



CORPORATE PLAN



2021-2022

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1. LETTER FROM THE CHAIRMAN



I am pleased to present the Airservices Australia 2021-22 Corporate Plan as required under section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* and section 13 of the *Air Services Act 1995*. This plan covers the period from 2021-22 to 2024-25.

The impact of the COVID-19 pandemic on the aviation industry continues to be felt across the globe, with the disruption to air travel experienced since March 2020 expected to continue throughout the duration of this plan. Domestically, while it has been pleasing to see air travel recover slowly to near pre-pandemic levels on some routes, international traffic remains a fraction of what it was before the pandemic and the trajectory to recovery is uncertain.

With frequent disruption to our operating environment as a result of COVID-19 expected to continue across the near term, we are actively monitoring and positioning Airservices to adapt and respond quickly to support our customers and partners, as they navigate unprecedented volatility.

Notwithstanding the ongoing impact of the pandemic, the aviation ecosystem continues to evolve at pace. The longer-term outlook for air traffic is positive, with traffic levels expected to increase steadily over the coming decades. Coupled with increased complexity introduced by

emerging customers such as drone operators and other unmanned aerial vehicles, this underscores the need for our continued transformation to safely manage air traffic into the future.

As such we are on a journey to transform our business through digitalisation and automation, to enhance the efficiency and flexibility of our service delivery and better support the industry we serve.

We are partnering with industry to develop a Flight Information Management System (FIMS) to safely integrate new airspace users into our skies, commissioning digital aerodrome services in Canberra and Western Sydney, exploring space-based air traffic management technologies, and upgrading our telecommunications network to ensure we have the capacity, flexibility and security to meet future network demand, particularly for OneSKY.

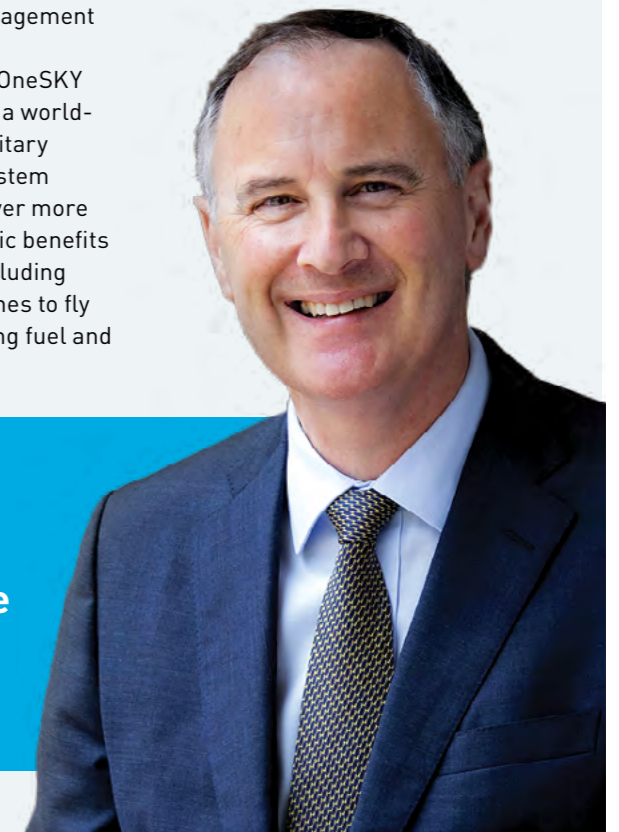
The OneSKY Program underpins our transformation journey to deliver world-class air traffic management services into the future. In partnership with Defence, OneSKY will see the introduction of a world-leading integrated Civil Military Air Traffic Management System (CMATS). OneSKY will deliver more than \$1.2 billion in economic benefits to the aviation industry, including enabling flexibility for airlines to fly more efficient routes, saving fuel and

emissions and as a result, reducing flight times and delays for the travelling public.

We have made significant progress over the past year in establishing the foundations for a thriving, purpose and values-led workplace. Over the planning period we will continue to deliver on our commitment to transform our culture and build a stronger, more inclusive and diverse organisation, equipped to meet the challenges and opportunities ahead.

To conclude, at Airservices we are committed in supporting our customers and partners as we all navigate the ongoing challenges wrought by the COVID-19 pandemic, to ensure we continue to *connect people with their world safely*, today and into the future.


John Weber
Chairman



“We are on a journey to transform our business through digitalisation and automation to better support the industry we serve.”

2. OUTLOOK

The COVID-19 pandemic continues to create unprecedented disruption in the global aviation industry.

With Australia's international borders closed indefinitely since March 2020, and domestic borders still prone to sudden closure, our industry's operating environment and path to recovery remain uncertain through the continuing pandemic.

As a result, there is ongoing and significant impact to our own financial performance. Fee-paying customer traffic was 51 per cent lower for the year when compared to FY2019 levels, resulting in revenue 60 per cent lower than pre-pandemic levels. Whilst we have received government assistance to ease funding pressures, their continued support, the delivery of cost savings, and being able to access the debt market will continue to help us manage the impacts of the pandemic.

While the last quarter of FY2021 saw a scalable increase in domestic flights and routes, and a much anticipated travel-bubble with New Zealand come to fruition, Australia's borders are projected to remain closed into the 2022 calendar year. It is still likely that FY2025 international traffic levels could be 15 to 20 per cent below previous expectations. The speed and breadth of the COVID-19 vaccine rollout and the level of sustained consumer confidence will determine the rate of recovery for the aviation industry, both domestically and internationally.

The pandemic has made everyone more aware of the vital role aviation has to play in supporting our economy and the social fabric of our communities. The commercial airline industry's return to health is at the top of the national agenda, with the Federal Government making substantial financial commitments in support of the industry, with challenging conditions to continue for the foreseeable future.

