations and the remainder from general aviation, which includes all other types of aircraft operations.

Australian aviation is a dynamic industry subject to changes in the political, social and economic environment and is closely linked to the fortunes of the Asia-Pacific region. Airservices' work continues to research and provide new services, and improve current services to meet the needs of its customers.

As a world leader in the technological development of advanced satellite-based communication, navigation and surveillance systems, Airservices works in conjunction with a range of partners and customers.

Together with the International Civil Aviation Organization (ICAO) and its counterparts in the Asia-Pacific region, Airservices strives to ensure the maintenance of appropriate global safety standards and the sharing of information or advances in aviation technology.

Airservices works with other Government organisations concerned with aviation safety and regulation in Australia. These are: the Department of Transport and Regional Development (DoTRD), Civil Aviation Safety Authority Australia, (CASA) and the Bureau of Air Safety Investigation (BASI).

Further information about Airservices can be found on the web site at http://www.airservices.gov.au and in the industry publication, *The Airservices Bulletin*.

Report from the Chief Executive

As outlined by the Chairman, 1997–98 was not only a year marked by consolidation and change, but significant achievement as Airservices continued the change program begun in 1996 and discussed in my report of last year.

I am very pleased to announce that after seven years in the making, the first step in the transition to The Australian Advanced Air Traffic System (TAAATS) has been taken. As we approach financial year end the Cairns Terminal Control Unit and surrounding Reef Air Traffic Control sectors have commenced the enormous task involved in transition from our existing air traffic control system. When completed in 1999, we will have achieved full operational status of one of the world's first fully automated, integrated airspace management and traffic control systems.

We have worked steadily towards a timetable for the progressive introduction of TAAATS throughout Australia over the remainder of this year and into 1999. The work will be completed in time for the expected demands on Australian air traffic during the Sydney 2000 Olympic Games.

This work has required the combined efforts of staff across the support and operational divisions to ensure that all systems are compliant with TAAATS. We are justly proud of this outstanding achievement which confirms Australia's standing as a world leader in safe, efficient and cost-effective airspace management and air traffic control.

Earlier this year we began the first phase of an ambitious change program, Business Transformation, to help us formalise a business approach to the impact of the political, technological and economic factors which we have identified as significant factors bearing on our business.

Up to now, our position has traditionally reflected that of a government monopoly. We know that Airservices is respected as a technologically and operationally advanced provider of air traffic and fire fighting services, and we want to transform Airservices into an organisation that will be the preferred, competitive supplier of these services, respected throughout the world.

Consequently the Board adopted a new vision during the year: "To be the global leader in the provision of safe and efficient air traffic services by keeping safety first, operating the new Airservices way, winning in the marketplace, enriching the skills of our people, focusing on our customers and earning the respect of our stakeholders".

This vision was developed in consultation with an interested cross-section of employees. The first phase of Business Transformation has set out to achieve this vision.

I am personally committed to this program which will take two years to complete. It will establish us as a sustainable market-focused government authority that can deliver value to its customers and shareholder.

Our charging regime has undergone significant changes this year, starting with the introduction of location-specific pricing for the Rescue and Fire Fighting Service (RFFS) on 1 July 1997.

After much industry consultation and planning, the introduction of location-specific pricing for terminal navigation services will be implemented on 1 July 1998.

We are now more than two years into a comprehensive Year 2000 compliance program which started in 1996. We have increased our commitment and participation in aviation sector groups that are together ensuring that all critical and ancillary services will be compliant by the roll-over date of 1 January 2000.

A Safety Management System was implemented during the year. It acknowledges that safety lies in the hands of all Airservices staff. Key components of the system include promulgated safety accountabilities, and incorporation of risk management in the design, operation and maintenance of facilities and processes.

Our commitment to the environment has always been a priority. In December 1997 Airservices pledged to improve its environmental performance with the establishment of a formal environmental policy. Environmental performance will be a critical factor in our success as a business and relies on the support of everyone in Airservices. I have given my total support to the policy and the development of the Environment Management System, which is aligned with the ISO 14001 standard.

Airservices continues to implement the recommendations and noise-sharing targets of the Sydney Long Term Operating Plan (LTOP) following a direction on 30 July 1997 from the Minister for Transport and Regional Development.

Airservices negotiated the *Airservices Australia*

Enterprise Agreement 1998-2001. This agreement provides a framework for ensuring that employment conditions and human resource management processes can be adapted to the competitive environment expected to face Airservices in the future.

At the beginning of the reporting period the Federal Government transferred responsibility for Aviation Search and Rescue to the Australian Maritime Safety Authority (AMSA). Our flight inspection and calibration of navigation aids functions were contracted to the private company, Pearl Aviation. Airservices' two Fokker 28 and G1000 aircraft were sold as part of a rationalisation of this service providing cheaper operational costs and increased efficiency.

In conclusion I would like to acknowledge the work and commitment of all Airservices' staff in the transition to TAAATS and in the Business Transformation process. There will be many more challenges ahead of us and I am confident that Airservices will come to the very best arrangement for providing services to our customers. I would also acknowledge that the dedication, experience and skill of our workforce has been the backbone of the performance achievements reported in this 1997–98 Annual Report.

I would like to thank the Chairman, John Forsyth, and the Board of Directors, for their guidance and valuable input this last year. A special thanks to the two retiring Board members, Norman Correy and Graham Maguire, for their work and commitment during their terms.

WILLIAM H POLLARD

Chief Executive

Financial performance

The Operating Profit before abnormal items and taxation for the year ended 30 June 1998 was $32.7m, which compared with $35.9m for the year ended 30 June 1997. The operating profit was reduced by abnormal costs totalling $80.7m resulting in an Operating Loss after abnormal items and taxation of $33.0m

Growth in aviation revenue was planned at 7.6 per cent however, trends in activity growth worsened markedly at the end of the previous financial year resulting in reduced growth expectations of 3.8 per cent and a revised budgeted operating profit before abnormal items of $27.2m. The actual growth in airways revenue was just 1.3 per cent with all service lines exhibiting substantial reductions in growth over previous years.

Operating expenses were tightly controlled during the year and totalled $574.3m which was 1.3% higher than the prior year and $9.8m below plan.

Revenue

Total Revenue earned from the provision of all services per cent was $606.9m which was 0.7% higher than the previous year and $25.7m lower than planned.

Revenue from the provision of air traffic and rescue and firefighting services contributed $580.1m, or 96 per cent of total revenue and was $36.3m below plan. Annual growth of Airways Revenue of 6.2 per cent in 1996–97 reduced dramatically to 1.3% in 1997–98 with international en route activity increasing by 5.9 per cent and all other service lines remaining flat compared to the previous year.

Activity by general aviation operators remained in line with the previous year after a 9.2 per cent decline in 1996–97. Search and Rescue services were transferred to the Australian Maritime Safety Authority in July 1997 resulting in a reduction in revenue of $8.1m compared to 1996–97 Other revenues at $26.8m were $5.1m higher than previous year and $10.6m above plan.

Operating expenses

Total operating expenses before abnormal items were $574.3m, 1.3 per cent higher than the previous year and $9.8m less than planned.

A range of productivity and efficiency initiatives were realised during the year which resulted in a net reduction of 243 staff and held staff costs at 1996–97 levels despite the deferral of Airspace 2000 and the resultant retention of Directed Traffic Information Services at a cost of $4.1m for the year.

Project expenditure increased by $10.9m over the previous year as work on transitioning to TAAATS intensified. Other general and administrative costs reduced in the year including travel expenses 10.1 per cent, materials and equipments 15.4 per cent and administrative expenses 8.1 per cent.

A number of non-commercial activities costing a total of $6.2m are included in operating expenses and were necessary to meet the specific requirements of the Federal Government.

Abnormals

Abnormal costs for the year totalled $80.7m. These costs arose from a combination of events which occurred prior to the formation of Airservices and provision for major organisational restructuring currently taking place to position Airservices to meet future challenges as a fully competitive service provider.

Provisions totalling $29.0m have been made covering potential adverse outcomes and associated legal costs relating to litigation initiated by Compass Airlines some some years ago. A further $13.9m has been provided in respect of entitlements by Air Traffic Controllers and Flight Service Officers to Early Retirement Benefits. The remaining $37.8m relates to reductions in asset values and separation and redundancy payments arising from the Business Transformation and other major reforms currently being pursued by Airservices.

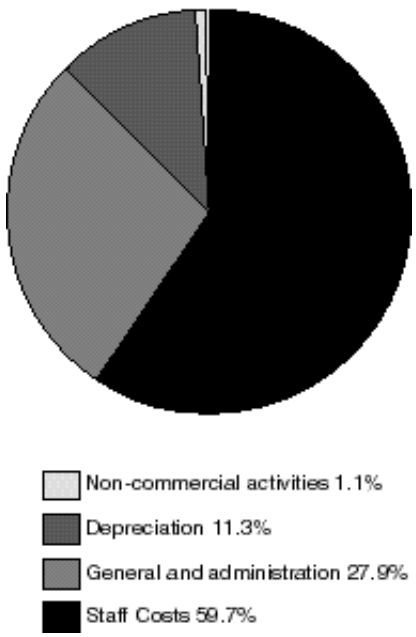
Capital

The outcome for the 1997–98 project expenditure program is $111.5m which is $13.4m less than the planned program of $124.9m.

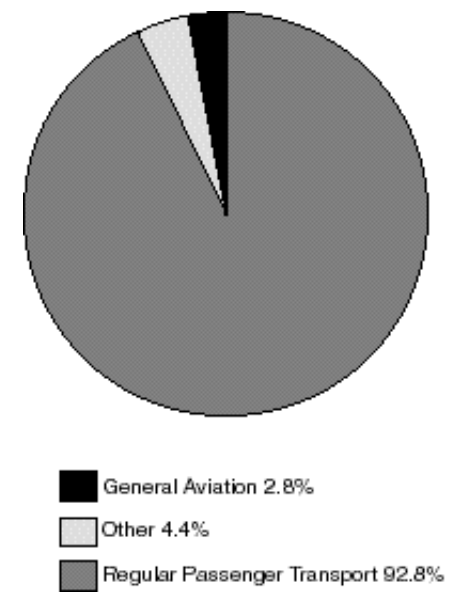
Expenditure on the TAAATS project of $66.6m accounted for almost 60 per cent of the total program.

Other significant project outlays during the year included Airways Transition Project Phase 2 ($2.7m), Darwin Relocation ($3.6m), Alan Woods Building Refurbishment ($4.5m), Asset Management and Maintenance System ($2.2m), Fire Vehicles ($3.8m), Flight Inspection ($8.5m) and ASIA Telecommunication Network Validation Platform ($1.8m).

1997–98 Breakdown of Operating Expenses



1997–-98 Revenue by User



Occupational health and safety

Workplace arrangements

As required by the *1996–1998 Airservices OH&S Agreement*, elections for health and safety representatives and deputies were scheduled for May 1998. All unions were advised that representatives and deputies were required to stand for re-election and nominations were called for these positions. Elections will take place where required by mid-July 1998.

A review of health and safety committees was conducted by the OH&S Unit, Corporate and Employee Relations (CER). The unit visited, or received minutes from, committees at a number of locations throughout Australia. A report recommending the terms of reference for all health and safety committees was being prepared at year end.

Policy development

Working groups have been convened to revise Airservices' policy and procedures relating to the following:

- Workers' compensation: claims management and return-to-work strategies
- Notification, reporting and recording of accidents and dangerous occurrences
- The use, inspection and maintenance of microwave ovens
- Contractor management
- Eyesight testing and optical correction for visually demanding tasks and radiation workers.

Brochures on the OH&S Plan and the OH&S Agreement were made available to all employees in December 1997.

Investigations and notices

Comcare conducted three investigations under Section 41(3) of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* under the Planned Investigation Program during 1997–1998. These investigations were held at the Facilities Management Division (FMD) facilities at Strawberry Hills and the Maintenance Section at Kingsford Smith Airport, Sydney in August 1997; FMD Operations, Melbourne Airport in May 1998; and the RFFS unit at Brisbane Airport in June-July 1998.

By 30 June the report on Sydney FMD operations had been received. Comcare found that Airservices had complied with the requirements of most categories. The Comcare investigator considered that Airservices had taken steps towards meeting its legislative requirements associated with OH&S training and the regulations relating to plant, manual handling and confined spaces.

Verbal advice, following the FMD Melbourne Airport investigation, indicated that Comcare rated the section highly, demonstrating that standards had been maintained since the last investigation in May 1996. Accordingly, the section is approaching best practice in OH&S management. At the March 1998 National Consultative Meeting (NCC) meeting, the Chief Executive awarded Best Practice in Occupational Health and Safety Achievement Award in recognition of its 1996 rating of 4.59 out of five, covering approximately 50 elements of the OH&S legislation.

Comcare commenced a program of random investigations to assess compliance with the Plant Regulations; one such investigation was conducted at the FMD site, Adelaide Airport. The subsequent report concluded that although plant at the facility covered a broad range, including load-shifting equipment, air conditioning installations, compressors, workshop equipment, hand tools and electrical equipment, all appeared to be well-maintained and all documentation demonstrated that risk assessment and the control of risk is well advanced.

No provisional improvement, prohibition or improvement notices were issued during 1997–98.

Accident and incident reporting

In the six months to December 1997, Airservices notified 33 serious personal injuries, resulting in absence from duty of five or more days or shifts, and dangerous occurrences. In only two cases was there failure to provide follow-up written reports to Comcare within the required time. This represents a compliance rate of 94 per cent.

Fraud control

During 1997-98 the need for effective fraud control measures continued to be emphasised as part of the management awareness program. Several fraud-related issues needed to be investigated and appropriate management action was subsequently taken. During 1998–99 the Fraud Control Plan will be reviewed and the Internal Investigations Manual prepared.

Corporate security

During 1997–98 a new incident reporting system was implemented, several risk assessments were finalised and compliance reviews were completed at selected locations. As a result a number of new security management plans were issued and a review of site security plans commenced.

Privacy Commissioner

During 1997–98 the Privacy Contact Officer provided assistance to managers and staff as required and conducted an extensive program of national awareness seminars. Several privacy-related inquiries were conducted. The results were reviewed and finalised in consultation with the Office of the Privacy Commissioner.

Equity and diversity

Airservices has continued the successful implementation of its National E&D program. Significant progress was made under the six key result areas of the program. The highlights included:

• Development of the next *National Equity and Diversity Program 1998–2001* in line with the Business Transformation process

• The appointment of Dr Clare Burton as independent chair of Airservices' Grievance and Appeal Board to hear cases of discrimination or harassment

• A successful fourth annual E&D Conference for Contact Officers and human resource managers

• The acceptance of home-based work provisions

• Greater staff participation in Airservices' Flexible Unpaid Leave Scheme

• Continued support and training for members of the E&D Contact Officer and Mediator Networks

• Additional mediators were trained and used internally to help resolve harassment cases and other areas of workplace conflict

• Regular communication with Airservices' staff through articles published in the staff newsletter *Airspace*

• Ongoing support for the regional E&D Contact Officer networks

• The alignment of E&D training with corporate training programs, such as the *Certificate in Workplace Leadership* and *Business Awareness Part Two HR Management*

• Statistics maintained on the number of harassment and discrimination complaints and inquiries

• The publication of a fifth pamphlet in the E&D series, A*irservices' Family Friendly Policies, Revised Guidelines for the Elimination of Workplace Harassment* and *Equity and Diversity: A Guide for Managers and Supervisors.*

Freedom of information

There were 39 requests for access to documents under the *Freedom of Information Act 1982*. Five requests were withdrawn, none were transferred to other agencies and access was refused on two occasions. In all other cases access was granted to the documents sought, either in full or in part.

Ombudsman

Airservices responded to four formal requests from the Commonwealth Ombudsman in relation to matters being investigated by that office.

Superannuation

Employer superannuation arrangements complied with the requirements of the *Superannuation Benefits (Supervisory Mechanisms) Act 1990* as prescribed by the Minister for Finance in Determination No 1 of 1994, made under the Act dated 30 June 1994. An accumulated superannuation option was introduced in November 1997 to complement the defined benefit scheme offered by AvSuper Pty Ltd.

Staffing

There was a turnover of 689 staff during 1997–98 of which 223 were commencements and 466 were cessations.

(Staffing details are shown in the chart on pages 14 and 15)

Standards of Service Charter

In accordance with Government policy, Airservices commenced the development and implementation of a Standards of Service Charter for its clients, stakeholders and interested parties. At 30 June the charter had been approved and was due to be printed in July and distributed to staff, major clients, stakeholders and government. It will be posted on the Airservices web site. In developing the charter, customers were consulted in 1997 through a survey of information needs, other charters were analysed and communication with staff and customers was undertaken. Processes have been established for reporting Airservices' compliance with the charter.

