airservices

25 Constitution Ave
Canberra ACT 2600
www.airservicesaustralia.com

ABN 59 698 720 886

Mr David Salisbury
A/General Manager
Transport and General Prices Oversight Branch
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Salisbury, David.

Draft Notification of price changes for Airservices' Enroute, Terminal Navigation and Aviation Rescue & Fire Fighting Services: effective 1 July 2012

I am writing to notify the Australian Competition and Consumer Commission (ACCC), in accordance with Part VIIA of the Competition and Consumer Act, 2010 of price changes for Airservices Enroute, Terminal Navigation and Aviation Rescue & Fire Fighting (ARFF) services effective 1 July 2012.

The draft locality notice for these services is set out in Attachment 1.

The price changes are consistent with those annual price changes considered by the ACCC in the September 2011 locality notice under the 2011 - 2016 long term pricing agreement.

A full schedule of prices supporting this notification for Enroute, Terminal Navigation and ARFF services from 1 July 2012 is contained in Attachment 1. A copy of the September 2011 locality notice is contained at Attachment 2.

Supporting this notification I also wish to provide an update on our progress against the commitments made in relation to internal drivers of efficiency and prudency in capital expenditure. The ACCC noted in its September 2011 decision that the extent to which Airservices' implements improvements in these areas will be relevant to whether the short form process will be appropriate for the assessment of its annual locality notices.

We think that the review of efficiency and investment issues has been constructive and, as a result, we have been able to formalise some of the arrangements we had been exploring over the last 18 months. Our sense is that this has led to an improved level of engagement with the industry and the process is now starting to mature.

I have detailed our progress against the various commitments we have made in Attachment 3. In Attachments 4 and 5, I have included examples of some of the information that is now being provided to our Pricing Consultative Committee (PCC) and in some cases more widely to industry.

The PCC comprises customers, industry associations and key stakeholders from across the industry. This broad reference group provides the basis for robust debate on Airservices performance and the prudency of its capital spending.

In these forums we are able to exchange commercially sensitive information and in the meetings we have held since August last year we have continued to improve the quality of information being provided. I have separately provided the ACCC with examples of the confidential reporting and discussions held at those forums.

A listing of the organisations represented at the PCC is at Attachment 6.

No	Attachments
3	Information on Airservices progress against LTPA commitments
4	2011-12 Service Charter
5	Quarterly report to Industry (December 2011)
6	Pricing Consultative Committee Industry Representatives

Yours sincerely,

Andrew Clark
Chief Financial Officer
2 May 2012

ATTACHMENT 1

Notification and Details of Prices Proposed by Airservices Australia for Enroute, Terminal Navigation and Aviation Rescue & Fire Fighting Services

Notification of prices pursuant to section 95Z of the Competition and Consumer Act, 2010

Name of the Declared Person: Airservices Australia
25 Constitution Avenue
CANBERRA ACT, 2600

Hereby gives notice that it proposes to supply the goods or services below at the prices detailed, effective from 1 July 2012.

The services, which are the subject of this notification, provide for enroute air navigation services in Australia's flight information region, terminal navigation services at 30 Australian airports and rescue and fire fighting services at 21 Australian airports.

Airservices Australia considers that the proposed price changes do not result in revenues in excess of revenues based on efficient costs and a reasonable rate of return and are consistent with the requirements of section 95G(7) of the Competition and Consumer Act, 2010.

New Prices for Services: 1 July 2012

Enroute

Current	Service Price (inc GST)	1 Jul 2012
$4.10	20 tonnes or more	$4.07
$0.92	Up to 20 tonnes	$0.91

Terminal Navigation

Current	Service Price (inc GST)	1 Jul 2012
$11.66	Adelaide	$11.72
$6.09	Brisbane	$6.15
$11.44	Cairns	$11.84
$12.28	Canberra	$12.03
$10.28	Gold Coast	$9.77
$5.29	Melbourne	$5.47
$8.20	Perth	$8.03
$5.58	Sydney	$5.59
$13.26	Albury	$13.73
$13.26	Alice springs	$13.73
$4.70	Avalon	$4.86
$13.26	Broome	$13.73
$13.26	Coffs Harbour	$13.73
$9.61	Hamilton Island	$9.95
$9.64	Hobart	$9.68
$13.26	Karratha	$13.73
$12.77	Launceston	$13.22
$12.44	Mackay	$12.31
$12.94	Rockhampton	$13.20
$13.26	Sunshine Coast	$13.73
$13.26	Tamworth	$13.73
$13.26	Archerfield	$13.73
$13.26	Bankstown	$13.73
$13.26	Camden	$13.73
$13.26	Essendon	$13.73
$13.26	Jandakot	$13.73
$13.26	Moorabbin	$13.73
$13.26	Parafield	$13.73
$2.15	Darwin	$2.04
$2.79	Townsville	$2.65