Airspace users and aerodromes across Australia are also evolving, with a range of new manned and unmanned aircraft, the planned opening of a new international airport in Western Sydney, and new runways in Melbourne and Perth, alongside Brisbane's recently commissioned parallel runway.

Meanwhile, we are expecting new customers to emerge as the new aircraft enable them to meet the demand for new services. It is essential that we adapt our service offerings to cater to these new and very different players in the aviation ecosystem in order to keep our skies continually safe for our users.

As the aviation industry works to embrace the 'new normal', we are steadfast in our commitment to ensure safety, efficiency and regularity for all those who use our skies in a volatile and uncertain operating environment.

Our purpose—**connecting people with their world safely**—is more relevant than ever, supporting the 6 key macro-trends affecting the aviation industry that we will navigate over the life of this plan.



LONG-TERM TRENDS

INTELLIGENT SYSTEMS

Intelligent systems have the potential to increase situational awareness (insights) and use these insights to deliver optimal outcomes for customers. Cloud technologies can be harnessed to bring together inputs from a range of different systems and assets, process large scale data sets and simulate millions of 'what if' scenarios. Meanwhile, the impact of digital twins is expanding beyond the optimisation of individual assets and systems to driving improvements at the organisational level. With a focus on how decisions are made, data visualisation is also critical. Organisations will need data—and the business insights it provides—to create hyper-personalised services for customers. Applications must be designed to present the right information, at the right time and to the right people.

INCREASING AIRSPACE COMPLEXITY

The COVID-19 pandemic is likely to amplify demand for the services that could be provided by autonomous vehicles, including drone deliveries and unmanned aerial taxis, as people adjust to ad hoc stay-at-home and social distancing measures. Meanwhile, while COVID-19 has accelerated the retirement of long-range passenger aircraft such as the Airbus A380, once international demand rises again more fuel-efficient aircraft, like the A350 and Boeing 787, will drive the recovery of ultra-long haul international travel. Over the next 15 to 20 years, traditional and emerging aircraft will operate alongside each other, increasing the congestion and complexity of airspace. Examples of this include the emergence of unmanned aerial vehicles (UAVs) in lower altitude airspace and new users edging into higher altitude airspace. We must work to integrate and facilitate operations in all parts of our airspace to ensure safe and efficient air traffic operations. Government, regulators, air navigation service providers and industry need to collaborate and innovate to support the recovery, maintain safety, and ensure resilience and security.

LONG-TERM GROWTH WITH SHORT-TERM VOLATILITY

While the short-term outlook is negative for commercial aviation, long-term industry growth is still expected. Demand for domestic business travel will remain low for some time, as organisations face economic constraints and more people work from home. Once international borders open, confidence and uptake of a vaccine will be a key factor for driving industry recovery. Australia has been reliant on the use of gateway airports such as Sydney and Melbourne to connect international travellers to the rest of our nation. With more 'point-to-point' travel, direct international flights into 'non-traditional' Australian gateway cities may emerge as a growth market for our customers, also further driving complexity in our airspace.

ENVIRONMENT AND COMMUNITY

Society's expectations in relation to environmental protection are evolving, with the impacts of aircraft emissions, aircraft noise and the industry's reliance on other natural resources, increasingly being called out at a global, national and community level. In response, our industry is seeking to improve its sustainability, whilst also looking to address significant disruption.

More than ever, Airservices will have an important role in minimising the impact of aviation operations on the environment and community and in demonstrating its commitment to the environment via a sustainability plan.

DEMAND FOR PERSONALISED SERVICE

In all industries, including aviation, there is a shift away from a one-size-fits-all approach. Every customer has a unique set of needs and objectives, and service providers need to adapt or risk losing relevance. COVID-19 has highlighted the need to be responsive to customer and industry requirements. This will become increasingly important as the industry evolves and new technologies and innovations challenge the status quo, including a completely new set of customers in non-traditional areas.

EVOLVING TRANSPORT ECOSYSTEM AND VALUE CHAIN

The current transport value chain has been disrupted by COVID-19. The old ecosystem, based on historically stable demand and supply profiles, no longer exists. Instead, we are grappling with a landscape where localised outbreaks can suddenly and dramatically change the profile of demand for transport services and passengers will need to become used to a fluctuating supply. More than ever, decision-making up and down the value chain will be reliant on real-time data. While incumbents are racing to provide end-to-end customer experiences through vertical integration of travel, new entrants will also face obstacles as disease transmission concerns continue to drive passenger choices.

3. OUR PURPOSE AND VALUES

Our purpose, as defined in the *Air Services Act 1995*, is to:

- Provide facilities and services for the safety, regularity and efficiency of air navigation within Australian-administered airspace. This includes providing air traffic services, aviation rescue fire fighting services, aeronautical information, radio navigation and telecommunications services.
- Promote and foster civil aviation in Australia and overseas.

We also operate in accordance with the *Air Services Act 1995*, the *Australian Airspace Policy Statement*, the *Public Governance, Performance and Accountability Act 2013* and the *Minister's Statement of Expectations*.

**In simple terms,
we exist to connect
people with their
world safely.**





4. STRATEGIC PILLARS



The current disruption to the aviation industry is without precedent. However, it is also giving us a chance to adapt and grow. As we continue to keep our skies safe, we are acting now to respond to this changing landscape and create a radically different and better business for the future.

To achieve our purpose and to secure a sustainable trajectory to FY2025 and beyond, we have the following objectives:

- adjust our services to be scalable and more closely aligned to customer requirements while maintaining safety as the first priority
- become a more inclusive and agile organisation, by building a culture of trust, care and accountability
- transition to a more flexible cost structure, with lower operating costs
- accelerate the introduction of digitised services to prepare for future operating environments and improve productivity
- transform our asset base to align capability to service demand and shift capital commitments to operating expenses.