Staff by major staff category

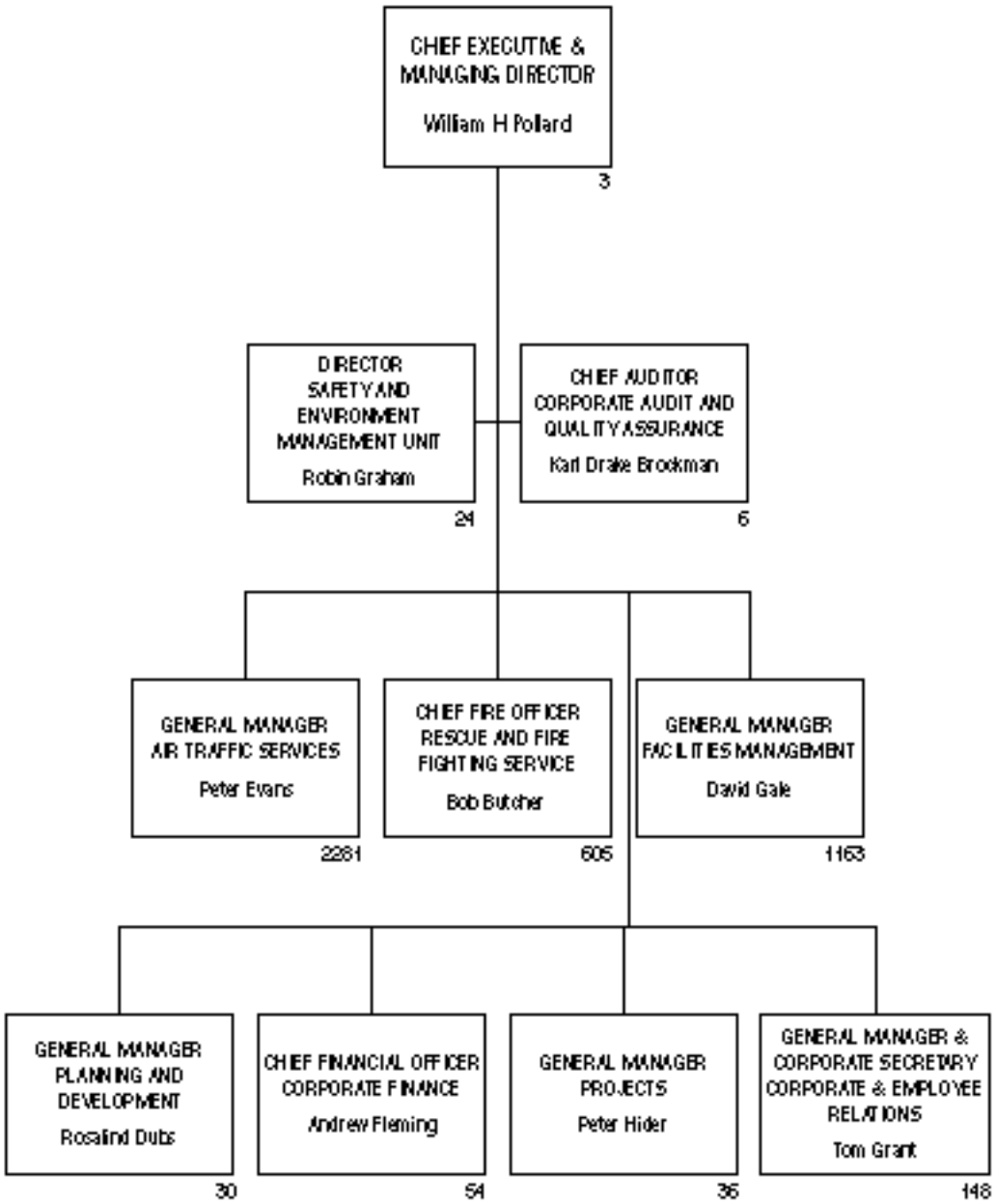
(headcount as at 30 June 1998)

Major staff category	ACT			FN&T		NSW			NT		
	F	M	Total	M	Total	F	M	Total	F	M	Total
Air Traffic Controller		18	18			19	168	187		6	6
Air Traffic Controller Trainee											
Air Traffic Services Mgmt	2	29	31			2	19	21			
Airways Data Systems Officer		1	1			15	60	75			
Clerical/Administrative Officer	128	52	180			41	22	63	1		1
Contract Manager	10	76	86				7	7			
Flight Data Coordinator (TAAATS)											
Flight Information Service Officer											
Flight Service Officer						4	19	23			
General Service Officer	1	3	4				24	24		3	3
Information Technology Officer	2	14	16								
Licensed Aircraft Mtce Engineer											
Middle Mgr/Sen Spec – Administrative	16	34	50			2	5	7			
Middle Mgr/Sen Spec – Info Technology	5	29	34								
Middle Mgr/Sen Spec – Professional	2	43	45				7	7			
Middle Mgr/Sen Spec – Technical	1	27	28			1	26	27		4	4
Professional Officer	4	11	15				1	1			
Public Affairs Officer	4	2	6				1	1			
Rescue & Fire Fighting Staff		27	27			1	61	62		56	56
Senior Management	2	34	36	1	1		3	3			
Technical Officer		32	32			2	86	88	1	19	20
Trainee											
Grand Total	177	432	609	1	1	87	509	596	2	88	90

Note: Numbers include 22 inoperative staff. Inoperative staff are those staff identified as being on leave for a period greater than 84 days.

QLD			SA			TAS			VIC			WA			Grand Total			%F
F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	
35	398	433	1	82	83		10	10	31	294	325	10	102	112	96	1078	1174	8.18%
2	8	10							2	27	29		5	5	4	40	44	9.09%
4	20	24		2	2				5	15	20		1	1	13	86	99	13.13%
24	107	131	6	25	31				39	85	124	10	31	41	94	309	403	23.33%
63	42	105	10	7	17	1		1	43	44	87	9	7	16	296	174	470	62.98%
3	23	26		3	3				2	20	22		3	3	15	132	147	10.20%
5	8	13							3	12	15				8	20	28	28.57%
8	69	77							5	30	35				13	99	112	11.61%
5	31	36		30	30				6	28	34	5	35	40	20	143	163	12.27%
	33	33		7	7		2	2	1	23	24		11	11	2	106	108	1.85%
	2	2		1	1				1	2	3				3	19	22	13.64%
										1	1					1	1	
1	15	16		3	3				1	11	12		3	3	20	71	91	21.98%
	1	1								2	2				5	32	37	13.51%
	12	12		4	4					8	8		5	5	2	79	81	2.47%
	32	32		16	16		1	1	1	26	27		17	17	3	149	152	1.97%
	1	1											1	1	4	14	18	22.22%
	1	1							1		1				5	4	9	55.56%
	194	194		40	40	1	42	43		70	70		74	74	2	564	566	0.35%
	3	3		1	1					3	3				2	45	47	4.26%
1	166	167	1	52	53		9	9	1	123	124		57	57	6	544	550	1.09%
7	8	15	1	1	2				1	9	10	1		1	10	18	28	35.71%
158	1174	1332	19	274	293	2	64	66	143	833	976	35	352	387	623	3727	4350	14.32%

Corporate structure



Total 4360 FTE

Report of Operations

This chapter reports the major achievements by Airservices against the Corporate Objectives and Strategies set out in the *Airservices Australia Corporate Plan July 1997 - June 2002.*

Objective 1 - Stakeholders

To provide air traffic services that are aligned with the clearly identified and prioritised needs of Airservices' stakeholders.

Business strategies

• Review and revise commercial relations with Airservices' stakeholders.

• Continue to monitor and respond to customers' needs for air traffic services.

• Enhance the public image of Airservices through promotion of the safety, efficiency and effectiveness of the business.

• Support Australian industry in the export of Australian goods and services.

• Review and, wherever necessary, adjust the alignment of Airservices' functions, information flows and facilities management.

• Formalise and regularly review Airservices' quality management system.

Aligning services with customer needs

Many activities were conducted during the year to ensure that air traffic services were aligned with the needs of Airservices' stakeholders. These activities included the review of services and equipment provided in the National Airways System (NAS) and the provision of air traffic control tower and rescue and firefighting services at major airports. Extensive consultation with the aviation industry on costs and services occurred during the reviews.

A review of remote navigational aids commenced with the intention of decommissioning facilities no longer required by the aviation industry in order to reduce the costs to the industry. A number of navigational aids across Australia were identified for decommissioning and consultation is continuing with the relevant local aviation industry representatives.

A three-year pricing reform process began with the introduction of location-specific pricing for rescue and firefighting services in 1997-98. This will be followed by location-specific pricing for terminal navigation services in 1998-99 and will culminate in the disaggregation of a range of specific services in 1999-2000 that are currently included within the en route services.

The move to location-specific pricing is expected to encourage Airservices' stakeholders to participate in a review of costs and service levels on a location by location basis. In recognition of this, Airservices established an internal working group, with the objective of identifying the services and facilities required to support a commercially viable operation under a location-specific pricing framework.

Work proceeded on the review of sustainable and commercially viable operation of regional and GAAP air traffic control towers, including consideration of operational safety requirements and user needs for particular services. Extensive consultation with customers and staff was undertaken during the review. A report has been prepared and its recommendations will be considered during the next financial year.

Airservices is responsible for the provision of a Search and Rescue (SAR) alerting and in-flight emergency response service. The conduct of SAR for missing aircraft, reported aircraft crashes and Emergency Locator Transmitter (ELT) searches within the Australian SAR region, was transferred to AusSAR, an AMSA organisation, on 1 July 1997. Airservices continued to provide technical support until November 1997 due to the complexities involved in the hand-over.

AusSAR established its aviation Rescue Coordination Centre in Canberra. All of Airservices Air Traffic Services (ATS) units have been designated as SAR alerting posts and are responsible for the declaration of the appropriate emergency phase.

Flight Inspection Australia was closed towards the end of 1997 after many years of providing a dedicated flight inspection and calibration service to the Australian aviation industry. Three aircraft were sold. New aircraft were purchased, and their operation and maintenance, including survey equipment, and the conduct of flight inspection and calibration of navigation aids, were outsourced to Pearl Aviation Australia Pty Ltd. The transfer of this function is expected to save $1.5 million a year, with a continual improvement process expected to yield additional savings in future years.

Consultation on air traffic management issues with the civil aviation industry and the Department of Defence (DoD) took place throughout the year, with the involvement of Airservices' representatives on various industry forums such as the Regional Airspace Users Advisory Committees (RAPACs) and the Regional Airspace Committee (RAC). The Global Navigation Satellite System (GNSS) Implementation Team (GIT) continued as a major industry consultative forum for providing advice and recommendations on a GNSS.

Airservices' provision of maintenance services for private owners of navigation aids was formalised and service contracts were being developed by the end of the year. The formalisation of these arrangements became necessary as most navigation aids are listed in publications and are consequently available for use to all aviation users.

Following industry consultation, additional services and facilities were provided in response to customers' needs for air traffic services. Additional Instrument Flight Rules (IFR) Global Positioning System (GPS) approvals for non-precision approaches and en route oceanic and remote areas were implemented in conjunction with the Civil Aviation Safety Authority (CASA) and the aviation industry.

A GPS Receiver Autonomous Integrity Monitoring (RAIM) prediction service was developed and installed at Brisbane Airport in June 1998 for commissioning early in the new financial year. The system will provide aerodrome-specific GPS outages (loss of signal) to pilots for pre-flight planning purposes. This is the second such system in the world.

Facilities and equipment of the national airways system were upgraded and modified. The program focused predominantly on modifying the existing Australian airways system to interface with new systems and TAAATS.

New flight paths and procedures were introduced at Sydney, Perth, Coolangatta and Cairns airports, and were preceded by intensive technical and operational review, and extensive consultation with the aviation industry, the Department of Defence, general aviation operators and the community.

A new air traffic control procedure, Auto Release, was introduced for the first time in Australia at Brisbane Airport on 28 April following consultation with the industry and local operators. The procedure has reduced the need for telephone coordination between tower and approach controllers for successive departures on known and commonly used tracks, and will maximise efficiency and reduce departure delays.

A satellite link was established with Indonesia, improving safety with better communication and coordination. The satellite link replaced a highly unreliable combination of landline, microwave and sub-ocean cables.

Airservices has continued to implement its Information Systems Development Strategy to coordinate business information requirements.

Airservices' quality management system is subject to implementation at the divisional level. During the year, FMD and ATS divisions and the RFFS continued to provide services at their respective quality assurance levels. FMD maintained its quality certification to ISO 9001 standard. The Environment Management Branch developed Airservices' environment management system to ISO 14001 standard.

Under this objective, Airservices also continued to review its structural and planning processes. This included:

• Participation in and support of the DoTRD structural review of Airservices. The review addressed the scope for introducing competition to Airservices' business and the greater efficiency, within existing standards, which might be obtained from structural change.

• Revision and republishing of the Industry Development Plan following consultation with industry peak groups and the Department of Industry Science and Technology.

• Development of an Operational Concept of Services through an organisation-wide consultative process. The Concept of Services analyses the Air Traffic Management services market; identifies customer segments, service issues and needs by customer group; and provides the context for the development of future services and service delivery systems.

Meeting the Sydney basin requirements

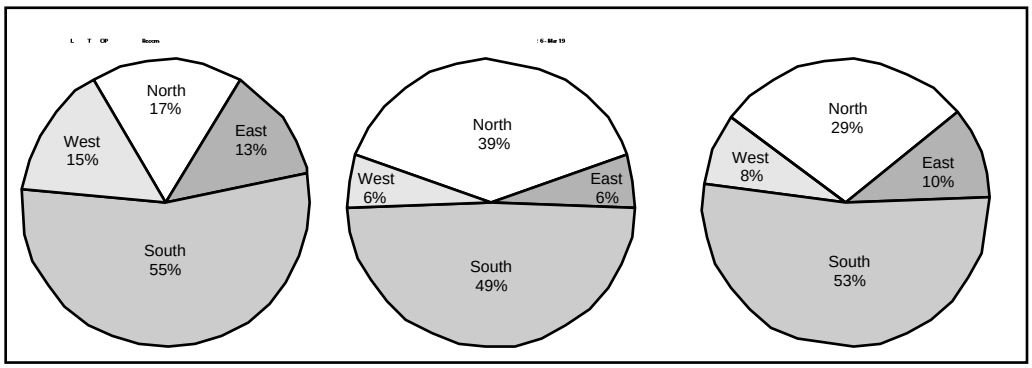
On 30 July 1997 the Minister for Transport and Regional Development directed Airservices to implement the recommendations detailed in the *Long Term Operating Plan for Sydney Airport (Kingsford Smith) and Associated Airspace* and to pursue the specified noise sharing targets. (See Ministerial directive, appendix 2 on page 65).

In this context, Airservices introduced two additional modes of runway operations, enhanced the availability of over-water operations, and modified a major portion of the departure flight paths within the Sydney basin.

By the year end, the noise sharing targets (percentage movements per day) detailed in the LTOP (see figure 1) had not been achieved. However, progress towards the nominated targets was made during 1997-98, as depicted at 1 May 1998 in Figure 3. Figure 2 shows the levels that were achieved prior to implementation of the LTOP.

It is anticipated that, with continued application of the current measures, significant progress towards the targets will be achieved in the next year.

During the year a project to provide a better solution to the demand and capacity issues at Sydney Airport began. The Central Traffic Management System project utilises projected airport runway configurations at key Australian airports, together with airline schedules and key reference data to determine a program of arrivals for Sydney Airport. This program is interactive as it will allow for program revision when there are changes to any of the system inputs. The project is expected to be implemented by the end of 1998.



Planning for the Sydney 2000 Olympic Games

Planning for the 2000 Olympic Games to be held in Sydney continued during the year. The Games, and the associated Paralympic Games, are expected to generate extra air traffic and airspace management demands at Sydney Airport and in the Sydney basin airspace for a limited period.

In 1997–98 Airservices appointed a senior manager to coordinate activities with the aviation industry, Sydney Organising Committee for the Olympic Games (SOCOG), State, and Commonwealth Government agencies. Airservices took part in the planning of Australia's management of the expected air traffic demand, the management of airspace over Games' venues and aviation security matters. By year end, identification of resources and procedures for the task was well under way.

Promotion

Various communication channels were used to promote Airservices' business activities and its commitment to safety.

Media

Various media organisations were utilised to raise awareness of Airservices' activities and business operations through specific targeted initiatives during the 1997–98 fiscal year. These initiatives included:

• Chief Executive interviews were organised with specifically targeted print media. Articles were published in the following print media: *Australian Financial Review*; *Air Traffic Management News*; *Australian Aviation*; *Business Review Weekly*; *The Bulletin*; *Flight International; Courier Mail*, Brisbane; *AOPA Magazine*; and *Orient Aviation*.

• The briefing of the print media, particularly computer writers, on TAAATS at the Melbourne facility resulting in articles in the following publications: *The Australian*; *The Age; The Canberra Times*; *The Bulletin*; *Computer World;* and *The Daily Telegraph.*

• The Chief Executive appeared as the guest speaker on 28 April 1998 at the Aviation Press Club.

• The media inquiry service dealt with more than 1000 calls, providing assistance and direction to other Government organisations, private agencies and companies.

(See List of Publications on page 45 for a list of media releases issued in 1997–98).

Communication programs

A number of communication programs were investigated, developed and implemented to raise awareness of, and to promote and educate customers about Airservices' business operations and activities. Some of these programs and elements were:

1. The TAAATS Marketing Communications and Industry Education program at Cairns, Brisbane, Sydney, Melbourne, Adelaide and Perth:

• the industry education component, which required seminar preparation and presentation

• the media component, which involved media briefings, event preparation and stage management

• staff communications, event preparation and stage management

• support material including presentations and media kits, and catering, audio visual and facility hire

• TAAATS brochure, including specialist photography and design layout.

2. The introduction of location-specific pricing:

• development and implementation of a communications strategy to assist with the implementation of Airservices' new pricing regime on 1 July 1998

• preparation, printing and distribution of a Standard Terms of Contract information booklet and major client contracts

• use of media, including advertising, to raise awareness of the new pricing regime.

3. Implementation of the Business Transformation program:

• development and implementation of a communication strategy to assist with the implementation of Airservices' Business Transformation Program

• preparation, printing and distribution of information, including arrangements for Senior Executive management communications with staff and regular coverage of Business Transformation progress in internal staff communication.

4. A Year 2000 communications strategy extending into 1998–99 was developed and implemented.

5. A Perth and Pearce airspace communications strategy was developed and implemented, including a media conference, Members of Parliament briefings and community consultation.

6. Management of Sydney Basin issues including extensive media coverage of the implementation of the LTOP, noise-related and operational issues at Sydney Airport, and the provision of a noise inquiry hotline staffed from Monday to Friday between 8am and 4pm.

Industry education and awareness

Many activities were undertaken to increase awareness of Airservices' business activities and operations with pilots in the aviation industry. The principal external communication tool, *The Airservices Bulletin* was internally produced every two months throughout the reporting period in a 36-page, full-colour format. The magazine, on average, is distributed to about 17,000 clients free of charge, and reports on Airservices' major operational areas, and changes to pilot procedures and operations.

Specific industry education campaigns were undertaken in the following areas:

- Class G airspace industry education program, including the preparation of instructor, pilot and general information packages, and presentation material including seminars to clients and stakeholders

- radar Class E industry education and awareness program, including presentations and the preparation, printing and distribution of client-specific information and procedures

- industry education program on phraseology

A telephone assistance line was staffed throughout the year to take inquiries from the aviation industry about operational procedures. This assisted ATS in the development of industry education material on operational policy matters.

Rescue and firefighting services at major airports

In the support of air traffic service provision, the RFFS continued to review and monitor its services and industry requirements at major airports.

During the year Ansett and Qantas airlines were actively involved in RFFS strategic business planning and the future of the RFFS. Implementation of RFFS site-specific charging started on 1 July 1997. As a result of the work performed with customers on alignment of services and rationalisation of costs the RFFS has achieved an average 5 per cent reduction in the price of its services for 1998–99.

In response to increased aircraft movements in certain categories at Darwin, Perth and Coolangatta airports, category upgrades were implemented in May 1998. Perth Airport was upgraded from a category eight to nine, and Coolangatta and Darwin Airports were upgraded from category seven to eight.

Aircraft curfew times at Sydney Airport justified a roster review with subsequent reduced staffing during curfew hours.

A 12-month program of Aircrew Combined Emergency Rescue Training for Qantas was completed. A similar program with Ansett was in progress at year end, with some regional airlines expressing interest for future involvement.

In streamlining its cost of operations, RFFS training was decentralised from one location in Melbourne and dispersed across the units throughout Australia.

The training school officially closed at the end of the financial year. It is expected that the cost of training will be reduced.

The RFFS quality assurance section continued to align RFFS activities to the ISO 9000 standard. Internal audits were performed at each RFFS location on a rotational basis in addition to external audits conducted by CASA.

The RFFS attended 3694 incidents Australia-wide. The following is a breakdown of the incidents attended by the RFFS during 1997–98:

Bomb warnings	3
Water rescue services	5
Mutual aid calls	10
Hazardous materials	20
Motor vehicle accidents	32
Special services	102
Fires (non aircraft)	125
Fuel spills	285
Aircraft	365
First aid	610
Fire alarm	2077
Other	60
TOTAL	3694

Note: 'Mutual aid' refers to incidents where the RFFS provides support to other brigades when they require specialised RFFS equipment and expertise. Fires (non aircraft) refers to grass or bush fires, house or building fires etc.

Objective 2 - Competitiveness

To provide safe and commercially competitive air navigation and rescue and firefighting services that are market-based and customer-driven.

Business strategies

• Develop and implement a concept of operations for the future Australian air traffic system based on the ICAO Communications, Navigation, Surveillance/Air Traffic Management (CNS/ATM) concept.

• Operate, maintain and support the Australian air traffic system capability while transitioning to the ICAO CNS/ATM concept.

• Establish and maintain an integrated corporate strategic planning system.

• Develop and implement plans that enable the provision of profitable, competitive and customer-driven air traffic and rescue and firefighting services.

• Prepare Airservices for the introduction of competition in the provision of air traffic services.

• Develop, implement and regularly review a world best practice program for the provision of all services.

Maintaining Australia's air traffic system

During 1997–98 Airservices maintained and supported the existing air traffic management and control system while commencing the transition to TAAATS. In this period there were no significant technical outages of the national airways system that would cause disruptions to the aviation industry.

Project management consequently focused on the implementation of TAAATS within a structured program, and the integration of its implementation with associated projects.

The implementation of TAAATS will be a significant step forward in air traffic management. It will provide Australia with an integrated, software-driven system which is capable of maximising the use of satellite-based navigation and ground-based navigation systems. It places Australia at the forefront of air traffic management development, and is a major strategic advantage for Airservices in the provision of services to the Asia-Pacific region.

Airservices undertook training and testing programs to commence the commissioning of TAAATS for operational use in the Brisbane FIR. In the first phase, separation services will be provided for air traffic into and out of Cairns and its surrounding airspace. Commissioning of the Cairns-Reef sectors is expected in early August 1998.

The transition has been planned carefully to ensure that there will be minimal impact on aircraft operations during the changeover. Final training and system testing took several months, more than originally estimated, but this was necessary to ensure that all the elements were in place for a smooth transition.

The commissioning of TAAATS in the Melbourne FIR, and the extension of its use for separating aircraft, will proceed from late 1998. The implementation program will take place during 1999 and will complete the transfer of all air traffic management to TAAATS.

Flight Information Region managers, Operational Systems Supervisors, and TAAATS Flight Data Correction staff were selected, trained, rated and licensed as appropriate to their relative duties in the transition to TAAATS operations.

A new ICAO-based flight notification form was introduced in July 1997 as a precursor to the implementation and transition to TAAATS. The National Aeronautical Information Processing System (NAIPS) was further developed to accommodate the flight notification arrangements. Improved pilot access was provided to the pre-flight briefing and flight notification system.

During the year, enhancements were made to the management of SARTIMES (pilot-nominated Search and Rescue times). The Centralised SARTIME (CENSAR) database was commissioned on 20 January 1998 in Brisbane.

Work continued, in conjunction with CASA, Department of Defence (DoD) and the industry, on a program to develop and introduce a new airspace structure to improve the efficiency of ATS operations without reducing overall system safety. Class E airspace was introduced as a trial on 26 February 1998, in an area between Canberra (Australian Capital Territory) and Ballina (New South Wales) between 8,500 feet and 12,500 feet altitude. Several elements of the program will be introduced during 1998-99, including a demonstration of Class G reforms in October 1998, changes to upper airspace classification in December 1998 and the implementation of Class G airspace along the east coast of Australia by June 1999.

The standard of navigation chart production improved during the year. Automatic chart production was introduced with an increase in quality control and error reporting. This led to a higher level of accuracy of the information displayed on the charts. Chart amendments will be more easily accommodated with a consequent reduction in extraneous documentation. At year end, new chart types were being developed to meet customer demand.

In the development of new CNS/ATM technologies for its customers, Airservices evaluated the GNSS local- and wide-area augmentation options. The technology was installed and tested, and at year end testing continued, including the analysis of the collected test data.

A GNSS Transition Plan was initiated and developed by a team of representatives from Airservices, CASA, Department of Defence and the industry.

The ASIATN Telecommunications Network Validation Project developed an Aeronautical Telecommunications Network Validation Platform for trials of the Aeronautical Telecommunications Network. The platform will contribute to the validation of technology which is emerging as a likely key factor in future air traffic management. The development of experience in these technologies will assist Airservices in planning for the introduction of this new environment. The ASIATN project will be completed in July 1998.

The new Oceanic Air Traffic Control (ATC) separation standard, RNP-10, was introduced in Brisbane in late April 1998, offering operational benefits to Future Air Navigation (FANS)-equipped aircraft.

Provision of outstation air traffic control tower services was maintained, with a reduction of staff numbers at regional towers at Albury, Archerfield, Alice Springs, Hobart, Launceston, Rockhampton, and Tamworth.

Staffing and hours of service at GAAP air traffic control towers were reduced to lower the cost of service in the context of the new location-specific pricing environment. Further rationalisation of GAAP tower operations is planned for 1998–99.

Location-specific pricing was introduced by the RFFS on 1 July 1997 and a proposed framework for the introduction of location-specific pricing for terminal navigation services was developed in consultation with the Minister and DoTRD and approved by the Airservices Board in January 1998. Consultation with the industry followed during the latter part of the year and its introduction was expected on 1 July 1998.

Managing Year 2000 issues

Airservices' Year 2000 Project has been running since mid-1996. It refers to the ability of date functions in computer systems and embedded processors to recognise the roll-over from the 31 December 1999 to 1 January 2000.

The Year 2000 Project has sought to identify and rectify internal systems problems, develop measures to avoid disruption of services provided by Airservices to the aviation industry and ensure that other critical service providers also comply.

Throughout 1997–98 Airservices continued to address the main areas of concern as follows:

- internal systems, including all Information Technology (IT) and non-IT systems
- systems affecting customers and business partners
- supplier issues, such as communications and utilities.

During the last three to five years, Airservices has moved to replace many of the older and potentially non compliant systems in response to business needs.

Airservices has also worked to ensure that its suppliers address the Year 2000 issue, and at 30 June was in the process of establishing contingency procedures to ensure that any possible disruptions from suppliers would not affect Airservices' customers.

Airservices anticipates that it will be fully operational before, during and after the roll-over to 1 January 2000.

Towards profitable and competitive services

During 1997–98 Airservices recognised the need to change its approach to business in order to remain competitive in the future commercial operating environment. A two-phase Business Transformation project was developed. The project would develop a new vision and begin planning for the implementation of necessary changes to transform Airservices into a sustainable, market-focused business enterprise, delivering high customer and shareholder value.

Phase one of the project commenced during 1997–98 and a new corporate vision was developed. It identified a number of possible future business scenarios and corresponding possible business responses. Following this, the Board and management elected to position Airservices as an aggressive competitor for all of the services and products that make up its business.

A three-year pricing reform program was pursued in 1997–98. The key objective of reform is to improve the alignment of charges and services, allow greater choice of services, and improve equity for all users. Location-specific pricing will provide a commercial framework for improving the efficiency of service delivery in potentially contestable areas of service provision, such as the services provided by the RFFS at airports.

The commissioning of and transition to TAAATS will realise major savings. Staff reductions and associated savings are likely to reduce costs by many millions.

Airservices examined avenues for reducing the overall cost of its communication infrastructure, which included rationalisation of services, negotiation of better discounts on vendor tariffs, consolidation of leased lines across a range of operational systems, and consolidation of the management and operation of communication services.

Communications infrastructure and facility upgrades were implemented to reduce overall costs to Airservices. Corporate information systems costs have also been significantly reduced by the introduction of more cost-effective systems, which require reduced labour and costs.

Electricity supply contracts for the Australian Capital Territory, New South Wales, Victoria, Queensland and South Australia were renegotiated which will result in a total projected saving to Airservices of $1.7 million.

Two F28 and a Gulfstream G1000B Turbo Commander flight inspection aircraft and equipment were sold. Two new aircraft, an Astra Jet 1125 SP and Beech 350 Super King Air, and equipment were purchased. The flight inspection and calibration of navigation aids, and the operation of the aircraft, were contracted out to Pearl Aviation Pty Ltd.

The Aviation Information Centre was established (previously called the Airservices Library) as a commercial business centre in March 1998.

Airservices reduced its net building occupancy costs during the year, through leasing 4468 square metres of space in the Alan Woods Building in Canberra to AMSA.

Integrated strategic planning

A more disciplined and coordinated approach to business planning was introduced in October 1997, through better definition of planning processes and schedules, and the promulgation of annually updated Airservices Business Planning Guidance.

During the year progress was made in redefining Airservices' Key Performance Indicators (KPIs) from a commercial and customer perspective. Airservices' Executive Group received regular corporate performance reports based on these KPIs.

A national management plan for maintenance of the NAS was completed. The plan will consolidate the management and administration of projects, property and information technology support to Melbourne, Brisbane and Sydney and consolidate technical training into a single college with small outposted campuses. Further rationalisation of the property, IT and projects areas has commenced, with cost savings expected.

A draft Human Resource Strategic Plan was completed and will be revised following the outcomes of the Business Transformation program.

A definition of the principles underlying the cost allocation of corporate resources across the organisation was undertaken, to show the level of commitment to resources in meeting Airservices' corporate obligations.

Towards profitable rescue and firefighting services

The RFFS was active during 1997–98 in the pursuit of plans that would enable the profitable and competitive provision of its services.

It participated in the Corporate Business Planning Peer Review Group. Implementation of RFFS location-specific pricing commenced on 1 July 1997.

In May 1998 a Certified Agreement for the RFFS was implemented. The agreement promotes more flexible working conditions and operations which allows the RFFS to readily respond to customer needs. A significant outcome from the agreement, which was endorsed by the airlines and CASA, has been the downsizing and streamlining of staff numbers in key locations.

Each of the 16 RFFS Fire Stations was established as a discrete business unit through devolution, and was made responsible for operational performance, finance, compliance to standards and taking action to reduce and eliminate waste where identified.

The RFFS has worked proactively towards World Best Practice since 1995. In November 1997 the RFFS received the coveted Achievement in Business Excellence award from the Australian Quality Council.

Objective 3 - Business development

To identify and exploit business opportunities that exhibit long-term, sustainable and profitable growth.

Business strategies

• Redevelop and publish Airservices' business development policy.

• Develop and publish a Business Development Plan.

• Pursue commercial business opportunities, particularly in the Asia-Pacific region.

Targeting new opportunities

Airservices maintained a significant influence on activities sponsored by ICAO throughout 1997–98 and strengthened its involvement in Asia-Pacific multi- and bi-lateral planning and coordination activities towards early implementation of CNS/ATM systems. Existing and emerging markets were targeted in the pursuit of new commercial business opportunities.

The following activities took place during the year:

• An agreement was signed with the Solomon Islands Government for Airservices to manage the upper airspace in the Honiara FIR on a commercial basis for five years from 1 June 1998.

• Contracts were awarded to Airservices by AusAID to assist the Office of Civil Aviation (OCA) of Papua New Guinea with transition planning for the move to a new ATS Centre at Jackson Airport in Port Moresby. This work included the production of operational charts and the establishment of an operational charting capability within the OCA.

• Assistance was provided by AusAID to Airservices to help the Civil Aviation Administration of China develop plans for a new en route air traffic control system.

• Long-term contracts were signed with an Australian company for the use of Airservices' sites which included the provision of project management and engineering services as part of a commercial microwave communications network.

• A commercial agreement was signed with the Japan Civil Aviation Bureau for their use of an Airservices site and the provision of project management and engineering services for the establishment of a monitoring and ranging station for the Japanese satellite, MTSAT, scheduled for launch in 1999.

• Consultancy services were provided to a number of clients on airport and airspace capacity modelling projects.

• Commercial training for the Mauritius and Papua New Guinea aviation fire services was successfully completed and similar arrangements were being developed with Taiwan and the Solomon Island aviation fire services.

• The RFFS is bidding for the supply of RFFS at DoD facilities.

• Maintenance contracts were established with the DoD at various DoD airports and facilities.

• A maintenance contract was established with Telstra for its communications facilities on the Cocos Island.

• The Publications Centre improved its financial performance, achieving a 9 per cent increase in sales compared to 1996–97 without a price increase.

• The Aviation Information Centre was established as a commercial business centre and in March 1998 fee-based information services for external customers were launched.

The Business Development Policy was revised to provide additional guidance on how opportunities should be progressed and at 30 June was ready for re-issue.

Objective 4 - Safety and environment

To ensure all Airservices' safety, environmental and other regulatory obligations are met and seen to be met.

Business strategies

- Reaffirm Airservices' safety management plan.
- Formalise Airservices' safety management plan.
- Regularly review and refine Airservices' safety management system.
- Formalise and regularly review Airservices' environmental management system.

Monitoring safety and the environment

At the corporate level, safety and environment issues are monitored by a specific unit within Airservices which reports directly to the CEO and the Board's Safety and Environment Committee. The daily management of safety and environment issues is the responsibility of individual operational and support divisions. During the year a greater effort to raise awareness of safety and environmental issues was made. Communications strategies were developed and implemented for the Safety Management System and Environment Management System. The newsletter *Safety Net* was published and distributed for staff and a regular segment on safety appeared in two-monthly issues of the industry publication, *The Airservices Bulletin*.

Safety

Safety Management Policy

Airservices Safety Management Policy was reaffirmed by its promulgation in the Airservices Safety Management Manual on 9 September 1997. The manual, which documents the major elements of the Airservices Safety Management System, was endorsed by the Chief Executive and Chairman of the Board, Safety and Environment Committee. The Safety Management System is modelled on an approach used by other major air traffic service providers.

Safety Management Plan

The Airservices Safety Management Plan was formalised and promulgated on 1 January 1998 following approval by the Chief Executive.

Safety Management System

By year end, in accordance with the Safety Management Plan, the major elements of the Airservices Safety Management System were in place, demonstrating substantial compliance with CASA Regulatory Arrangements and Standards.

Key aspects of the Safety Management System include promulgated safety accountabilities, and incorporation of risk management in the design, operation and maintenance of facilities and processes.

The Safety Management System acknowledges that safety lies not only in the hands of personnel at the customer interface, but is also a responsibility of the whole organisation. Accordingly, a comprehensive safety management training program for staff was developed and was being implemented by year end. This program develops safety awareness and equips staff with the knowledge, skills and tools with which to contribute to the overall safety management process.

Regular consultation with CASA on safety matters continued throughout the year. The Director of Safety and Environment regularly liaised with other aviation safety organisations within Australia and overseas to monitor other risk management systems and developments.

Included in the Safety Management Manual is a description of the elements of Airservices' business which address the requirements of the Safety Management System. This description resulted from a review of divisional compliance with Airservices' safety management system requirements. Having established a baseline Safety Management System, Airservices commenced a process of continuous improvement to upgrade and enhance the application of safety management processes within the organisation.