These objectives will be achieved through a range of initiatives that are framed by our 3 strategic pillars: **Customers, People and Owner.**

CUSTOMERS

Understand our industry's needs and enhance our services to deliver a better experience with more value for those that consume our services.

By FY2025 we will have a comprehensive understanding of our industry's needs and offer valued services to both existing and new customers. This will involve challenging the assumptions behind what we offer today, digitising and upgrading our systems, automating much of our manual and routine work, introducing new offerings, and using data and relationships to continually improve the customer experience.

INITIATIVE

SERVICE PERFORMANCE OUTCOMES MATCHED TO THE NEEDS OF OUR CUSTOMERS

Develop a safe and efficient graduated service offering for each customer segment.

Deliver essential supporting infrastructure and services in support of aviation industry expansion, including the opening of a significant new international and domestic airport in Western Sydney, and new runways in Melbourne and Perth, alongside Brisbane's recently commissioned parallel runway.

ONESKY PROGRAM

Significant program to deliver a harmonised civil military air traffic management system that enables us to meet Australia's air traffic management needs into the future, maintain defence capability and meet national security imperatives.

NEW DIGITAL CAPABILITIES TO DRIVE EFFICIENCY

Accelerate digitalisation and automation of services and solutions to prepare for future operating scenarios and improve unit cost efficiency.

ENTERPRISE NETWORK MODERNISATION PROGRAM

Ensure we have the capacity, availability, flexibility and security to manage current and future telecommunication network demands. It is a key dependency for the OneSKY Program and is critical to maintain the reliability and availability of the national airways system.

PEOPLE

Create a thriving purpose and values-led organisation.

By FY2025, our organisation will be recognised as one of the leading places to work in Australia.

INITIATIVE

REALIGNED OPERATING MODEL EFFICIENCY IMPROVEMENTS

Redesign our operating model to operate as an efficient customer value chain, while driving the right behaviours and culture across the organisation.

ALIGNED STRATEGIC WORKFORCE AND TALENT

Develop a sustainable strategic workforce planning approach and framework, and identify ongoing skill and capability requirements (skills, culture and mindset).

ALIGNED VALUES, LEADERSHIP AND BEHAVIOURS

Our work towards a culture of trust, care and accountability continues to be a priority. To progress our culture, we will continue to develop leadership capability to meet our Leadership Standard, and embed our purpose and values across Airservices.

We will also improve our ways of working to ensure the value chain operating model is effective in the delivery of customer outcomes.

OWNER

Create the value that is expected of us by our owner and community.

By FY2025 we will be on our way to be a financially and environmentally sustainable organisation, and at the same time help improve the environmental and financial sustainability across the aviation ecosystem.

INITIATIVE

ENVIRONMENTAL SUSTAINABILITY

We are uniquely positioned to play a leading role to improve environmental sustainability across the aviation ecosystem. We will partner with the aviation industry to reduce aircraft emissions and noise and our own organisational commitments to preserve biodiversity, promote health, minimise pollution and reduce our total environmental footprint.

COMMUNITY ENGAGEMENT

Minimise the impact of aviation noise on communities, where practicable through improved balancing of competing flight path design constraints, the expansion of flight path monitoring data and Continuous Descent Operations benefits through OneSKY.

COST-SAVING MEASURES

Sustain and build on the savings in FY2021 by reducing demand-driven expenditure and identifying process changes to ensure that expenditure is minimised as air traffic returns.

SUPPLIER ENGAGEMENT

Work with suppliers to find appropriate solutions to harvest incremental and sustainable savings. Establish scalable and flexible cost structures to move away from static fixed cost structures.

LIQUIDITY MANAGEMENT / GEARING STRATEGY

Agree acceptable financial KPIs/ratios, focused on sustainable debt and liquidity, during the pandemic and through the recovery phase to ensure ongoing financial sustainability.

HORIZON 1

NOW: 2021-22

RESPONDING TO THE IMPACTS OF THE PANDEMIC AND BUILDING THE FOUNDATION FOR CHANGE

The operating environment remains unpredictable and will remain so throughout Horizon 1. The speed and breadth of the global COVID-19 vaccine rollout will be a major factor in determining the speed and breadth of the recovery of the aviation industry, both domestically and internationally.

We continue to embed our operating model and cost-saving strategies, with a sharpened focus on customer outcomes, strengthening our capabilities and turning our minds to digitalisation of our activities in ways we never have before.

Our investment plan continues to prioritise digital investments such as digital aerodrome services, while continuing implementation of our core investments—OneSKY and the Enterprise Network Modernisation Program.

Ongoing focus on embedding a values-led culture for our people will enable acceleration towards digitalisation, as well as a focus on workforce initiatives.

These initiatives we are implementing today, will consolidate the foundations to see us through an unpredictable operating environment as the industry returns to strength in Horizon 2.

HORIZON 2

NEXT: 2022-23

TAILORING OUR SERVICE PERFORMANCE LEVELS TO THE NEEDS OF OUR CUSTOMERS AND COMMUNITY

We will build more flexibility into our service levels and performance to match the needs of our customers as they recover.

We will partner with the aviation industry to reduce aircraft emissions and noise, as well as make our own organisational commitments to preserve biodiversity, promote health, minimise pollution and reduce our total environmental footprint by 10 per cent by 2026. To drive future performance outcomes and to meet society's expectations in relation to environmental protection, we will continue to work with our customers and the community to reduce aircraft emissions and aircraft noise, working toward our targeted zero net emissions commitment by 2050.

Our work to increase savings, boost efficiency and foster new partnerships to enhance our future digitalisation objectives will also continue. At the same time, we will look for opportunities to collaborate and partner with our neighbours in the Asia-Pacific, to build airspace management capability in the region.