Environment

Environment policy

The Airservices' environment policy was signed by the Chief Executive in December 1997 following input from the Board and management.

Environment Management Plan

The Environment Management Plan was developed and prepared for consideration by the Board. The plan outlines the responsibilities of line managers for the implementation of Airservices' environment policy.

Environment Management System

During 1997–98 an Environment Management System was developed in accordance with International Standard 14001. The system was trialed at Perth Airport during the year.

The system is designed to identify environmentally-based business risks and to facilitate the establishment of programs to minimise the identified risks. The system is unique in that it is entirely based on electronic data entry. Training for senior managers began in June and training for data input staff will begin early next financial year. The system will be reviewed internally every six months and a major review will be undertaken every two years.

An environmental awareness program was also developed during the year to support the implementation of the Environment Management System.

Environment monitoring

There was a heavy demand for information about aircraft noise levels during the year. Monthly, quarterly and regular curfew reports were provided to airport environment committees and parliamentary and local government representatives associated with the airports equipped with Noise and Flight Path Monitoring Systems (Cairns, Brisbane, Coolangatta, Sydney, Melbourne/Essendon, Adelaide and Perth). In addition, specifically-requested studies using portable noise measuring equipment were undertaken at Kalamunda (WA) and Jerrabomberra (ACT), and a number of portable noise measurement units were installed in Sydney for the purpose of monitoring the process of noise sharing under the LTOP and to investigate the noise benefits resulting from the introduction for a trial period of ICAO 'A' noise abatement departure procedures from runway 34R in Sydney.

Noise Certification

A Noise Certification test program on the Eagle X-TS aircraft was conducted. Noise level data on individual jet aircraft were collected for the purpose of determining the noise levy which is charged on jet aircraft landings at Sydney Airport in accordance with the Aircraft Noise Levy Act.

ICAO activities

The Steering Group of the ICAO Committee on Aviation Environmental Protection (CAEP) held a meeting in Canberra, convened by the Airservices member who represents Australia on CAEP. The meeting was the precursor to the formal meeting of CAEP in Montreal, and developed consensus positions on more stringent standards for aircraft noise and engine emissions, which were subsequently endorsed at the CAEP meeting. An Airservices staff member also continues to chair the CAEP Working Group on Airports and Operations Environmental issues, which is particularly concerned with aircraft noise modelling and monitoring, and noise abatement operational procedures.

Environment operations assessments

During the year Airservices completed environmental assessments and investigations, compliance audits and environmental reviews in accordance with the *Environment Protection (Impact of Proposals) Act 1974* and the *Air Services Act 1995*. Impact assessments were made on proposed changes to airspace procedures at Cairns, Coolangatta, Bankstown, Canberra, Melbourne, Adelaide, Perth and Jandakot. Noise audits were completed at Melbourne Airport. The latter audit recommended that the noise reduction guidelines developed by Airservices be adopted into new flight path designs. Australian Noise Exposure Indices were prepared for Brisbane airport.

Sydney Airport Long Term Operating Plan

In response to a direction from the Minister, Airservices invested considerable resources in monitoring the implementation of the Sydney Airport LTOP. The LTOP developed runway configuration options designed to minimise the environmental impact on residential areas of Sydney. Australian Noise Exposure Concepts were prepared in association with the implementation of the various options contained in the LTOP and Australian Noise Exposure Indices, to examine the actual effects of the options.

Integrated Noise Model

Selected Airservices staff completed a course on the use of the US Federal Aviation Administration Integrated Noise Model.

Objective 5 - Staff

To achieve and maintain a highly competent, customer-focused and motivated workforce.

Business strategies

• Ensure management practices and conditions of employment are consistent with community and business standards.

• Develop and have endorsed a human resource management plan to support transition to the ICAO CNS/ATM concept.

• Enhance and maintain effective communications with staff and unions.

Ensuring consistent practices

During 1997-98 Airservices worked to ensure that employment conditions, human resources and administrative and management processes were consistent with the competitive environment facing Airservices.

As part of the award simplification process required under the *Workplace Relations Act 1996*, Airservices is developing a new Airservices Award, which was before the Australian Industrial Relations Commission at 30 June 1998.

Airservices completed the implementation of about 150 individual employment contracts for selected middle managers during the year.

New Enterprise Bargaining Agrements (EBAs) were successfully negotiated covering all award employees. The agreements provide for continued significant productivity improvements and sharing of benefits with employees. The agreements also provide for Australian Workplace Agreements to operate in their place at the discretion of management.

Two meetings of the National Consultative Council (NCC) were held in September 1997 and March 1998. The meetings were attended by the Chief Executive, divisional general managers and representatives of five registered unions covering Airservices' employees. Staff were encouraged to participate in the meetings and to observe the council in action.

Discussions covered a wide range of issues such as staff employment conditions, the implementation of the 1996 Corporate and Air Traffic Services (ATS) Enterprise Bargaining Agreements (EBA), the Business Transformation, and the Facilities Management Division (FMD) Business Restructure.

The three Standing Committees of the Council undertook detailed work on issues such as Occupational Health and Safety (OH&S), Equity and Diversity (E&D) and the Grievance and Appeal Board. The *Airservices Enterprise Agreement 1998-2001* was certified in late June 1998. Consequently, a fourth Standing Committee of the NCC will be formed. The committee will provide an ongoing forum to monitor Airservices' Business Transformation process.

Developing competencies and skills

Under this objective, Airservices established a competency framework for the development and acquisition of the skills necessary to accomplish corporate objectives. A strategy and methodology have been developed to assess Airservices' competency needs.

The next phase of assessment will be incorporated in the Business Transformation program. It is envisaged that implementation of a competency program will occur in conjunction with the Business Transformation programs.

RFFS training was made more accessible to staff and subsequently its costs reduced during the year. The Melbourne training centre was closed and training was made available at fire unit locations across Australia.

The RFFS continued its arrangement with the Queensland Open Learning Institute to provide fire services staff with qualifications that are recognised both nationally and industry-wide. The RFFS subscribes to the Australian Fire Competencies (AFCs) which are aligned to the Australian Qualifications Framework. The AFCs give RFFS staff a clearly defined career path and a recognised qualification.

A draft Human Resources Strategic Plan was completed and will be revised following the outcomes of the business transformation program.

Business Awareness programs were conducted to educate managers and staff on the impact of their decision making on the financial and operational performance of Airservices.

A Certificate in Workplace Leadership training program was offered to staff who were new to supervisory positions, staff requiring development of supervisory skills to attain promotion or advancement, and staff who hold supervisory positions and require development of their skills. Success of the program was measured by the increase in participant skill level and the nomination of additional participants for the program.

Communication with staff

Extensive staff consultation and communication took place throughout the year on a range of corporate issues and business initiatives. A communication strategy was developed to support the needs of the business transformation program. Work commenced on the development of an intranet facility across the organisation which is expected to provide faster, more comprehensive communications to and from staff. It is anticipated that the Intranet will be commissioned in early 1998–99.

Other staff communication activities included:

- monthly publication of the staff newsletter, *Airspace*
- the awarding of certificates of service and achievement to staff
- the design of new staff service pins and a new system of recognising staff achievement and service, developed under a new policy endorsed by the executive management
- publication of strategic planning issues and the distribution of information material to staff.

Objective 6 - Globalisation

To influence the development of policy and plans for the implementation of an effective global air traffic system.

Business strategies

• Maintain effective participation in ICAO and other international aviation forums.

• Develop umbrella agreements to initiate formal operational and technical cooperation in the fields of civil aviation.

ICAO participation

During the year Airservices continued to devote considerable effort to fostering international relationships in the interest of increasingly global air transport industry and Australia's domestic aviation activities. In particular, activities under the auspices of ICAO were maintained with an emphasis on regional implementation of satellite-based systems associated with the CNS/ATM concept.

Airservices continued to play a key role in the ICAO Asia-Pacific Air Navigation Planning and Implementation Regional Group (APANPIRG) and in regional ATS Coordination Groups, including the Informal South Pacific Air Traffic Services Coordination Group (ISPACG).

Airservices participated in the following forums related to ICAO activities:

• the 16th ICAO All Weather Operations Panel Meeting in July 1997

• APANPIRG/8 Meeting in Bangkok in September 1997

• ICAO Committee on Aviation Environment Protection Panel Meeting in July 1997

• second Meeting of All the Planning and Implementation Regional Groups (ALLPIRG) in February 1998

• ICAO Aeronautical Information Service/Aeronautical Charts divisional Meeting in March 1998

• various GNSS Panel Working Groups

• ICAO World-wide CNS/ATM Systems Implementation Conference in Rio de Janeiro in May 1998.

Air traffic management

During 1997-98, Airservices maintained a high level of involvement in a number of regional and international forums relating to the provision of ICAO CNS/ATM. In particular, Airservices, in concert with the Airways Corporation of New Zealand, became the first State to introduce Required Navigation Performance airspace, which is a key enabling activity for CNS/ATM.

This change was accompanied by the introduction of the world's first CNS-based separation minima in the same airspace. Australia, through the cooperative efforts of CASA and Airservices, has also led the world in the development of CNS standards for the use of Automatic Dependent Surveillance and GNSS.

Activities toward regional and global standardisation of ATM were progressed through participation in regional planning and implementation forums in the Asia-Pacific region. Specific activities included:

• Airservices' pursuit of the seamless development of air traffic management across the Asia-Pacific for the benefit of the Australian aviation industry, through participation in the ICAO APANPIRG and its contributory bodies. Limited participation in ICAO technical panels was maintained.

• A meeting between the Chief Executives and senior management of Airservices and the Airways Corporation of New Zealand, in December 1997 which paved the way for an ongoing exchange of ideas between two like-minded air traffic service providers. There was an exchange of information related to benchmarking, aviation safety, technological developments, employment and training practices and other management and business issues.

• Airservices' continued involvement in Civil Air Navigation Services Organisation (CANSO) through participation in a performance benchmarking program designed to develop performance measures for the delivery of air traffic services that are comparable across national and cultural boundaries.

International relationships

Throughout the year Airservices maintained its bilateral alliances with international partners, in particular in the Asia-Pacific Region.

Memoranda of Cooperation (MoCs) were maintained with the USA, Canada, New Zealand, Singapore, France, Japan, Indonesia, India, Sri Lanka, Fiji, Solomon Islands and China.

MoC negotiations were under consideration with the Republic of Maldives, the Russian Federation, Papua New Guinea, Malaysia and Taiwan.

Other international activities throughout the year included Airservices' participation in:

• CANSO meetings in London and Prague

• Air Traffic Control Association's international technical conferences in Hong Kong

• the 8th Annual International Aircraft Rescue and Fire Fighting Conference in Dallas, Texas

• Asia-Pacific Economic Cooperation (APEC) Satellite Navigation and Communication Systems Advisory committee meetings in Taipei and Singapore

• the 32nd Conference of Directors General of Civil Aviation, Asia-Pacific in New Delhi.

As part of its ongoing program to foster international relationships, Airservices hosted visiting delegations from the following countries and organisations:

• Civil Aviation Administration of China

• Civil Aviation Authority of Singapore

• Civil Aeronautics Administration of Taiwan

• Federal Aviation Administration of the United States of America.

Airservices participated in the South Pacific Forum's Ministerial Aviation Policy Meeting which was held in Fiji in May 1998. A key issue discussed by Forum Ministers was the management of the upper airspace. It was agreed that Pacific airspace of the Forum region would be managed cooperatively, efficiently and safely as a unified airspace consistent with the ICAO approach to homogeneous air traffic management regions. Airservices also held bilateral discussions on airspace management with Fiji, Cook Islands, Vanuatu, New Caledonia, Solomon Islands and Papua New Guinea.

Business outlook

Industry activity

In overall terms, Airservices' planning anticipates average growth in airways activity across all aviation industry segments of around 0.5 per cent. This continues the downward trend experienced in 1997–98 which saw a slow down in activity growth to 2.1 per cent from the higher levels of around 10% experienced in previous years. The revenue forecasts have been developed in a climate of uncertainty associated with the economic difficulties facing Australia's Asian neighbours. Commercial pressures within the aviation industry itself are also expected to contribute to the slowdown in activity as major carriers continue to reduce costs through increasing code share and strategic alliances and rationalisation of low yield routes. Estimates also take into account the changes in demand that may be generated on a location basis with the introduction of new terminal pricing arrangements.

Revenue

Total revenue for 1998–99 is estimated to be $607.9 million, of which 93 per cent will come from direct charges to customers for the provision of air traffic and rescue and firefighting services. The small increase in terminal navigation revenue is a result of the new proposal to charge all aircraft at all locations. This is offset by the elimination of some $17 million in Avgas Excise revenue, the full impact of which has been reduced by the Government's transitional subsidy of $11 million aimed at mitigating the adverse financial impact of the pricing changes on operators using high cost locations.

Other revenue sources are expected to increase slightly as Airservices seeks additional commercial opportunities which utilise existing capabilities.

Operating and capital expenses

Total operating expenditure in 1998–99 is expected to be $556.9 million and is some $17.3 million less than the actual outcome achieved in 1997–98. This amount excludes $21.7 million which relates to the costs of implementing a range of efficiency and business restructure initiatives, to help position the organisation for improved service delivery at a reduced cost in future years. This rationalisation is a vital part of significant restructuring planned under Airservices' Business Transformation over the next two-three years. The full results of these reforms and the financial impacts in 1998–99 and future years, both in terms of benefits and costs, are currently being estimated.

The expected reduction in operating expenses will be achieved after the organisation has absorbed more than $13 million in EBA salary increases, almost $2 million in additional depreciation charges related to the commissioning of the remaining TAAATS assets, the full-year effect of the new flight inspection aircraft, an increase in material and equipment costs of some $2 million associated with the maintenance of TAAATS displays and additional software maintenance licence costs of more than $1 million for new systems including the Asset Management and Maintenance System (AMMS).

The most significant cost savings however, will be achieved through an anticipated net reduction of more than 260 staff during the year yielding gross savings of about $15 million, when combined with a decrease in project operating expenses flowing from a reduced project expenditure program.

Currently approved projects account for some 64 per cent of the proposed project expenditure program of $95.1 million for 1998–99. Finalisation of the TAAATS project continues to dominate the program, accounting for nearly 45 per cent of total planned expenditure. New initiatives include a total of $6 million relating to expenditure on research and development projects primarily associated with the examination of GNSS augmentation options, and evaluation of other future CNS/ATM technologies including communications and automatic dependent surveillance.

Pricing

As part of Airservices' three year pricing reform initiative which began with the location-specific pricing of rescue and firefighting services in 1997–98, terminal navigation services will now also be priced on this basis in 1998–99. Fundamental to this approach is that customers will be charged for the services they use rather than according to the type of fuel used. This removes the previous distinction between Avtur and Avgas aircraft for charging purposes and improves the degree of equity in the system for all users. From 1 July 1998, avgas aircraft will be charged directly for terminal navigation, en route and rescue and firefighting services (where appropriate) and Airservices' component of the Avgas Excise Levy will be removed. This change is consistent with Government policy objectives, aimed at introducing a fairer system for funding general aviation's contribution to aviation, and is in support of calls from within the wider aviation industry for reform of airways pricing.

List of publications

Airservices produces and publishes a wide range of operational documents and charts for pilot navigation and flight planning, including an amendment service; internal and external publications, and media and public affairs material including the web site; pilot education material to support operational changes and new procedures; and a range of corporate and promotional material. The list below classifies Airservices' publications under activities.

Corporate

Airservices Annual Report 1996/97

Airservices Corporate Plan July 1997–June 2002

Airservices Environment Management Policy

Airservices Safety Management Policy

Airservices Strategic Plan 1997–2012

Airservices Equity and Diversity Program July 1994–June 1998 Progress Report 1996/97

Draft Standards of Services Charter

Charges for Facilities and Services: Standard Contract Terms 1998–1999

Community

Fair Share: The Sydney Flight Plan (produced by Airservices, Sydney Airport Community Forum, DoTRD, and Sydney Airport)

Sydney Air Traffic Services: Sydney Airport Operational Statistics (produced monthly)

Briefing notes on Sydney Airport (published fortnightly)

Media and Public Affairs

Internal publications

Staff newsletter *Airspace* (produced monthly)

Year 2000 Project newsletter (produced by the Year 2000 Project office)

SafetyNet (produced by Safety and Quality Management branch of Air Traffic Services)

TAAATS News (produced by The Australian Advanced Air Traffic System project office)

Business transformation presentation kit for senior management

Corporate Imperatives: Must do, Should do, Nice to do, Priorities for Airservices

Corporate Sponsorship Policy

Airservices Strategic Plan 1997–2012 (brochure)

An Equity and Diversity Guide for Management and Supervisors Guidelines for Eliminating Workplace Harassment

External publications

1. Media releases

16/7/97 Cairns space-age air traffic control system on view during Airport Open Day

17/7/97 Reappointment to Airservices Board (Faulkner)

15/8/98 Airservices welcomes final CASA process on Airspace 2000

22/8/97 Milestone in Australian Aviation

25/8/98 Airspace 2000 concerns addressed

30/10/97 Airservices introduces Radar Class E airspace

4/11//97 Contract for new fire vehicles signed with Mills-Tui Limited

6/11/97 Agreement reached on Perth airspace

26/11/97 Temporary delay for Jandakot changes

27/11/97 RFFS wins Australian Quality Council Award

9/12/97 Kalamunda monitoring data released

16/12/97 Union action violates agreement

18/12/97 Airservices applauds committee on reaching Coolangatta flight paths outcome

16/4/98 Major pricing reform announced for Australian aviation industry

12/6/98 Airservices welcomes removal of Avgas tax

2. *The Airservices Bulletin* (published two-monthly)

3. Airservices web site

Industry education

The Industry Affairs Unit is responsible for the delivery of pilot education material to support new procedures and programs. During the year it produced:

Australian Domestic Flight Notification Instructor Pack, Pilot Guide and Poster

Class E Airspace Pilot Guide - Mandatory Transponders

Class E Airspace Pilot Guide - Optional Transponders (VFR)

Pilot/ATC Radio Communications (Pilot Guide)

*NAIPS - National Aeronautical Information Processing System (*brochure)

NAIPS Pilot Guide and NAIPS Pilot Access User Manual

Aeronautical Information Services (AIS)

The AIS organises the collection, collation, dissemination and the instructions relating to the conduct of safe and efficient air navigation within the Australian Flight Information Areas. An extensive list of operational documents and charts is produced each year. In 1997-98 these were:

Operational Documents

Aeronautical Information Publication package

Aeronautical Information Publication (AIP) and amendment service (Amended: Aug, Dec, Feb, July)

Aeronautical Information Publication International Section and amendment service (Amended: Aug, Dec, Feb, July)

Aeronautical Information Circular/Aeronautical Information Publication (AIC/AIP) Supplement and amendment service (Amended: every 28 days)

AIP Departure & Approach Procedures (DAP) East and amendment service (Amended: July, Oct, Dec, Feb, May)

AIP Departure & Approach Procedures (DAP) West and amendment service (Amended: July, Oct, Dec, Feb, May)

AIP En route Supplement Australia (ERSA) and amendment service (Amended: Sept, Feb, July)

AIP Runway Distance Supplement (RDS) and amendment service (Amended: Sept, Feb, July)

AIP charts

Visual Terminal Charts (VTCs)

Adelaide/Melbourne

Alice Springs/Darwin

Brisbane:Maroochydore/Coolangatta

Cairns/Townsville

Canberra/Albury

Coffs Harbour/Tamworth

Hobart/Launceston

Mackay/Whitsunday

Rockhampton/Oakey/Brisbane

Port Hedland/Perth

Sydney/Newcastle:Williamtown

En route charts High and Low

ERC(L) 1/2, 3/4, 5/6, 7/8

RC(H) 1/2, 3/4 & 5

Terminal Area Charts (TAC)

TAC 1/2, 3/4

Planning Chart Australia (Amended: Feb, July)

Other operational documents

Designated Airspace Handbook (DAH) and amendment service (Amended: July, Feb)

Manual of Air Traffic Services and amendment service (Amended: July, Aug, Dec, Feb)

Joint Airservices and Civil Aviation Safety Authority Publications

GPS for IFR Navigation in Australia CD-ROM

Global Positioning System Non Precision Approaches Instructor Pack

Global Positioning System Non Precision Approaches Video

World Aeronautical Charts (WAC)

A total of 43 charts are produced at a scale of 1:1 000 000 to cover Australia and surrounding islands.

Operational charts

The Operations Charting Section of ATS produced a wide range of high quality aeronautical charts during 1997–98 for Airservices' needs and a range of clients.

Products included support and overhead aeronautical charts developed on a commercial basis for the major airlines, the DoD, international aviation agencies; and charts for internal use by Airservices personnel. More than 1300 individual aeronautical charts were produced to meet Airservices' charting requirements. Commercial charting projects to a value of more than $300 000 were under way at year end for international clients, such as Papua New Guinea and Laos.

Compliance index

This list shows compliance with the *Guidelines for the Content, Preparation and Presentation of Annual Reports by Statutory Authorities, Annual Reports of Departments and Authorities, 11 November 1982.*

The Joint Committee of Public Accounts completed an inquiry into *Annual Reporting Guidelines for Statutory Authorities in May 1991 (Report No. 309).*

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Operational problems	

Any operational problems are addressed within the text of the performance report and in Project Summaries where appropriate.

Appendix one 1997–98 project summary

Existing projects

The Australian Advanced Air Traffic System (TAAATS)

Approved budget: $274.31 million Estimated completion: September 1999

Airservices is implementing TAAATS to provide a safe and efficient service to its customers into the 21st century. This project completely modernises Australia's air traffic control system by constructing and equipping two major new Air Traffic Services Centres, located in Brisbane and Melbourne, and refurbishing and re-equipping four Terminal Control Units, in Perth, Adelaide, Sydney and Cairns.

All six TAAATS sites successfully passed a Site Acceptance Test before the end of 1997. Transition to operational service commenced in June 1998 at Brisbane and Cairns. Transition involves running the new and old systems in parallel for an extended period, and moving control of specified sectors of airspace from old to new centres in a series of carefully managed steps. It is expected to take about 12 months to complete the transition for the whole country.

Airways Transition Project Phase 2

Approved budget: $11.88 million Estimated completion: July 1999

The ATP2 project is to reconfigure the control of airspace down the Queensland coast as a necessary precursor to TAAATS operational transitioning. This includes the introduction of Class E airspace between Canberra and Ballina.

The control of airspace along the Queensland coast has been reconfigured as a precursor to TAAATS. The option to create a separate low level sector and flight information service was deleted under the Airspace 2000 airspace management proposal. The facility reconfiguration for the Class E airspace trial was completed on 26 February 1998. The Centralised Sartime (CENSAR) database was commissioned 20 January 1998 in Brisbane.

This project is a necessary prerequisite to TAAATS, in line with the corporate objective to provide a safe and commercially competitive air navigation service.

Darwin Facilities Relocation Project

Approved budget: $5.5 million Estimated completion: December 1998

Airservices is relocating facilities to allow the Royal Australian Air Force (RAAF) to develop an ordnance loading area on the Southern side of the Darwin International Airport. Phase 1 of this project is to relocate Airservices' technical equipment and accommodation facilities from the RAAF base on the southern side of Darwin Airport to the northern civil aviation area. Phase 2 is to relocate and construct new RFFS facilities which will be funded by the DoD. Phase 2 is expected to be completed in December 1998, with follow-up relocation of equipment and workshop facilities.

Airservices' new office and workshop facilities have been completed and are now occupied. UHF links, satellite ground station, fit-out of new equipment room and installation of optical fibre network completed. Relocation of existing facilities from the RAAF base to the new facilities is is to be completed by end December 1998.

Fire Vehicle Replacement Project

Approved budget: $10.67 million Estimated completion: December 1999

This project is to procure eleven new fire vehicles for the RFFS to replace 16 obsolescent vehicles. This will satisfy new ICAO requirements and CASA regulatory standards for RFFS levels of protection beyond the year 2000.

An option to procure a further four vehicles to meet possible requirements for the second Sydney airport has been removed from the scope of this project, resulting in a reduction in the approved budget from $14.6 million to $10.7 million.

The first vehicle will be delivered in October 1998 and the 11th vehicle in November 1999.

ASIATN Telecommunication Network Validation Platform

Approved budget: $2.8 million Estimated completion: July 1998

This project aims to establish an Aeronautical Telecommunication Network (ATN) Validation Platform within Australia to contribute to the validation of the technology which is emerging as a likely key factor in the future ATM environment. The development of experience in these technologies will assist Airservices in planning for the introduction of this new environment. It is a collaborative research and development project with contributions from Airservices, Airsys ATM Pty Ltd (formerly Thomson Radar Australia Corporation) and Telstra Corporation.

The ASIATN Platform will be completed on schedule in July 1998, providing an evaluation tool to be used in the ongoing investigation of future aeronautical telecommunications options (refer to New Project: 'Investigation of Networked CNS/ATM Applications' Project).

1.8 GHz Microwave Link Replacement Project

Approved budget: $17.7 million Estimated completion: December 2000

Airservices owns and operates many radio links which connect remote radar and air ground communications facilities to air traffic control centres. In 1993 Airservices and other authorities were directed by a Government regulation to remove all fixed links from the 1.8 GHz band in certain areas. Accordingly, this project will use new microwave links to replace 30 links currently operating in the 1.8 GHz frequency band and two other links nearing the end of their economical life. Eighteen links operating in the vicinity of capital cities have to be replaced by 31 December 1999 and the remaining links by 31 December 2000.

Tenders for the supply of equipment operating in other frequency bands were sought in May 1998.

FMD Desktop Systems Project

Approved budget: $4.2 million Estimated completion: 2001-02

This project will ensure appropriate management and visibility over the purchase and operation of PCs and other IT desktop services, by consolidating all capital expenditure on the purchase and operation of personal computers into a single program item.

The $4.2 million budget included in the *Airservices Australia July 1997 - June 2002 Corporate Plan* related to three years expenditure. The 1997–98 budgeted amount of $674 000 was spent during the year.

FMD Information Systems Development Strategy (ISDS)

Approved budget: $3.1 million Estimated completion: 2001-02

The ISDS project brought together a number of individual initiatives to enhance Airservices' General Computing Network. It is maintained as the Corporate vehicle to coordinate and consolidate proposals to update Airservices' information systems and information technology. The ISDS is used to ensure that current information systems are relevant to present and emerging business needs of Airservices.

During 1997–98, significant ISDS program items included evaluations of a Geographic Information System for airways information, improved access to the corporate information systems by staff from mobile and remote locations, online documentation and an improved aviation incident reporting system.

The $3.1 million budget included in the *Airservices Australia July 1997 - June 2002 Corporate Plan* related to three years' expenditure. This is no longer relevant as the funding is adjusted annually to meet project requirements. Expenditure during the 1997–98 financial year was $617 095 against planned expenditure of $885 139.

Alan Woods Building Refurbishment

Approved budget: $5.9 million Estimated completion: July 1998

This project is to upgrade part of Airservices' Head Office, the Alan Woods building in Canberra, to meet current environmental and OH&S requirements and to facilitate the leasing of the space vacated by CASA in July 1997. The resultant income stream and reduced outgoing will minimise Airservices' net building occupancy costs and protect the capital value of the investment. Theis stage of the refurbishment of the Alan Woods building will be complete in July 1998.

AMSA now occupies 4468 square metres of office space in the Alan Woods building. The accommodation has been subleased to AMSA with 30 car parks and 37 square metres of storage space.

Consolidated National Aeronautical Information Processing System (NAIPS) works

Proposed budget: $1.238 million Estimated completion: 1998-99

The aim of this project was to implement functional improvements to the NAIPS software needed after closure of the primary NAIPS implementation project. While some of the more urgent remedial changes were implemented in 1997–98, it was not possible to proceed with the bulk of the proposed improvements due to the software contractor completing other warranty work associated with the primary NAIPS project.

It is now planned to complete the remainder of the functional software improvements under a new project called the Aeronautical Information Service Data System (AISDS). In addition to making the system Year 2000 compliant, the project will include a software development testbed and other software enhancements which will ensure the minimum possible disruption to the service in the event of a computer system failure.

Consolidated High Frequency (HF) works

Proposed Budget: $3.248 million Estimated completion: 1999-2000

The aim of this project is to improve the operational performance of the Australia-wide HF radio network by replacing equipment that is obsolete and uneconomic to maintain, rationalisation of existing sites and establishment of some new HF receiver sites in locations with low background noise.

Some urgent remedial works were undertaken in 1997–98 to improve areas of known poor HF radio coverage and to replace badly deteriorated equipment. Any similar minor remedial works will be undertaken in 1998–99 to ensure safety of aircraft operations. In the interim, it is planned to defer the start of this project to 1999–2000 to enable a more detailed examination of industry's future HF communication requirements to be undertaken and to assess the cost benefit to industry of any future HF proposals.

Asset Management and Maintenance System (AMMS)

Approved budget: $4.8 million Estimated completion: August 1998 (Stage 1) December 1998 (Stage 2)

The project will allow more effective management and maintenance of the Airservices asset base by providing more accurate and timely information on their technical, operational and financial performance. The project will provide a centralised database for the NAS equipment with a direct graphical user interface. Maintenance and fault management, component management, management reporting, time management and financial management will also be included. Expenditure on the project to date is $3.358 million.

Significant activities remaining include finalising data purification and input to AMMS, rollout of desktop and communications equipment to support the system, and the training of users. Stage 2 will provide additional data to the system, with the effect of reducing dependence upon legacy systems.

Replace Doppler Very High Frequency Omnidirectional Range (DVOR) Beacon at Sydney Airport

Approved budget: $1.06 million Estimated completion: December 1998

This project involves the replacement and resiting of the existing DVOR at Sydney Airport. The DVOR is badly corroded, due to the marine environment at Sydney Airport and is also located on a site earmarked for further taxiway development by the airport owners. The change of site facilitates the owners' and ATS developments which will create greater options for traffic management as required under the LTOP.

This project was a medium priority project in the 1996–97 financial year. The project could not be progressed due to siting difficulties and has required considerable redefinition. It is now a major project. Interim seed funding of $50 000 was approved in 1997–98 with carry-forward expenditure of $1.02 million into 1998–99.

Completed projects

Mini HT Replacement

Approved budget: $1.650 million Cost at completion: $1.119 million Completed: August 1997

This project replaced twenty-four 2000 volt mini high tension power systems at 18 sites in Western Australia, South Australia, Northern Territory and Queensland with new low tension power systems and the upgrade of five standard 11 000 volt high tension power systems at two sites in South Australia. The project was completed with total cost savings of $0.531 million.

Melbourne Satellite Diversity

Approved budget:$1.46 million Cost at completion:$1.56 million Completed:June 1998

This project involved establishing a new site at Mt. Cottrell, south-west of Melbourne Airport, to provide geographic diversity for the Melbourne satellite system. The A side of the current Melbourne satellite ground station has been relocated to this site and the site has been leased and rezoned for use by Airservices. The project was commissioned in June 1998.

GNSS Augmentation System Test Bed (ASTB)

Approved budget:$1.5 million Cost at completion: $1.502 million Completed on: 30 June 1998

This project implemented a research and development ASTB to evaluate the continuity of service, accuracy, integrity and availability of satellite navigation signals. The wide-area augmentation system component of the ASTB installed remote GPS monitoring stations at Darwin, Alice Springs, Ceduna, Hobart, Canberra and Brisbane. A master control station at Canberra generated wide area correction messages to eliminate errors caused by selective availability, ionospheric and tropospheric delays to the GPS satellite signals. The master control station also transmitted the corrections to a test aircraft via Very High Frequency (VHF). Test flying was conducted from March to June 1998. The results provided accuracies of less than six metres. The Local Area Augmentation System (LAAS) component of the project comprised equipment which provided precision landing information to Special Category One at Melbourne Airport. The accuracy of the system was less than one metre in three dimensions. Test flying was completed in November 1997. The test bed has proven that the evaluated technologies can provide improved capabilities when using the US Government's Navigation Satellite Timing and Ranging (NAVSTAR) GPS for en route navigation and precision approaches to airports.

National Aeronautical Information Processing System (NAIPS)

Approved budget: $28.2 million Cost at completion: $28.4 million Completed on: 30 December 1997

NAIPS is a modern computerised system which automates the Notice to Airmen (NOTAM) system, pre-flight briefing and flight notification lodgement.

The Briefing Office and Pilot PC Access functions were commissioned in July and September 1997 respectively, which allowed Airservices to provide the aviation industry with better pre-flight briefing and flight notification services.

The NAIPS functionality was also one of the prerequisites to enable TAAATS to be introduced.

Genset Replacement

Approved budget: $2.620 million Cost at completion: $1.971 million Completed:December 1997

This project replaced 16 existing diesel generator sets with modern, smaller capacity units in New South Wales, South Australia, Northern Territory and Western Australia. The work at 11 sites was completed over three years up to June 1998. The remaining five sites were canceled and withdrawn from the scope of the project in May 1998, primarily as a result of new technology which will permit the equipment at these sites to be provided with lower cost battery backup power rather than a diesel generator. The approved budget was reduced accordingly from $2.62 million to $1.973 million.

Airways Transition Project Phase 1 (ATP 1)

Approved budget: $28 million Cost at completion: $22.04 million Completed on: 30 June 1998

This project consolidated 19 air traffic control sectors to Melbourne and Brisbane in preparation for, and to minimise the risk associated with, the transition to TAAATS.

Two flight service workstations from each of Sydney and Adelaide were relocated to Melbourne and the remainder, together with those in Perth, were relocated within their respective ATS Centres to provide building space for TAAATS Terminal Control Units.

Commissioning of the international coordination circuit between Brisbane and Port Moresby in April 1998 represented the final phase of this project.

This project was a necessary prerequisite to TAAATS in accordance with the corporate objective to provide a safe and commercially competitive air navigation service.

Flight Inspection Project

Approved budget: $31 million Cost at completion: $29.916 million Completed on: 31 March 1998

This project replaced Airservices existing flight inspection aircraft and its flight inspection equipment, and put the flight inspection services out to public tender.

An Astra 1125 SP and a Beechcraft Super King Air 350 were purchased and fitted with Aerodata semi-automatic flight inspection equipment.

In December 1996 Brisbane-based Pearl Aviation Australia Pty Ltd was selected as the successful tenderer for flight inspection services. Pearl Aviation operate, maintain and support the replacement flight inspection aircraft and equipment.

A base for the Flight Inspection Service was established at Brisbane Airport and the Astra aircraft, delivered to Airservices in August 1997, was put into operational service in October 1997. With the successful commissioning of the second aircraft in February 1998, the full flight inspection workload was transferred to Pearl Aviation. Sale of the two F28 aircraft and associated spares was completed by the end of March 1998.

Instrument Landing System (ILS) replacment

Approved budget: $3.4 million Cost at completion: $3.465 million Completed on: 21 November 1997

This project replaced the instrument landing systems (ILS) on Cairns runway 15, Canberra runway 35 and Alice Springs runway 12. Cairns ILS was commissioned in October 1995 and Alice Springs ILS was commissioned in October 1996. The Canberra glide path was commissioned in April 1997 and the localiser in November 1997.