HORIZON 3

LATER: 2024-25

TRANSFORMING HOW WE DELIVER OUR SERVICES THROUGH DIGITALISATION AND AUTOMATION

We will be on the cusp of a digital revolution and more routine work will begin to be automated, driving efficiencies in our work, enabling more service flexibility, and the expansion of our service delivery outside airspace management.

While this is happening, we will continue our work to build the culture, skills and capabilities in our workforce so that we deliver on our purpose in the years to come.





5. PERFORMANCE

Our 3 key strategic pillars—**Customers, People** and **Owner**—streamline our focus on delivering outcomes that ensure we continue to achieve our purpose and connect people with their world safely.

Our strategic performance measures ensure that we continue to be recognised as an industry leader and valued service provider. We are driven to succeed in areas of safety, capacity, cost efficiency, the environment and resilience. These support and inform our decision-making.

We monitor our performance against a set of key performance indicators as outlined in **Table 1**.

TABLE 1: CORPORATE PLAN KPIS

Performance outcomes continue to reflect the ongoing unpredictable operating environment caused by the COVID-19 pandemic. As we support the aviation industry through its recovery from the current disruption and beyond, we continue to see below-normal levels of demand, which still require similar levels of service to ensure business continuity and ongoing provision of safety-critical services. Planned outcomes are designed to best support industry recovery based on continued relaxation of domestic state borders, the successful rollout of COVID-19 vaccinations and opening of international borders; therefore they are subject to high levels of volatility.

	FY2022 TARGET	FY2023 TARGET	FY2024 TARGET	FY2025 TARGET
CUSTOMERS				
Significant Attributable Safety Occurrences	0	0	0	0
On-Time Performance	80%	80%	80%	80%
Customer Satisfaction Score	>71%	>72%	>73%	>75%
PEOPLE				
Total Recordable Injury Frequency Rate	<4.5	<4.0	<4.0	<3.0
Employee Engagement	>60%	>FY2022 Result	>FY2023 Result	>FY2024 Result
OWNER				
Cost per Instrument Flight Rules Flight Hour (\$/hr)	525	375	330	330
Return on Assets	(0.1%)	1.7%	1.5%	2.4%
Total Environmental Footprint	Set baseline	< 2%	< 2%	< 2%

6. FIVE YEAR FINANCIAL PLAN

DELIVERING A FINANCIALLY SUSTAINABLE FUTURE

To respond to the challenges of the current operating environment, this financial plan ensures the ongoing funding of our critical and essential services during the recovery period, while we continue to transform our business to match demand as the aviation industry returns to health.

Whilst the domestic and global response to COVID-19 has helped improve operating conditions over the past 12 months, there is still considerable uncertainty over the timing and pace of the industry's economic path to recovery—particularly across international aviation sectors. This plan is predicated on the assumption that domestic traffic will return to normal levels during FY2023, whilst restrictions on international travel ease and begin to grow from the end of FY2022.

Whilst we have received government assistance to ease funding pressures, their continued support, the delivery of cost savings, and being able to access the debt market will continue to help us manage the funding impacts of the pandemic. We will continue to work with the Government and keep transforming our business to ensure we continue to support recovery and future growth of aviation traffic in Australia.

This plan prioritises our investment in key strategic programs and will fund \$1.2 billion in capital expenditure. The five-year operating projections and performance measures are shown in **Table 2** (page 20).

PRICING

We set our prices in consultation with our customers for core airways services under Long Term Pricing Agreements. Under the provisions of the *Competition and Consumer Act 2010* any increase in prices must be communicated to the Australian Competition and Consumer Commission for review.

Under these arrangements, we last increased our prices on 1 July 2015, which allowed us to recover all reasonably-incurred costs relating to the delivery of services (including a return on capital employed). On 1 July 2019 we passed on a price reduction of 2 per cent to customers.

Despite the significant reduction in our revenues, through a combination of government assistance, increasing debt and generating sustainable cost savings, this plan aims to maintain current charges through to FY2024. It is at this point in time, with international traffic assumed to have recovered to more normal levels of activity, that a 1 per cent weighted average price increase has been factored into planning projections.

OPERATING PERFORMANCE

Our customers are continuing to experience significant financial hardship, impacting our revenues and operating performance. Whilst some improvement in operating conditions is projected in line with the current rates of recovery for the domestic aviation market, this plan forecasts losses over the next year whilst restrictions on international travel remain. Further government financial support is likely to be required to fund the delivery of ongoing critical aviation investments and essential programs.

This plan forecasts a gradual industry recovery path over the next two years. Revenues and traffic are projected to rebalance at 90 per cent of pre-COVID levels by FY2024, preceded by periods of below-normal returns until FY2025.

This plan incorporates a number of key programs that will strengthen our financial position and sustainability over the longer term through restructuring activities to build a more flexible and efficient cost base that is better tailored to the service needs of customers. Savings will be realised as we transform the way we deliver our services, including increased automation and digitalisation.

However, in the short term our financial performance will be dependent largely on the continued easing of domestic and international travel restrictions and the rate at which the flying public is able to move closer towards freedom of movement.

The rollout of these key programs will be accelerated during industry recovery and will deliver cost savings of 15 per cent over the planning horizon to help drive financial performance, sustainability and foster industry growth.