Metropolitan Microwave Links Replacement

Approved budget: $5.9 million Cost at completion: $6.1 million Completed on: 30 April 1998

This project replaced microwave link equipment around Melbourne, Sydney and Brisbane, and installed new links from Melbourne Airport and Mt Macedon to the new satellite ground station at Mt Cottrell. All links were commissioned by April 1998.

Sydney Second Airport Development (SSAD)

Estimated budget: $40.0 million Cost at completion: $219 000 (Definition Phase) Completed on: May 1998

This project was to implement the works required for Airservices facilities to support international operations at the second Sydney airport once a decision has been taken on the site.

The definition phase for this project was completed in June 1998 at a cost of $219 000. The Environmental Impact Statement (EIS) assessing three options at Badgerys Creek is still in progress, with a decision on the preferred option expected in 1999.

Airservices is continuing to provide the DoTRD with advice on the possible air traffic management issues associated with the proposed second Sydney airport as part of the EIS.

The project is now on hold until the Federal Government decides on the site for the new airport.

Weather Radar Distribution and Display System

Approved budget: $1.1 million Cost at completion: $858 000 Completed on: 31 July 1997

Equipment was installed in the TAAATS Centres in Brisbane and Melbourne and Terminal Control Units in Cairns, Sydney, Adelaide and Perth. Using data from the Bureau of Meteorology's weather radars located throughout Australia, the system distributes and displays the location of rain and dense or turbulent cloud to air traffic controllers. The system is ready for use by TAAATS sites as they are commissioned.

East Coast Traffic Management system

Estimated cost: $6 million Cost at rescoping: $253 000 Completed on: May 1998

During 1997–98 this project became known as Flow Management System. Expressions of interest had been sought from industry and analysis of their proposals led to the conclusion that it would be difficult to implement a flow control system without the facilities such as Flight Data Processing provided by TAAATS, and certainly difficult to implement before TAAATS. Under this project the definition phase was conducted at a cost of $253 000 and completed in May 1998. It is proposed that this task will be undertaken as a scope variation within the TAAATS project, at an estimated cost of $5 million and estimated completion date of 1999–2000.

ATS Simulation Requirements

Estimated cost: $2.5 million Original completion target date: 1997–98

This project was not progressed pending consideration of a business case for the future of Airservices' training requirements, which will include analysis of appropriate simulation requirements.

New projects for 1998/99

Navigation Services Definition - Transition to the GNSS Project

Approved budget : $1.77 million Estimated completion : June 1999

This project will conduct the evaluation necessary to define the future civil aviation navigation services to be provided in Australia during the next 15-20 years as well as assess their business potential. On completion of the project, Airservices will have developed a future navigation services definition to customer and regulatory requirements. The resulting Navigation Services Definition: Transition to the GNSS Plan will incorporate both a safety case and an assessment of the business potential of the services.

Aeronautical Reference Data Distribution and Display System (ARDDDS)

Approved budget: $571,000 Estimated completion: October 1998

This project will provide aeronautical reference data distribution and display facilities to meet operational requirements in the TAAATS ATS Centres and Terminal Control Units. The project will provide for an efficient and quick display of static reference data which will assist air traffic controllers in decision making when performing their tasks. The system will be integrated with the existing Weather Radar data system currently installed in the TAAATS consoles.

Flight Path Monitoring System (FPMS) upgrade project

Approved budget: $2.1 million Estimated completion: June 1999

This project will deliver a major hardware and software upgrade of the current network of Noise and Flight Path Monitoring Systems which are installed at seven major airports. These are: Cairns, Brisbane, Coolangatta, Sydney, Melbourne, Adelaide and Perth. The upgrade will ensure that Airservices can continue to meet its environmental obligations relating to aircraft noise.

The contract for the upgrade was awarded on 15 May 1998 with the first site (Cairns) to be completed by early September 1998.

Investigation of networked CNS/ATM applications

Approved budget: $4.67 million Estimated completion: June 2000

The objective of this project is to continue trials and acquire reliable information about potential markets in order to determine the business potential for deploying CNS/ATM applications and associated data communication network services. This is to be achieved through the continued operation and extension of the ASIATN Aeronautical Telecommunications Network validation platform and the development of a detailed business case based on technology and applications validated using the ASIATN validation platform.

Precision Radar Monitor (PRM) Commissioning project

Approved budget: $1.13 million Estimated completion: January 1999

This project will complete the residual activities to take the PRM facility at Sydney Airport from a state of engineering readiness to commissioning. These activities will include software modifications, flight testing, development of the safety case document, maintenance support arrangements, development of ATC procedures, development of pilot procedures, assessment of environmental impacts, ATC training and an education program for the aviation industry, including pilot training.

Year 2000 Project

Estimated cost: $1.9 million Estimated completion: December 1998

The Year 2000 Project will identify and successfully mitigate Airservices' risks in relation to the Year 2000 date roll-over problems and develop appropriate measures to avoid disruption of services provided by Airservices to the aviation industry during the roll-over.

Airservices' Year 2000 Project that has been in place since mid-1996. The project seeks to identify, assess, communicate, and resolve Year 2000 issues as they affect Airservices' stakeholders, regulatory and legal obligations and interfaces to adjoining airspace.

Like most other businesses, Airservices is addressing the main areas of concern:

- Internal systems including all IT and non-IT systems
- Systems affecting our customers and business partners
- The 'Supply Chain' issue, including communications and utility issues

In the last three to five years, Airservices has moved to replace many of the older and potentially non-compliant systems in response to business needs.

Although Airservices is ensuring that their suppliers address the Year 2000 issue, it is in the process of establishing contingency procedures to ensure that any possible disruptions from this area will not affect its customers. Airservices anticipates that it will be fully operational before, during and after the millennium change.

Appendix two Ministerial directive

COMMONWEALTH OF AUSTRALIA

AIR SERVICES ACT 1996
SUBSECTION 16(1)

DIRECTION

WHEREAS:

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

2. On 16 December 1996, in response to that direction, Airservices Australia provided me with a report entitled "The Long-Term Operating Plan for Sydney (Kingsford Smith) Airport and Associated Airspace" which contained proposals for a long term operating plan for the Airport;

3. On 26 February 1997, acting in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder, I designated the Department of Transport and Regional Development (the Department) as the proponent in relation to the implementation of the proposal for a long term operating plan for the Airport (the proposal);

4. On 11 June 1997, acting in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder, the Department provided a Proponent's Statement to the Department of the Environment, Sport and Territories in relation to the proposal;

5. On 22 July 1997 the Minister for the Environment determined, in accordance with paragraph 3.1.1(b) of the Administrative Procedures, that neither an environmental impact statement nor a public environment report is required for the purpose of achieving the object of the Act in regard to the proposal;

I, John Randall Sharp, Minister for Transport and Regional Development, acting under subsection 16(1) of the *Air Services Act 1996* ('the Act'), **DIRECT** Airservices Australia, consistent with the requirements of the Act, to implement progressively the Sydney Airport Long Term Operating Plan in accordance with the schedule.

Dated this 30th day of July, 1997.

JOHN SHARP

SCHEDULE

SYDNEY AIRPORT LONG TERM OPERATING PLAN

1. Definitions

"Airservices Australia Report" means the document entitled "The Long-Term Operating Plan for Sydney (Kingsford Smith) Airport and Associated Airspace" prepared by Airservices Australia and provided to the Minister for Transport and Regional Development on 16 December 1996 in response to the Minister's direction of 20 March 1996.

"the Plan" means the Sydney Airport Long Term Operating Plan as set out in this direction.

"Proponent's Statement" means the document entitled "Sydney Airport Long Term Operating Plan Proponent's Statement" prepared by the Department of Transport and Regional Development and provided to the Department of Environment, Sport and Territories on 11 June 1997 in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder.

2. Flight Paths

Airservices Australia should implement the general structure and layout of the flight paths shown in the maps in the Airservices Australia Report incorporating the amendments indicated in the Proponent's Statement and including any adjustments necessary to meet the detailed design of the airspace arrangements and to satisfy safety requirements.

3. Runway Selection

3.1 Airservices Australia should introduce runway selection procedures as described in Chapter 6 of the Airservices Australia Report to facilitate the more equitable sharing of the impact of aircraft noise, taking into account forecast or prevailing weather and traffic levels including the balance between arrivals and departures. The modes of operation should be changed throughout each day, when traffic and weather conditions permit, to provide respite from noise affecting residents in different areas.

3.2 Subject to paragraph 3.3, Airservices Australia should make available for use runway modes 1, 4, 5, 7, 8, 9, 10, 12, 13, and 14A (as described in the Airservices Australia Report).

3.3 Operations under the Plan should not include runway mode 8 in the first instance. Runway mode 8 may be introduced at a later date if experience indicates that it would contribute to the Plan's objectives.

3.4 Subject to paragraph 3.1 Airservices Australia should:

(a) discontinue the current noise abatement requirements which mandate changing to, or continuing the use of, runways 16L and 16R for arrivals and departures (in a southerly direction) when there is up to 5 knots of downwind; and

(b) adopt new runway selection criteria to:

- give preference to over-the-water operations (Mode 4) to minimise residential overflights;
- restrict the dedicated use of the east-west runway (Modes 12 and 13) to circumstances when weather requires use of these modes; and
- interchange use of the other modes to ensure a fair sharing of unavoidable aircraft noise subject to weather and traffic demands.

3.5 Where traffic levels and disposition allow, preference should be given to the use of Runway 34L for arriving traffic when runways in that direction are in use subject to it assisting, and not detracting from, attainment of the noise sharing goals.

4. Safety Review

Airservices Australia should undertake formal safety analyses of the operational components of the Plan prior to their implementation. An independent review of safety issues by an independent third party with international expertise should also be undertaken.

5. Implementation and Monitoring Committee

5.1 Airservices Australia should establish an Implementation and Monitoring Committee whose membership should include two community representatives appointed by the Minister for Transport and Regional Development, the aviation industry, the Federal Airports Corporation, the Civil Aviation Safety Authority and the Department of Transport and Regional Development. The Committee should be chaired by a senior official of Airservices Australia, and report through Airservices' Chief Executive to the Minister. The Committee should have terms of reference shown in Attachment A.

5.2 Airservices Australia should initiate, through the Implementation and Monitoring Committee,

- a study into the patterns of runway use by long haul aircraft;

- further development of the arrival flight paths to the north of the airport (known as the 'trident') to reduce the concentration of air traffic on the Runway 16 localiser tracks;

- an assessment of the noise exposure benefits of ICAO A and ICAO B departure procedures;

- an examination of the merits of requiring propeller aircraft departures on runway 34L to commence no further north than Taxiway B10;

- an examination of viable systems for disseminating monitoring information to the public;

- a review of the location of permanent noise monitoring terminals (plus any additional noise monitoring terminals) in light of the new operating arrangements under the Plan; and

- the development of a program of short term deployment of portable noise monitors to provide data to residents in areas where significant problems are identified.

6. Matters for Further Advice

Airservices Australia should provide advice to the Minister for Transport and Regional Development on:

- the need for aircraft to track through Botany Bay Heads after departure from Runway 16R to achieve separation with traffic approaching to land on Runway 34L when simultaneous opposite direction parallel runway operations are in use; and

- the costs and benefits of installing an Instrument Landing System on Runway 25.

7. Noise Monitoring

7.1 Airservices Australia should produce Australian Noise Exposure Index (ANEI) contours on a quarterly (and cumulatively up to 12 months) basis with the first quarterly ANEI to be produced for the quarter commencing 1 October 1997.

7.2. Airservices Australia should produce an Australian Noise Exposure Forecast (ANEF) for the Airport as soon as it is possible to provide robust forecasts on future traffic movement patterns. In the interim the Australian Noise Exposure Concept (ANEC) contours should be updated on a six monthly basis.

7.3 Airservices Australia should maintain and enhance the responsiveness of the Noise Enquiry Unit through appropriate staffing and equipment and access to the best available noise monitoring methodology.

7.4 Airservices Australia should add permanent noise monitors to the present noise and flight path monitoring system where appropriate to allow monitoring of aircraft noise in areas affected by changes to flightpaths made as a result of the Long Term Operating Plan. Additional mobile noise monitors should be purchased to improve the effectiveness of responses to noise complaints and improve the coverage of monitoring information.

8. Reporting

Airservices Australia should publish regular reports on the performance of the Plan using a set of standard indicators which the public can understand and follow over time. There should be an annual report and a report at least each quarter.

9. Miscellaneous

9.1 As recommended in the Airservices Australia Report, Airservices Australia should ensure that equipment and staff resources are adequate to satisfy the objectives of the Plan.

9.2 Airservices Australia should remove the West Pymble beacon from service at the earliest possible time.

9.3 Airservices Australia should undertake, as a matter of priority, the simulation and evaluation of alternatives to the departure track to the south on the 163 VOR radial.

9.4 Aircraft tracking from Sydney to Bankstown during the curfew period, 2300-0600, should be tracked at 3000' via non populous areas of the Royal National Park and Holsworthy military areas.

9.5 Airservices Australia should implement, in conjunction with the Australian Defence Force, the in principle agreements for changes to military airspace surrounding Sydney.

10. Ongoing Review

Airservices Australia should keep the Plan under review to respond to experience and changes in the pattern of aircraft movements with a view to ensuring that the overall integrity, intent and targets of the Plan are met. Proposed changes to the elements of the Plan should be tested with the public through the Sydney Airport Community Forum before being implemented.

ATTACHMENT A

IMPLEMENTATION AND MONITORING COMMITTEE

TERMS OF REFERENCE

To assist the achievement of the integrity, intent and targets of the Sydney Airport Long Term Operating Plan, the Committee shall:

- Monitor the distribution of noise, flight paths and runway movements which arise out of implementation of the Long Term Operating Plan.
- Provide reports on the results of the monitoring to the Sydney Airport Community Forum (SACF) and the broader community on a regular basis.
- Comment on potential changes to operational procedures under the Plan which will improve the aircraft noise environment in the Sydney area.
- Oversight the conduct of specific studies relating to aspects of the Plan.

Appendix three Airservices Board

The Airservices Board

Members

Board members for 1997-98 were:

John Forsyth (Chairman)

Captain John Faulkner (Deputy Chairman)

Gail Burke (appointed 1 January 1998)

Norman Correy

Graham Maguire

Kevin Gale

William Pollard

David Lowy (until 17 November 1997)

Meetings

The Board met 10 times during the year on the following dates and venues:

18 July 1997	Airservices, Sydney
22 August 1997	Airservices TAAATS Building, Brisbane Airport
24 October 1997	Airservices, Canberra
20 November 1997	Airservices, Perth
23 January 1998	Airservices, Canberra
20 February 1998	Airservices, Canberra
18 March 1998	Observatory Hotel, Sydney
24 April 1998	Stamford Grand Hotel Adelaide, Glenelg
22 May 1998	Airservices, Canberra
19 June 1998	Airservices, Canberra

Committees

The committees assisting the Board were:

Safety and Environment Committee

Members: Captain John Faulkner (Chair), Kevin Gale, John Forsyth (ex-officio)

The Safety and Environment Committee met 11 times: eight meetings were held in Canberra, two in Sydney and one in Brisbane.

Audit and Finance Committee

Members: Graham Maguire (Chair), Norman Correy, David Lowy (until 17 November 1997), Gail Burke (from 9 February 1998), John Forsyth (ex-officio)

The Audit and Finance Committee met four times: three times in Sydney and once by telephone conference.

(See Appendix 3 page 72 for biographical notes of Board members)

Appendix four Board biographies

John PC Forsyth

Chairman

John Forsyth, holder of a Private Pilot Licence (Helicopter) since 1981, is chairman of the Dymocks Group of companies with interests in book retailing, property investments and farming. Dymocks is part of a joint venture, Balloon Walk, which is developing large, tethered, passenger-carrying helium balloons as a tourist attraction. As well as his involvement with Dymocks, Mr Forsyth is chairman of Coolgardie Gold NL, a West Australian-based mining company with gold interests in WA and base metal leases in north-west Queensland. He is also a director of Gold Mines of Coolgardie, a joint venture company mining gold at Coolgardie, WA.

Captain John Faulkner

Deputy Chairman

Captain John Faulkner retired as Manager Flight Safety and Deputy Head of Safety at Qantas Airways in 1994. A graduate of the Royal Naval College, Dartmouth, England, Captain Faulkner served on aircraft carriers as a fighter pilot. He joined Qantas in 1967 and has flown the Boeing 707, 747 and 767. Captain Faulkner has his own aviation safety consultancy and is a fellow of the Royal Aeronautical Society. He is an adjunct Associate Professor at the University of New South Wales Department of Aviation.

Gail Burke

Gail Burke heads Macquarie Bank's Information Services division with responsibility for the Bank's investment in IT assets and for the overall architecture of IT systems within the Bank. She is also an Executive Director of the Bank and its Operations Review and IT Committees. Ms Burke is also a member of the Finance Minister's IT&T Policy Advisory Committee. Ms Burke has a strong business background, particularly in the area of information technology. She formerly worked for Datec Pty Ltd, Adelaide Group Data and Sun Alliance Insurance.

Norman Abraham Correy

Norman Correy has been a partner in the law firm Moray and Agnew since July 1977. He has specialised in insurance litigation relating to employer and workers' compensation law, common law, industrial law, contractors and public risk insurance, Mr Correy has also advised corporations on workplace safety and made legal representations for employers in this area.

Kevin Onslow Gale

Kevin Gale has more than 40 years experience in the General Aviation industry a pilot and instructor, and in ATC. Mr Gale is the holder of a Commercial Pilot Licence and an Air Traffic Control Licence.

He has endorsements on most general aviation aircraft and has more than 5500 hours flying time. In ATC, Mr Gale's extensive experience has included operating and check controller, management as an operating and check controller, and Senior Supervisor ATC, NSW Region. He has played leading roles in the conception, development and introduction of: Pilot Awareness and Safety Seminars; Simultaneous Runway Operations in Australia; Slot Flow Control at Sydney Airport; helicopter lanes throughout the Sydney metropolitan area; and the restructuring of Pacific Ocean and Tasman Sea air routes. Mr Gale has also been closely involved with major projects such as Airspace Management and Air Traffic Services (AMATS), the review of air traffic control towers and Airspace 2000.

Graham Ross Maguire

Graham Maguire was a senator from South Australia in the Federal Parliament from 1983 until 1993. During that time he served as Chairman of the Senate Standing Committee on Foreign Affairs, Defence and Trade and was a member of the Joint Committee of Public Accounts. Mr Maguire has a Masters degree in economics and has previously worked as a research and policy officer in the South Australian Government and as a ministerial adviser. From 1993 to 1995, Mr Maguire was a part-time member of the Board of the Federal Airports Corporation.

William H Pollard

Bill Pollard was appointed Chief Executive Officer of Airservices on 6 November 1995. His appointment followed a 29-year career with the US Federal Aviation Administration, a career which saw him rise to the position of Associate Administrator, Air Traffic, with responsibility for a $US2 billion budget and 26 000 employees providing air traffic control services. On his retirement from the FAA in May 1994, Mr Pollard was appointed Vice President, Resource Management and Product Assurance, with NYMA Incorporated, a major US consultancy firm dealing with aviation interests, in Greenbelt, Maryland. He is the holder of a US Private Pilot Licence and has a Bachelor of Arts degree in Public Administration.

Appendix five Glossary

AIS	Aeronautical Information Services
AMSA	Australian Maritime Safety Authority
APANPIRG	Asia-Pacific Air Navigation Planning and Implementation Regional Group
ASIATN	Telecommunication Network Validation Platform (Project)
ASTB	Augmentation System Test Bed
ATM	Air Traffic Management
ATS	Air Traffic Services
ATC	Air Traffic Control(ler)
BASI	Bureau of Air Safety Investigation
CAEP	ICAO Committee on Aviation Environmental Protection
CASA	Civil Aviation Safety Authority
CANSO	Civil Air Navigation Services Organisation
CER	Corporate Employee Relations
CNS/ATM	Communications, Navigation, Surveillance/Air Traffic Management
CANSO	Civil Air Navigation Services Organisation
DoTRD	Department of Transport and Regional Development
DoD	Department of Defence
E&D	Equity and Diversity
EBA	Enterprise Bargaining Agreement
ELT	Emergency Locator Transmitter
FANS	Future Air Navigation Systems
FIR	Flight Information Region
FMD	Facilities Management Division
GAAP	General Aviation Airport Procedures
GNSS	Global Navigation Satellite System
GPS	Global Positioning System
GIT	GNSS Implementation Team
HR	Human Resources
IFR	Instrument Flight Rules
ILS	Instrument Landing System
ICAO	International Civil Aviation Organization
ISPACG	Informal South Pacific ATS Coordinating Group
IT	Information Technology
KPI	Key performance indicators
LTOP	Long Term Operating Plan (Sydney Airport)

LSP	Location Specific Pricing
MoC	Memoranda of Cooperation
NAIPS	National Aeronautical Information Processing System
NAS	National Airways System
NOTAM	Notice to Airmen
NCC	National Consultative Council
OCA	Office of Civil Aviation of Papua New Guinea
OH&S	Occupational Health and Safety
RAPACs	Regional Airspace Users Advisory Committee
RAC	Regional Airspace Committee
RAIM	Receiver Autonomous Integrity Monitoring
RFFS	Rescue and Fire Fighting Service
RAAF	Royal Australian Air Force
RNP	Required Navigation Performance
SAR	Search and Rescue
SSR	Secondary Surveillance Radar
SOCOG	Sydney Organising Committee for the Olympic Games
TAAATS	The Australian Advanced Air Traffic System
TMA	Terminal Area

General index

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FINANCIAL STATEMENTS

For the year ended 30 June 1998

INDEPENDENT AUDIT REPORT

To the Minister for Transport and Regional Development.

Scope

I have audited the financial statements of Airservices Australia for the year ended 30 June 1998 . The financial statements comprise:

- Statement by Directors
- Balance Sheet
- Profit and Loss Statement
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies, and
- Notes to and forming part of the Financial Statements.

The members of the Board are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you, the Minister for Transport and Regional Development.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view of the entity which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

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

Audit Opinion

In my opinion,

(i) the financial statements have been prepared in accordance with the Guidelines for Financial Statements of Commonwealth Authorities

(ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Guidelines for Financial Statements of Commonwealth Authorities, of the financial position of Airservices Australia as at 30 June 1998 and the results its operations and its cash flows for the year then ended.

Australian National Audit Office

David C. McKean
Executive Director

Delegate of the Auditor-General

Canberra
24 August 1998

STATEMENT BY DIRECTORS

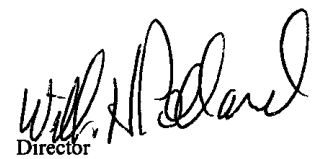
In accordance with a resolution of the Board of Airservices Australia, we state:

In the opinion of the Directors:

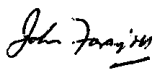
(a) the financial statements of Airservices Australia are drawn up to show fairly the entity's operating result for the year ended 30 June 1998, the financial position as at 30 June 1998, the cash flows for the year ended 30 June 1998, the commitments as at 30 June 1998 and the contingencies as at 30 June 1998.

(b) at the date of this statement there are reasonable grounds to believe that Airservices Australia will be able to pay its debts as and when they fall due.

On behalf of the Board



Director



Director

Dated at CAIRNS this 21ST day of AUGUST 1998

AIRSERVICES AUSTRALIA

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

	NOTES	1998 $'000	1997 $'000
OPERATING REVENUES – BEFORE ABNORMAL ITEMS			
Airways revenues		**563,459**	556,433
Excises		**16,678**	16,550
Search and rescue capability		**–**	8,121
Other revenues		**26,792**	21,766
Total operating revenues – **before abnormal items**		**606,929**	602,870
OPERATING EXPENSES – BEFORE ABNORMAL ITEMS			
Staff costs		**343,297**	342,295
Non-commercial activities	2(b)	**6,212**	8,230
General & administration		**160,009**	152,763
Depreciation		**64,736**	63,687
Total operating expenses – **before abnormal items**		**574,254**	566,975
Operating profit – before abnormal items & income tax	2	**32,675**	35,895
Abnormal items	3	**(80,687)**	(18,932)
Operating profit/(loss)		**(48,012)**	16,963
Income tax attributable to operating profit/(loss)	4	**(15,025)**	9,205
Operating profit/(loss) and abnormal items after income tax		**(32,987)**	7,758
Accumulated profits at beginning of reporting period		**8,644**	6,836
Total available for appropriation		**(24,343)**	14,594
Dividends provided for and dividends paid	5	**5,950**	5,950
Accumulated profit/(loss) at end of the reporting period		**(30,293)**	8,644

The above Profit and Loss Statement is to be read in conjunction with the notes to and forming part of the financial statements

AIRSERVICES AUSTRALIA

BALANCE SHEET AS AT 30 JUNE 1998

	NOTES	1998 $'000	1997 $'000
CURRENT ASSETS			
Cash		**23,330**	1,362
Receivables	6	**54,341**	52,306
Other	7	**11,664**	18,365
Total current assets		**89,335**	72,033
NON-CURRENT ASSETS			
Land & buildings	8	**152,622**	162,397
Infrastructure, plant & equipment	8	**457,702**	461,605
Future income tax benefit		**46,411**	33,592
Other	7	**895**	2,141
Total non-current assets		**657,630**	659,735
Total assets		**746,965**	731,768
CURRENT LIABILITIES			
Debt	9	**68,066**	57,692
Provisions and payables	10	**159,5221**	128,293
Total current liabilities		**227,588**	185,985
NON-CURRENT LIABILITIES			
Debt	9	**99,756**	99,685
Provisions	10	**82,724**	67,895
Total non-current liabilities		**182,480**	167,580
Total liabilities		**410,068**	353,565
Net assets		**336,897**	378,203
EQUITY			
Capital	11	**367,190**	369,052
Reserves	11	**–**	507
Accumulated profit/(loss)	11	**(30,293)**	8,644
Total equity		**336,897**	378,203

The above Balance Sheet is to be read in conjunction with the notes to and forming part of the financial statements

AIRSERVICES AUSTRALIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1998

	1998 $'000	1997 $'000
OPERATING ACTIVITIES		
Cash received		
Receipts from customers	603,424	626,376
Interest	618	439
Receipts from government	–	9,218
Cash used		
Payments to suppliers/employees	(512,021)	(470,128)
Interest and other financing costs	(11,568)	(16,900)
Income tax	(11,494)	5,671
Net cash from operating activities	68,959	154,676
* (refer reconciliation next page)		
INVESTING ACTIVITIES		
Cash received		
Proceeds from sale of property, plant & equipment	6,340	3,117
Cash used		
Payment for property, plant & equipment	(57,764)	(72,258)
Net cash from investing activities	(51,424)	(69,141)
FINANCING ACTIVITIES		
Cash received		
Proceeds from borrowings – non government	1,024,200	1,331,925
Proceeds from borrowings – government	–	5,000
Redemption of short term investments	341,192	495,187
Cash used		
Repayments of borrowings – non government	(999,475)	(1,359,900)
Repayments of borrowings – government	(10,000)	(11,875)
Placements of short term investments	(341,192)	(495,187)
Repayment of capital	–	(49,000)
Dividends paid	(5,950)	(7,150)
Net cash from financing activities	8,775	(91,000)
Net increase in cash held	26,310	(5,465)
Add cash as at 1 July	(6,172)	(707)
Cash as at 30 June	20,138	(6,172)

The above Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements

AIRSERVICES AUSTRALIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1998

* RECONCILIATION OF CASH AND NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING PROFIT AFTER TAX

	1998 $'000	1997 $'000
Reconciliation of cash		
Cash at the end of reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Bank balance/ (overdraft)	(3,192)	(7,534)
Cash advances and cash on call	23,016	–
Bank balance – including foreign currency	314	1,362
	20,138	(6,172)
Reconciliation of net cash provided by operating activities		
Operating profit/(loss) after income tax	(32,987)	7,758
Adjustments for non-cash income and expense items		
Depreciation	64,736	63,687
Net loss / (profit) on sale of property plant and equipment	(2,005)	(213)
Revaluation of property plant and equipment	6,580	20,737
Amortisation of deferred income	–	(236)
Amortisation of discount on bonds	63	975
Change in accounting treatment of deferred income	–	(3,436)
Transfer to provisions:		
Employee entitlements	25,213	9,841
Doubtful debts	(1,166)	2,283
Diminution in value of consumable/project spares	–	113
Raise/(write back) of provision for litigation	24,507	(12,537)
Legal costs	3,482	1,500
Movement in provisions:		
Income tax payable	(13,700)	9,182
(Increase) / decrease in:		
Accounts receivable	(2,312)	33,386
Inventory / non-current consumable spares	1,322	(170)
Prepayments and other assets	11,143	1,502
Intangibles – (future income tax benefit)	(12,819)	5,694
(Decrease) / increase in:		
Creditors	(3,098)	14,610
Net cash from operating activities	68,959	154,676

The above Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements

AIRSERVICES AUSTRALIA

SCHEDULE OF COMMITMENTS AS AT 30 JUNE 1998

	1998 $'000	1997 $'000
BY TYPE		
CAPITAL COMMITMENTS		
Land and buildings	723	2,133
Infrastructure, plant and equipment	27,504	52,544
Investments	2	30
Other capital commitments	306	623
Total capital commitments	28,535	55,330
OTHER COMMITMENTS		
Operating leases	52,814	62,621
Project commitments	-	619
Research and development	-	839
Other commitments	18,220	7,219
Total other commitments	71,034	71,298
COMMITMENTS RECEIVABLE	(25,916)	(19,144)
Net commitments	73,653	107,484
BY MATURITY		
One year or less	40,832	51,848
From one to two years	30,351	25,228
From two to five years	3,673	27,002
Over five years	(1,203)	3,406
Net commitments	73,653	107,484

AIRSERVICES AUSTRALIA

SCHEDULE OF CONTINGENCIES AS AT 30 JUNE 1998

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

(a) Hughes Aircraft Systems International ('Hughes') has brought a claim for damages in relation to losses Hughes alleges it suffered arising out of not being the successful tenderer for the TAAATS project. There has been no decision as to the quantum of damages to which Hughes may be entitled. The hearing to determine the quantum of damages (if any) is currently scheduled to commence on 21 September 1998.

(b) Termination payments due to staff who retire or become redundant is dependent on the number of staff affected, their entitlements and timing of their termination(s). These liabilities are recognised when it is determined that Airservices has a present obligation to make a termination payment.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared in compliance with the guidelines for Financial Statements of Commonwealth Authorities issued by the Minister for Finance for reporting periods ending on and after 30 June 1998. The financial statements are a general purpose financial report that have been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

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

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

1.2 Property, Plant and Equipment

(a) Cost and Valuation
Property, plant and equipment are brought to account at cost or at independent valuation, less, where applicable, accumulated depreciation or amortisation. The carrying amounts of property, plant and equipment have been reviewed by directors to determine whether they exceed their recoverable amounts. The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets.

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

All property, plant and equipment was independently revalued during the year (except those items held at cost – see note 8). Revaluation increments and decrements are accounted for separately for each class of assets in accordance with AAS10, "Accounting for the Revaluation of Non-Current Assets." Revaluation increments and decrements are accounted separately for each class of assets.

(b) Leases and Deferred Income
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to Airservices, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Payments under operating leases, 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.

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

Buildings (including fittings)	10–40 years
Infrastructure, plant and equipment	5–20 years

Certain items of property, plant and equipment have had their useful lives and their amounts expected to be recovered on disposal reassessed during the year.

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

1.3 Inventories

Inventories consist of retail and publication material for sale to the aviation industry. Inventories are valued at the lower of cost or net realisable value, using the weighted average unit cost method.

1.4 Change in Accounting Treatment – Early Retirement Benefits

Early Retirement Benefit (ERB) is payable to certain Flight Service and Air Traffic Control employees who have attained the age of 50 years and whose relevant period of service exceeds ten years. In prior years an ERB payment was expensed or accrued when an eligible employee retired or whose service was terminated.

Under the new Airservices Australia Enterprise Agreement 1998–2001, finalised on 29 June 1998, provision is made for a range of employees to either continue with the existing benefit or to make an election to choose an alternative to the early retirement benefit. In respect of this new arrangement Airservices has changed its accounting treatment by creating a provision for ERB in recognition of the liability payable to all eligible employees as at 30 June 1998. The financial impact of this change in accounting treatment is $13.852m (see note 3).

1.5 Receivables

All trade debtors are recognised at the amounts receivable from the date of the invoice for services provided for. The terms of the invoices are 28 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event where the debt is more than 90 days overdue for commercial entities or 150 days for Government entities.

1.6 Trade and Other Creditors

These amounts represent liabilities for goods and services provided to Airservices prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.7 Comparative Figures

Comparative figures in the Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, Schedule of Commitments, Schedule of Contingencies and the notes to and forming part of the financial statements relate to the prior year's financial statements.

2. OPERATING PROFIT/(LOSS)

	1998 $'000	1997 $'000
(a) Operating profit/(loss) before abnormal items is arrived at after:		
Crediting as income		
Interest received or due and receivable		
– Loans	178	176
– Deposits	41	76
– Bills receivable	8	22
– Other	396	184
Profit on sale of non-current assets		
– Land & buildings	826	1,233
– Infrastructure, plant and equipment	3,463	122
Government contribution : Search & Rescue	–	8,121
Charging as expense		
Staff costs:		
– Staff remuneration	335,589	338,530
– Additional unbudgeted staff remuneration associated with the deferral of Airspace 2000	4,066	–
– Separation and redundancy payments	8,253	7,852
Depreciation on property, plant and equipment	64,736	63,687
Operating lease rentals	23,249	26,394
Loss on sale of non-current assets		
– Land & buildings	375	63
– Infrastructure, plant and equipment	1,909	1,069
Interest expenses		
– Government securities	–	647
– Loans	11,024	11,869
– Overdrafts	19	14
– Guarantees	96	231
– Other borrowing costs	469	514
Provisions for :		
– Doubtful debts	(1,166)	2,283
– Legal costs	2,673	4,768

			1998 $'000	1997 $'000
2.	(b)	The non-commercial activities funded by Airservices and charged against operating profit during the period to meet the specific requirements of the Government were:		
		– Inflight Emergency Response	25	–
		– Noise inquiry lines	1,898	1,412
		– Development of Long Term Operating Plan for Sydney Airport	1,091	1,319
		– Provision of environmental information (reports, statistics and maps) by:		
		– Safety and Environment Management Unit and Corporate Communications Branch	1,251	1,083
		– Noise and Flight Path Monitoring System	1,131	1,216
		– Search and rescue capability (shortfall in Government funding)	–	1,262
		– Search and rescue (shortfall in Government funding in 1994/95 and 1995/96 against which a provision for doubtful debts was created)	–	1,690
		– Transfer of SAR function to the Australian Maritime Safety Authority (AMSA) – administration cost	706	248
		– Sydney Olympics	110	–
			* 6,212	8,230
		– Staff terminations payments arising from the transfer of the SAR function to AMSA (included as abnormal item – note 3)	48	4,340

* The above costs are the direct costs incurred by Airservices for these activities. These costs do not include any attributable overhead or profit margin, which if applied, would result in a fully allocated cost of $9.064m.