TABLE 2: OPERATING PROJECTIONS AND PERFORMANCE MEASURES

Description	FY2021 Forecast (\$ million)	FY2022 Plan (\$ million)	FY2023 Plan (\$ million)	FY2024 Plan (\$ million)	FY2025 Plan (\$ million)
Domestic Airways Revenue*	173.3	427.4	515.8	551.6	573.1
International Airways Revenues	156.4	219.4	384.7	479.0	488.5
Airways Revenue	329.7	646.8	900.5	1,030.5	1,061.7
Government Grant	581.8	400.0	150.0	-	-
Other Revenue	20.8	21.0	21.1	21.2	21.3
Total Revenue	932.3	1,067.7	1,071.5	1,051.7	1,082.9
Staff Costs	654.6	744.2	666.7	606.0	570.2
Supplier Costs	232.6	182.5	220.3	250.4	280.8
Depreciation	133.5	141.1	146.7	161.2	174.2
Total Expenses Before Interest and Tax	1,020.7	1,067.8	1,033.8	1,017.6	1,025.2
Earnings Before Interest & Tax (EBIT)	(88.0)	(0.0)	37.7	34.1	57.7
Net Profit After Tax	(75.0)	(18.5)	7.3	4.4	20.1

Performance	FY2021 Forecast	FY2022 Plan	FY2023 Plan	FY2024 Plan	FY2025 Plan
EBIT/Revenue	-9.4%	-0.3%	3.5%	3.2%	5.3%
Return on Assets	-4.7%	-0.1%	1.7%	1.5%	2.4%
Return on Equity after Tax	-16.3%	-4.5%	1.3%	0.6%	2.8%
Gearing	42.1%	72.6%	59.9%	61.8%	61.4%
Returns					
Dividends	-	-	-	-	#

* Domestic Airways Revenue includes additional Government funding resulting from the Government's decision to waive 50% of Airservices charges for selected domestic operations.

Dividends to resume depending on industry recovery

CAPITAL EXPENDITURE

This plan invests \$1.2 billion in capital expenditure over the next 5 years. Our previous investment plan has been reprioritised to allow for the continued delivery of key strategic and enabling programs while pausing some activities, which are being reactivated as demand returns.

TABLE 3: CAPITAL INVESTMENT PROJECTIONS

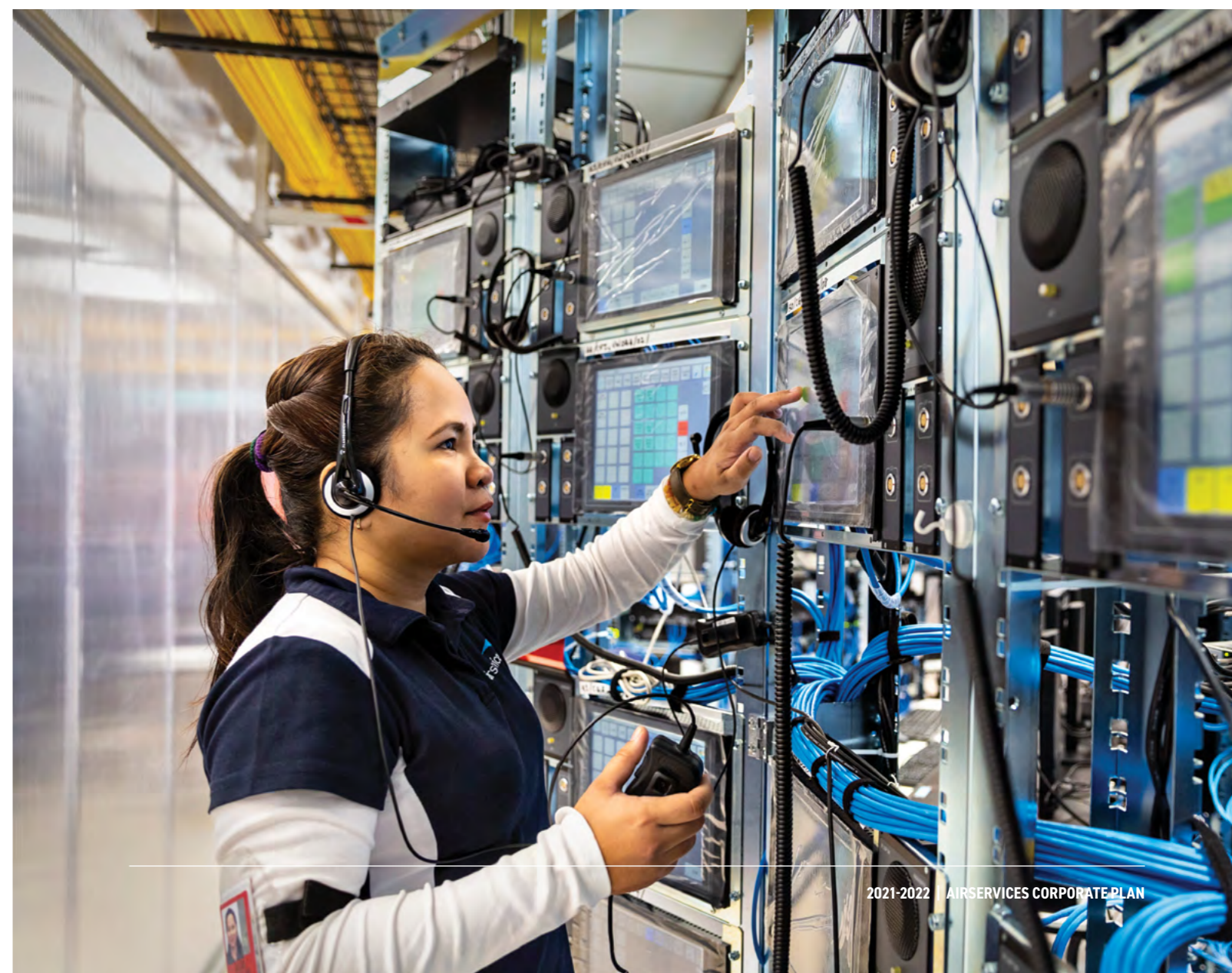
Program	FY2021 Forecast (\$ million)	FY2022 Plan (\$ million)	FY2023 Plan (\$ million)	FY2024 Plan (\$ million)	FY2025 Plan (\$ million)	Total 5 Year (\$ million)
Strategic	150.5	180.1	159.8	121.6	62.6	674.6
Sustainment	19.8	56.0	79.6	111.8	153.9	421.1
New and Enhanced Services	4.2	20.6	8.8	23.1	22.9	79.6
Total Program	174.5	256.7	248.2	256.6	239.4	1,175.4