3. ABNORMAL ITEMS

– Represents the (charges)/write back to profits for the provision for litigation (Income tax benefit/(expense) applicable: $8.823m; 1997: $(2.965m))	(24,507)	12,537
– Revaluation decrement on land and buildings (Income tax benefit applicable: $2.825m)	–	(12,051)
– Separation and redundancy payments and direct project costs arising from major organisational restructuring (Income tax benefit applicable: $11.232m; 1997: $3.538m)	(31,200)	(9,828)

	1998 $'000	1997 $'000
– Provision for Legal Costs (Income tax benefit applicable: $1.620m)	(4,500)	–
– Revaluation decrement on infrastructure, plant and equipment (Income tax benefit applicable: $4.340m; 1997: $1.447m)	(6,580)	(8,686)
– Provision for Early Retirement Benefits (see note 1.4) (Income tax benefit applicable: $4.987m)	(13,852)	–
– Write back to profits for the change in policy for the accounting treatment for lease defeasance transactions (Income tax expense applicable: $1.237m)	–	3,436
– Staff termination payments arising from the transfer of the SAR function to AMSA (Income tax benefit applicable: $0.017m; 1997: $1.562m)	(48)	(4,340)
	(80,687)	(18,932)

4. INCOME TAX EXPENSE

(a) The prima facie tax on operating profit/(loss) is reconciled to the income tax provided in the accounts as follows:

Operating profit/(loss) before tax	(48,012)	16,963
Prima facie tax payable on operating profit/(loss) before income tax at 36%	(17,284)	6,107
Tax effect of permanent and other differences		
– Non-deductible project operating costs	152	335
– Other non-deductible expenditure	431	510
– Non-deductible depreciation expense * and asset disposals	6,593	3,275
– Non-deductible asset revaluation decrement	–	3,193
– Under provision for income tax in prior year	692	184
– Research and development tax incentive	(173)	(95)
– Compass accrual reversal	–	(1,548)
– Development allowances	(3,465)	(2,756)
– Non-assessable asset revaluation increment	(1,971)	–
Income tax attributable to operating profit/(loss)	(15,025)	9,205

* This permanent component arises from previous years revaluations of fixed assets. As at 30 June 1994 the corporate value of fixed assets included a revaluation increment of $128m. This figure represents future years corporate book depreciation which will never be deductible for tax purposes. The proportion of corporate depreciation arising from the revaluation increment taken up as a permanent adjustment to operating profit/(loss) in determining income tax expense was $18.313m (1997 $9.096m).

		1998 $'000	1997 $'000
4. **(b)**	The income tax expense comprises amounts set aside as :		
	Provision for income tax attributable to current year		
	– Income tax payable on operating profit	380	10,131
	Provision for income tax attributable to future years		
	– Provision for deferred income tax	(971)	(745)
	– Future income tax benefit arising from timing differences	(15,126)	(365)
	– Under provision for tax in prior year	692	184
		(15,025)	9,205

5. DIVIDENDS

(a) A final dividend of $5.950m in respect of the financial year ended 30 June 1997 was paid in the current financial year.

(b) The Board will be recommending to the Minister for Transport and Regional Development that no dividend be provided in respect of the current financial year.

6. RECEIVABLES – CURRENT ASSETS

Trade debtors	49,384	51,652
Less : Provision for doubtful debts	(1,461)	(2,161)
Other debtors	5,117	1,631
Accrued revenue and interest	1,301	1,184
	54,341	52,306
Aged analysis of receivables overdue for:		
less than 30 days	2,410	2,262
30 to 60 days	441	335
more than 60 days	717	540
	3,568	3,137

7. OTHER ASSETS

CURRENT		
Prepayments	8,969	15,418
Consumable spares – at cost – not held for sale	2,473	2,649
Inventories	222	298
	11,664	18,365
NON CURRENT		
Consumable spares – at cost – not held for sale	3,104	4,722
Less : Provision for obsolescence	(2,209)	(2,581)
	895	2,141

8. PROPERTY, PLANT & EQUIPMENT

(a) Aggregate Property, Plant and Equipment

Item	Land	Buildings	Total land and buildings	Total infrastructure, plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
Gross value – 1 July 1997	**27,283**	**135,322**	**162,605**	**469,202**	**631,807**
Additions	–	10,272	10,272	62,111	72,383
Revaluations	(287)	(12,626)	(12,913)	(55,153)	(68,066)
Disposals	(4,042)	(3,144)	(7,186)	(8,249)	(15,435)
Gross value – 30 June 1998	**22,954**	**129,824**	**152,778**	**467,911**	**620,689**
Accumulated depreciation – 1 July 1997	**–**	**(208)**	**(208)**	**(7,597)**	**(7,805)**
Depreciation charge	–	(8,834)	(8,834)	(55,902)	(64,736)
Adj. for revaluation	–	8,797	8,797	52,181	60,978
Adj. for disposals	–	89	89	1,109	1,198
Accumulated depreciation – 30 June 1998	**–**	**(156)**	**(156)**	**(10,209)**	**(10,365)**
Net book value – 30 June 1998	**22,954**	**129,668**	**152,622**	**457,702**	**610,324**

8. (b) Assets held at valuation

Item	Land	Buildings	Total land and buildings	Total infrastructure, plant and equipment	Total
As at 30 June 1998	$'000	$'000	$'000	$'000	$'000
Gross value	22,954	121,775	144,729	291,377	436,106
Accumulated depreciation	–	–	–	–	–
Net book value	22,954	121,775	144,729	291,377	436,106
As at 30 June 1997					
Gross value	23,241	134,401	157,642	346,530	504,172
Accumulated depreciation	–	(8,797)	(8,797)	(52,181)	(60,978)
Net book value	23,241	125,604	148,845	294,349	443,194

8. (c) Independent Valuation

All property, except for the Alan Woods Building, have been independently revalued during the year and the results of the revaluation were brought to account at 30 June 1998. All revaluations, other than the Alan Woods Building, 25 Constitution Avenue, Canberra, were carried out by Messrs. J Weaving, AVLE (P&M), ASA (USA); and A St Leon, AVLE (VAL & Econ), AICMV of Edward Rushton Australia Pty. Limited, Sydney, NSW. The revaluation of Alan Woods Building, was carried out by Mr. Neal J. Smith AVLE (VAL) of Herron Todd White Valuers Pty. Limited, Sydney, NSW.

Plant and equipment (except those at cost at 30 June 1998) were revalued based on the application of indices supplied by Edward Rushton Australia Pty Limited at 30 June 1998. Assets at cost at 30 June 1998 were excluded from the revaluation as they were acquired and/or commissioned after the determined cut-off date for the revaluation.

The valuation was made in accordance with a corporate policy of revaluing property, plant and equipment annually (see note 1.2 (a)).

The basis of the independent valuation is as follows:–

(i)	Land and buildings	
	– General purpose buildings	Market valuation for land and improvement
	– Special purpose buildings	Market valuation for land and as for (iii) below for improvements
(ii)	Assets which are used in operations, which would be replaced by similar assets and for which there is an available secondary market	Market value
(iii)	Assets which are used in operations but for which there is no secondary market or where reference to an available secondary market would be inappropriate	
	– assets which would be replaced by modern or new assets with the same gross service potential	Depreciated replacement cost: lower of current replacement or reproduction cost of a modern or new asset adjusted for depreciation (ie. the age, condition and operating costs of the existing asset), with depreciation being applied on a straight line basis.
	– assets which would be replaced by assets with a different gross service potential	Depreciated replacement cost: current replacement cost of the equivalent gross service potential obtainable from the most appropriate modern asset adjusted for depreciation (ie. the age, condition and operating costs of the existing asset), with depreciation being applied on a straight line basis.
(iv)	Assets (general & specific) which have no usage value and/or which are surplus as at balance date	Net realisable value

	1998 $'000	1997 $'000
9. DEBT		
(a) CURRENT		
Unsecured loans		
– Bank overdraft	3,192	7,534
– Commonwealth loans	–	10,000
– Bank loans	–	9,275
– Promissory notes	64,874	30,883
	68,066	57,692
(b) NON-CURRENT		
Unsecured loans		
– Bank loans	99,756	99,685
	99,756	99,685
(c) DEBT MATURITY SCHEDULE		
Total amount of loans payable within:		
– One year or less;	68,066	57,692
– From one to two years;	–	–
– From two to five years;	99,756	99,685
– Over five years;	–	–
10. PROVISIONS AND PAYABLES		
(a) CURRENT PAYABLES		
Suppliers		
– Trade creditors	7,988	10,926
– Operating lease rentals	212	58
Employees		
– Salaries & wages	8,763	4,641
– Superannuation	588	617
– Other	–	112
Other accrued expenses		
– Interest payable	4,602	4,625
– Revenue received in advance	2,441	1,866
– Other	18,631	21,995
	43,225	44,840

			1998 $'000	1997 $'000
10.	(b)	**CURRENT PROVISIONS**		
		Long service leave	17,876	20,328
		Annual recreation leave	41,252	41,121
		Workers compensation – (a)	579	171
		Separations and redundancies	27,102	11,151
		Taxation	–	9,182
		Legal costs	4,982	1,500
		Litigation	24,506	–
			116,297	83,453
	(c)	**NON-CURRENT PROVISIONS**		
		Long service leave	66,684	63,082
		Workers compensation – (a)	3,850	4,813
		Separations and redundancies	12,190	–
			82,724	67,895

(a) The provision represents Airservices self insured liability for workers compensation, in respect of the years up to 1 July 1989 when Comcare took over this insurance

11. EQUITY

Item	Capital	Accumulated profits	Asset revaluation reserve	Total equity
	$'000	$'000	$'000	$'000
Balance – 1 July 1997	369,052	8,644	507	378,203
Operating loss after tax	–	(32,987)	–	(32,987)
Dividends	–	(5,950)	–	(5,950)
Net revaluation increment/(decrement)	–	–	(507)	(507)
Capital Adjustment (a)	(1,862)	–	–	(1,862)
Balance – 30 June 1998	367,190	(30,293)	–	336,897

(a) The capital adjustment represents the value of all assets transferred to the Australian Maritime Safety Authority (AMSA) pursuant to an agreement of services and facilities made in July 1997 by parties in conjunction with the transfer of Airservices' search and rescue function.

12. SEGMENT REPORTING

Airservices operates solely in the Aviation Industry and predominantly in Australia.

	1998 $'000	1997 $'000

13. STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Bank Overdraft	5,000	5,000
Amount Utilised	–	–
Unused Credit Facility	5,000	5,000
Loan facilities:		
– Promissory note	300,000	300,000
– Eurobond	100,000	100,000
– Standby	50,000	50,000
– Term loan	–	1,875
– Government loan	–	10,000
	450,000	461,875
Amount Utilised	(164,631)	(149,843)
Unused Loan Facility	285,369	312,032

14. SUPERANNUATION COMMITMENTS

Airservices makes contributions to AvSuper (sponsored by Airservices) and the Commonwealth Superannuation Administration (ComSuper) which administers the CSS and PSS funds. Contributions to these defined benefit schemes are expensed in the year they are paid or become payable.

Airservices rates of contribution for CSS and PSS members are determined by ComSuper. Total contributions made by Airservices for CSS and PSS members to ComSuper during the period were $16.119m and $0.108m respectively. AvSuper provides the normal range of employer sponsored benefits i.e. retirements, resignation, retrenchment, death and disablement. AvSuper is operated as a defined benefit scheme with benefits based on years of fund membership and final average salary. Flexible employee contribution rates range from 0% – 10%.

The last actuarial assessment of AvSuper as at 1 July 1997 was presented by Sedgwick Noble Lowndes on 7 October 1997. Information relating to AvSuper based on the latest actuarial assessment and the financial report of AvSuper for year ended 30 June 1997 is set out below:

	$'000
Present value of employees' accrued benefits	386,907
Net market value of assets held by AvSuper to meet future benefit payments	424,665
Surplus	37,758
Vested benefits	386,907
Employer contributions to AvSuper	32,879

AvSuper is scheduled to have its next full actuarial review on or before 1 July 2000. At balance date, the assets of the Fund were considered sufficient to satisfy all benefits payable to meet the ongoing liabilities of the fund including voluntary or compulsory termination of employment of each employee covered by the Fund.

	1998 $	1997 $

15. REMUNERATION OF AUDITORS

Audit services for Airservices are provided by the Australian National Audit Office

Auditing services	132,000	156,000
Other services	0	0
	132,000	156,000

16. REMUNERATION OF DIRECTORS

Amounts received, or due and receivable, by Directors	194,573	239,047

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

$0 – $9,999	1	1
$10,000– $19,999	1	–
$20,000– $29,999	2	7
$30,000– $39,999	1	1
$40,000– $49,999	2	1

17. REMUNERATION OF EXECUTIVES

Amounts received, or due and receivable, by the Executives whose remuneration is $100,000 or more	1,678,519	1,986,220

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

$170,000 – $179,999	–	1
$180,000 – $189,999	–	2
$190,000 – $199,999	2	1
$200,000 – $209,999	1	2
$220,000 – $229,999	1	–
$230,000 – $239,999	2	–
$380,000 – $389,999	1	–
$390,000 – $399,999	–	1
$440,000 – $449,999	–	1

The above figures include termination payments paid to Executives during the year.

18. RELATED PARTY TRANSACTIONS

(a) The Directors of Airservices during the year were:

John P C Forsyth (Chairman)
John Faulkner
Kevin Gale
Gail Burke (appointed 1 January 1998)
William H Pollard
Norman A Correy (resigned 30 June 1998)
Graham R Maguire (resigned 30 June 1998)
David H Lowy (resigned 17 November 1997)

(b) Transactions with related parties

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

Director-related entities

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 with 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 quantified below where the transactions are considered likely to be of interest to users of these financial statements:

– Aviation and publication amendment services were provided to Flight Charter Services Pty Ltd, Performance Aerospace Pty. Ltd. and Westfield Holdings Ltd., companies of which Mr. D Lowy is a director.

– Aviation services were provided to Airwing Services Pty. Ltd., a company of which Mr J P C Forsyth is a director.

– Publication amendment services were provided to Eurocopter International Pacific Ltd, a company of which Mr J P C Forsyth is a director.

– Employer superannuation contributions were made to AvSuper, a superannuation fund, of which Mr G Maguire was appointed by the Airservices Board as a director.

19. FINANCIAL INSTRUMENTS

Financial Instruments
Airservices is exposed to financial risks arising from movements in interest rates and foreign exchange rates. Airservices uses derivative financial instruments to minimise the impact of adverse movement in rates within the framework of a comprehensive set of risk management policies approved by the Board. Financial risk is managed centrally and speculative trading is strictly prohibited.

Interest Rate Risk Exposures
The following table summarises the interest rate risk exposures of Airservices, together with effective interest rates at balance date.

			Fixed interest rate maturing in						
1998	Notes	Floating Interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total	Average interest rate	
		$'000	$'000	$'000	$'000	$'000	$'000	floating	fixed
Financial assets									
Cash and deposits		22,600	–	–	–	730	23,330	4.950%	–
Receivables	6	–	–	–	–	54,341	54,341	–	–
		22,600	–	–	–	55,071	77,671		
Financial liabilities									
Bank overdraft	9	3,192					3,192	7.950%	
Trade and other creditors	10	–	–	–	–	43,225	43,225	–	–
Promissory notes	9	64,874	–	–	–	–	64,874	5.600%	–
Bank loans – bonds	9	–	–	99,756	–	–	99,756	–	7.375%
		68,066	–	99,756	–	43,225	211,047		
Net Financial Assets		(45,466)	–	(99,756)	–	11,846	(133,376)		

Comparative information is not required in the first year the accounting standard relating to financial instruments is applied.

Off-balance Sheet Liabilities
Airservices executes novation agreements with employees who wish to salary sacrifice a motor vehicle as part of their salary package. The employee agrees to have the costs borne by Airservices as a result of the novation agreement deducted from their remuneration package. At balance date the amount outstanding under the above arrangement was $11.309m.

Reconciliation of Net Financial Assets to Net Assets

	Notes	1998 $'000
Net financial assets as above		(133,376)
Other current assets	7	11,664
Total non-current assets	7,8	657,630
Current provisions	10	(116,297)
Non-current provisions	10	(82,724)
Net assets as per balance sheet		336,897

Foreign Exchange Risk Exposure

Airservices' exposure to foreign currency exchange rate risk arises primarily from committed transactions relating to capital expenditure program undertakings up to 12 months ahead.

1998	Australian dollars $'000	United States dollars $'000	Total $'000
Financial assets			
Forward exchange contracts	298	(298)	–
	298	(298)	–

The following table summarises the Australian dollar value of forward foreign exchange contracts, translated at rates current at the reporting date.

		1998	
	Average Exchange rate 1998	Buy $'000	Sell $'000
United States dollars:			
3 months or less	0.6138	3,123	(3,421)
Total		3,123	(3,421)

Credit Risk Exposures

Credit risk represents the risk that one party to a transaction will fail to discharge an obligation and cause the other party to suffer a financial loss. Airservices enters into financial derivative contracts with counterparties with Standard & Poor's rating of at least AA– and accordingly have minimal credit risk.

Net Fair Value of Financial Assets and Liabilities

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

	1998 Carrying amount $'000	Net fair value $'000
Financial assets:		
Forward exchange contracts	298	660
Other Assets	79,551	79,551
	79,849	80,211
Financial liabilities:		
Short term debt	64,874	65,000
Long term debt	99,756	104,950
Other Liabilities	46,417	46,417
	211,047	216,367

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

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

Foreign exchange contracts
The net fair value of forward foreign exchange contracts is determined by reference to current forward rates for contracts with similar maturity.