The OneSKY Program, which will replace our current air traffic management system and modernise our air traffic services centres, is still central to this plan and is our key investment priority. It accounts for 61 per cent of the total 5 year spend. This plan also funds work required to modernise our data and communications network infrastructure and continues to support our customers through investment in modern technologies such as digital aerodromes, space-based capabilities to deliver safer and enhanced services, reduce significant future capital expenditure, and deliver productivity benefits.

RETURNS, DIVIDENDS AND GEARING

The five-year returns, dividends and gearing projections have been heavily impacted by the COVID-19 industry downturn and are forecast below-normal target levels (Table 2). Losses are forecast for the next year, with profitability forecast to return in FY2023 in line with improved levels of revenue and delivery of our savings plan.

Throughout the pandemic, operating cashflows have been supported by government funding assistance. Gearing is planned to remain within acceptable levels over the planning period based on ongoing government support in the future. Dividend payments have been reduced while profits remain low and will continue to be reviewed in light of any changes in operating conditions.



7. RISK OVERSIGHT AND MANAGEMENT

OUR POSITIVE RISK CULTURE

We are committed to developing and promoting a culture of proactive risk management, supported by robust and transparent governance and oversight. Our Risk Appetite Statement supports effective risk management and decision-making processes through clear articulation of the level of risk that we are willing to accept as an organisation. This supports our commitment to better practice risk management, in alignment with s.16 of the *Public Governance, Performance and Accountability Act 2013* and the *Commonwealth Risk Management Policy*.

OUR APPROACH TO RISK

We take a continuous improvement approach towards risk management that aligns with best practice principles, consistent with the International Standard ISO 31000:2018 Risk Management— Guidelines.

Through the implementation of our Risk Management Standard, as a part of the Governance, Risk and Compliance Framework, we embed risk management practices into our organisational frameworks to identify and treat risks to within acceptable levels. Our day-to-day operational risks are managed in accordance with the risk management processes that are embedded into our organisational frameworks. These clearly articulate the accountability, responsibility and delegation for managing risks within each risk domain.

We have also established appropriate and effective mechanisms to communicate, escalate and report risk information for management attention and decision-making. Our risk management approach comprises three layers of risk management activity as illustrated below.



OUR RISK ENVIRONMENT

We perform an integral role in the Australian aviation industry and operate in an inherently volatile, uncertain and complex environment, as evidenced by impacts of the COVID-19 pandemic. While exposure to risk is a key part of our operations, effective risk management contributes to enhanced risk-based decision-making. Our external risk considerations include our regulators, emerging technology trends, changes to the domestic and international economic environment, and our role in the broader commercial aviation industry. On a daily basis, we proactively manage a wide range of risks associated with our operational activities.

Responding to these diverse risks requires us to ensure the integrity of our safety and environment management systems and service delivery to maintain long-term sustainability. We continuously improve our operating systems, embrace innovation to unlock economic growth, and invest in new services, infrastructure and technologies to support the recovery of the domestic and international aviation industry.

The key risks and how they will be managed in the Enterprise Risk Profile include:

- Strategic risks including responding to the changing geopolitical, global and domestic economic environments, aligning our services to industry needs whilst balancing community and owner expectations and developing internal capabilities required to execute of our strategy.
- Business risks such as the delivery of safe, efficient and environmentally responsible air traffic management and aviation rescue fire fighting services, as well as the provision of supporting functions that enable service delivery.
- Transitional risks such as the delivery of our OneSKY Program, ongoing management of per- and poly-fluoroalkyl substances (PFAS) contamination, management of aviation noise, and implementation of a modernised telecommunications environment.

These risks will be managed through the delivery of the Corporate Plan.

RISK OVERSIGHT AND ASSURANCE

The Enterprise Governance, Risk and Compliance Report is presented to the Executive Committee each quarter. The report draws together the pillars of good governance, risk intelligence, and compliance management from our operational and functional risks, supported by a range of assurance activities, internal insights and external trends. In addition, deep dives into enterprise risks are also presented monthly, driving risk transparency, constructive challenging and a positive risk culture from the top.

A quarterly report is presented to the Board Audit and Risk Committee for review and oversight. Effective reporting and oversight helps our leaders make strategic decisions to address major threats and to seize opportunities in a timely manner.

In addition, we apply the 3 lines assurance model to provide comfort that our key controls are effective in managing risk. Assurance activities are layered across the 3 lines and embedded within our organisational frameworks. These assurance activities provide confidence to the leadership team, the Board Audit and Risk Committee and our stakeholders that risks are being managed, control deficiencies are being addressed, compliance obligations are being met and corporate objectives are being achieved.

APPENDIX A:

MINISTERIAL EXPECTATIONS

The portfolio Minister regularly issues a Statement of Expectations (SOE) as a notice of strategic direction to the Airservices Australia Board according to s.17 of the *Air Services Act 1995*. This—together with the Board's Statement of Intent—is provided within this section.

STATEMENT OF EXPECTATIONS

Overview

This instrument is the *Statement of Expectations for Airservices Australia for the period 1 July 2021 to 30 June 2023*.

This Statement of Expectations (SOE) applies in respect of the period commencing 1 July 2021 and ending 30 June 2023, and replaces the previous SOE issued on 4 July 2019.

This SOE serves as a notice to Airservices Australia (Airservices) under section 17 of the *Air Services Act 1995* (the Act) and formalises my expectations concerning the operations and performance of Airservices.

Airservices should perform its functions in accordance with the Act, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), as well as other relevant legislation.

I reiterate the Government's expectations that Airservices' resources be used in an efficient, effective, economical and ethical way, following best practice principles and guidelines.

STATEMENT OF INTENT

The Airservices Board's Statement of Intent responds to each element of the Statement of Expectations and states Airservices commitment to meeting the Minister's expectations.

Airservices **connects people with their world safely** by providing safe, secure, efficient and environmentally responsible services that are valued by the aviation industry and community on behalf of our owner, the Australian Government.

When performing our functions, we adhere to all relevant legislation including the *Air Services Act 1995* and the PGPA Act.

The Board and the Chief Executive Officer make decisions consistent with their legislated responsibilities and the responsibilities resulting from our industry funding arrangements, relating to the objectives, strategies and policies to be followed by Airservices to ensure that we perform our functions in a proper, efficient and effective manner. In accordance with the Act, the safety of air navigation is Airservices most important consideration.

STATEMENT OF EXPECTATIONS

Governance

I expect that the Board and the Chief Executive Officer (CEO) will continue to work to enable Airservices to operate as a world-best-practice Air Traffic Control (ATC) and Aviation Rescue and Fire Fighting Service (ARFFS) provider.

I expect the Board to ensure Airservices has the necessary resources and capabilities in place to effectively manage Airservices' strategic direction, risks and corporate planning in accordance with section 21 of the Act.

I expect the CEO to be responsible for managing the operations of Airservices, its organisational capacity and the exercise of its functions in accordance with section 35 of the Act.

I expect the Board to keep the Secretary of the Department of Infrastructure, Transport, Regional Development and Communications (Department) and myself fully informed of Airservices' actions in relation to the requirements stated in this SOE, and promptly advise of any events or issues that may materially impact on the operations of Airservices, including through quarterly progress reports from the Board against the Corporate Plan and this SOE.

I expect Airservices to perform its functions consistent with Australia's international obligations where appropriate, including the requirements of the International Civil Aviation Organization (ICAO).

STATEMENT OF INTENT

Airservices will continue to implement its transformation agenda to ensure we deliver world-best-practice Air Traffic Management (ATM) and Aviation Rescue and Fire Fighting (ARFF) services.

Airservices will ensure that its annual Corporate Plan positions the organisation to continue to provide safe, secure, efficient and environmentally responsible services that are valued by the aviation industry and community. Airservices will monitor, focus and report on the effective delivery of Corporate Plan initiatives to ensure that we deliver the benefits to our customers.

The Board and the Chief Executive Officer will ensure the Department and Minister are fully informed of all actions relating to these expectations through regular reporting including quarterly progress reports and annual reporting.

Airservices will ensure that we provide a service that meets our customers' needs and is consistent with Australia's international obligations. We actively participate in international forums including ICAO and work closely with the Department and Civil Aviation Authority (CASA) to ensure that Australia continues to influence the future of aviation in line with government policies.

STATEMENT OF EXPECTATIONS

STATEMENT OF INTENT

Key Initiatives

I expect Airservices, in conducting its responsibilities as the air navigation and aviation rescue and fire fighting services provider, will focus on the following key initiatives:

(a) progress the timely, on-budget and effective implementation of the OneSKY Australia Program and the Civil Military Air Traffic Management System (CMATS), and advise me on the progress of the project, including early identification of risks to delivery, and achievement of program milestones.

(b) work closely with the Department and the Civil Aviation Safety Authority (CASA) to ensure the integration of Remotely Piloted Aircraft Systems (RPAS) into Australian airspace. This includes supporting the development and progression of initiatives outlined in the National Emerging Aviation Technologies (NEAT) Policy Statement, including supporting trials that further the Government's policy objectives.

(c) develop and implement a flight information management system (FIMS) consistent with the Government's policy objectives, Government decisions on Unmanned Aircraft System Traffic Management (UTM) architecture and the approach outlined in the NEAT Policy Statement.

The OneSKY Program remains the cornerstone of our commitment to deliver world-class air traffic management services into the future. Airservices will continue to work closely with the Department of Defence (Defence) to deliver a harmonised civil military air traffic management system for Australia. Airservices, in consultation with the Department and Defence, will provide comprehensive reporting on the progress of OneSKY to the Aviation Policy Group, quarterly reports to the Minister and other government reporting processes which will include early identification of risks to delivery and achievement of program milestones.

Airservices will continue to work with the Department and CASA to ensure the safe integration of RPAS into Australian airspace.

We will continue to support the development and progression of initiatives outlined in the NEAT Policy Statement, including supporting trials that further the Government's policy objectives.

Airservices will continue the development and implementation of a FIMS to ensure the safe integration of RPAS in Australian airspace. The ongoing engagement with government agencies and key stakeholders through existing forums will ensure the FIMS will deliver a capability for Australia that is consistent with the Government's policy objectives and decisions on UTM architecture and the approach outlined in the NEAT Policy Statement.

STATEMENT OF EXPECTATIONS

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(d) work with the Department and CASA on modernising airspace management, consistent with the Australian Airspace Policy Statement, including:

- shaping Australia's future airspace protection policy and regulatory framework;
- regularly reviewing instrument flight procedures to ensure they are current, and reflect changing aircraft navigational capabilities;
- enhancing the safety and efficiency of Australian controlled airspace including at major regional airports; and
- continuing to apply adequate resources to manage airspace planning and design for Western Sydney Airport.

We will work cooperatively with the Department and CASA and provide timely information to assist with the shaping of Australia's airspace protection policy and regulatory framework.

We will regularly review our instrument flight procedures and continue the transition to Performance Based Navigation (PBN) as the primary means of navigation in line with the global aviation industry and in consultation with government agencies, the community and other stakeholders

The objective of our Airspace Modernisation Program is to enhance the safety and efficiency of Australian airspace, including at major regional airports and to increase access to airspace for the aviation industry, through national standardisation and leveraging increased surveillance to enhance service provision.

Airservices Aerodrome Program will deliver essential infrastructure and services to support aviation industry expansion, including airspace planning and design at Western Sydney Airport.

(e) assist in implementing the Government's environmental initiatives including:

- minimising the impact of aircraft operations on communities where practicable;
- supporting the ongoing role of the independent Aircraft Noise Ombudsman (ANO) and implementation of agreed recommendations made by the ANO;
- appropriate resourcing of the Airservices Noise Complaints and Information Service to continue to improve the flow and quality of information to noise affected communities;
- ongoing commitment to the Sydney Airport Long Term Operating Plan as required by the Ministerial direction dated 30 July 1997 (F2009B00158);
- providing and reporting against an annual environment work program which outlines Airservices ongoing and new initiatives in managing, monitoring and alleviating, where safe and practicable, environmental effects of aircraft operations; and
- working with the Department and industry on issues related to environmental contamination, including taking action on per- and poly-fluoroalkyl substances (PFAS) in line with Government expectations on this issue.

In designing airspace and flight paths, Airservices seeks to minimise the impact of aircraft noise on communities as far as practicable. We engage with communities when we make changes that will impact them. Airservices will continue to support the role of the Aircraft Noise Ombudsman(ANO) and implement all agreed recommendations. Airservices Noise Complaints and Information Service will continue to be resourced to provide quality information and manage noise complaints to a high standard. The 1997 Ministerial Direction relating to the Sydney Long Term Operating Plan will continue to guide the operation of Sydney Airport. Airservices initiatives to manage and monitor the environmental effects of aircraft operations are outlined in an annual environmental work plan, with quarterly progress reports provided to the Minister.

Airservices will continue to implement a risk-based national PFAS management program, including site investigations, containment and monitoring as appropriate. Airservices will work closely with government agencies and industry on issues related to PFAS in line with Government expectations, including participating in the Commonwealth inter-departmental committee.

STATEMENT OF EXPECTATIONS

(f) continue to work with the Department and CASA on implementing the Government's approach to ARFFS.

STATEMENT OF INTENT

Airservices will continue to work with the Department and CASA to implement the Government's ARFFS policy. We support the planned shift from the current prescriptive regulatory framework to a more outcomes based approach. Airservices ARFF Service Needs Alignment Program will ensure ARFFS are 'fit for the future' and positioned to leverage new technology to enhance service delivery, with a program of work focused around our people, facilities, vehicles, equipment and training.

(g) commence an independent review of Airservices' implementation and governance relating to the recommendations of the Broderick Review, by June 2022.

Airservices will commence an independent review by June 2022.

(h) ensure that necessary steps are taken in minimising the financial impacts of COVID-19 in accordance with the 'One Airservices' Business Plan.

'One Airservices' Plan initiatives have been incorporated into the Corporate Plan. Airservices will continue to manage its costs and reposition itself to minimise the financial impacts of COVID-19 while ensuring we are ready to support the aviation industry's ongoing recovery.

STATEMENT OF EXPECTATIONS

Stakeholder Engagement

I expect Airservices will continue to:

- (a)** undertake effective and productive engagement with the community and industry based on mutual understanding and respect.
- (b)** communicate clearly and regularly with the Department and CASA, industry and the community on the development and implementation of significant changes to air navigation and ARFFS.
- (c)** proactively provide information, assistance and advice to Government agencies for policy formulation, implementation activities and regulation purposes.
- (d)** contribute in the coordinated approach to airport planning including appropriate participation in planning coordination forums, community aviation consultation groups and the National Airports Safeguarding Advisory Group.
- (e)** work closely with the Department and other Government agencies, including the Australian Transport Safety Bureau, CASA and the Department of Defence to deliver integrated and comprehensive advice to the Government, the aviation industry and the community.

STATEMENT OF INTENT

Airservices engages with industry on its service delivery, strategic planning, pricing and other key initiatives via direct engagement with customers and key industry bodies. We continue to engage with other key industry stakeholders through participation in established industry forums.

Airservices recognise that aviation operations, and updates or changes to these operations, can impact communities in various ways. With that in mind, our aim is to design any changes to minimise these impacts. Where the community will be impacted we will engage with the community and respond to their concerns appropriately.

Airservices has established mechanisms to regularly share information with CASA in relation to the performance of its regulatory function and key government priorities, including Australia's UTM ecosystem.

Airservices will proactively keep the Department and Minister informed through regular meetings and ongoing reporting including quarterly progress reports and annual reporting. We will ensure timely assistance and advice is provided to requests made by government agencies.

Airservices is committed to ongoing participation in the National Aviation Safeguarding Advisory Group and engaging via airport-led planning coordination and consultation forums and technical noise working groups.

We will work closely with the Department and other agencies to deliver integrated and comprehensive advice to the Government and other stakeholders on emerging issues affecting aviation regulation and policy, including airspace management and protection, airport planning, UAS and UTM and ARFF.

MINISTERIAL DIRECTIONS

The Minister has also issued the following Ministerial Directions:

YEAR	DATE	SUBJECT
1996	29 May	Handling of aircraft noise complaints at Sydney and other federal airports
1997	30 July	Progressive implementation of Sydney Long Term Operating Plan
1999	3 May	Responsibilities in relation to the environmental effects of aircraft
2004	31 August	Provision of approach radar services at specific airports



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