Aviation Rescue & Fire Fighting

Category 6 Aircraft & below

Current	Service Price (inc GST)	1 Jul 2012
$1.99	Brisbane	$2.14
$1.99	Melbourne	$2.14
$1.99	Sydney	$2.14
$1.99	Perth	$2.14
$1.99	Adelaide	$2.14
$1.99	Cairns	$2.14
$1.99	Darwin	$2.14
$1.99	Gold Coast	$2.14
$1.99	Canberra	$2.14
$1.99	Hobart	$2.14
$1.99	Karratha	$2.14
$1.99	Townsville	$2.14
$1.99	Alice Springs	$2.14
$1.99	Avalon	$2.14
$1.99	Ayers Rock	$2.14
$1.99	Broome	$2.14
$1.99	Hamilton Island	$2.14
$1.99	Launceston	$2.14
$1.99	Mackay	$2.14
$1.99	Rockhampton	$2.14
$1.99	Sunshine Coast	$2.14

Category 7 Aircraft

Current	Service Price (inc GST)	1 Jul 2012
$2.12	Brisbane	$2.34
$2.08	Melbourne	$2.29
$2.05	Sydney	$2.25
$2.21	Perth	$2.43
$2.56	Adelaide	$2.82
$2.52	Cairns	$2.77
$3.73	Darwin	$4.10
$3.97	Gold Coast	$3.93
$8.31	Canberra	$8.51
$7.40	Hobart	$8.14
$7.77	Karratha	$7.96
$9.32	Townsville	$10.25

New Prices for Services: 1 July 2012 (continued)

Aviation Rescue & Fire Fighting

Category 8 Aircraft

Current	Service Price (inc GST)	1 Jul 2012
$2.88	Brisbane	$3.17
$2.52	Melbourne	$2.77
$2.29	Sydney	$2.52
$3.31	Perth	$3.64
$8.12	Adelaide	$7.22
$5.24	Cairns	$5.76
$17.67	Darwin	$19.43
$4.41	Gold Coast	$4.85

Category 9 & 10 Aircraft

Current	Service Price (inc GST)	1 Jul 2012
$4.16	Brisbane	$4.58
$3.41	Melbourne	$3.75
$2.76	Sydney	$3.03
$5.72	Perth	$6.29

Notification and Details of Prices Proposed by Airservices Australia for Enroute, Terminal Navigation and Aviation Rescue & Fire Fighting Services

Notification of prices pursuant to section 95Z of the Competition and Consumer Act, 2010

Name of the Declared Person: Airservices Australia
25 Constitution Avenue
CANBERRA ACT, 2600

Hereby gives notice that it proposes to supply the goods or services below at the prices detailed, effective from 1 October 2011.

The services, which are the subject of this notification, provide for enroute air navigation services in Australia's flight information region, terminal navigation services at 30 Australian airports and rescue and fire fighting services at 21 Australian airports.

Airservices Australia considers that the proposed price changes do not result in excess revenues based on efficient costs and a reasonable rate of return and are consistent with the requirements of section 95G(7) of the Competition and Consumer Act, 2010.

New Prices for Services: 1 Oct 2011 to 30 Jun 2016

Current	Service Price (inc GST)	1 Oct 2011	1 Jul 2012	1 Jul 2013	1 Jul 2014	1 Jul 2015
Enroute						
$4.18	20 tonnes or more	$4.10	$4.07	$4.04	$4.03	$4.03
$0.93	Up to 20 tonnes	$0.92	$0.91	$0.90	$0.90	$0.90

Current	Service Price (inc GST)	1 Oct 2011	1 Jul 2012	1 Jul 2013	1 Jul 2014	1 Jul 2015
Terminal Navigation						
$11.43	Adelaide	$11.66	$11.72	$11.78	$11.83	$11.89
$5.83	Brisbane	$6.09	$6.15	$6.18	$6.18	$6.18
$10.95	Cairns	$11.44	$11.84	$12.20	$12.20	$12.20
$12.66	Canberra	$12.28	$12.03	$11.91	$11.80	$11.68
$10.82	Gold Coast	$10.28	$9.77	$9.28	$8.81	$8.50
$5.06	Melbourne	$5.29	$5.47	$5.49	$5.50	$5.52
$8.63	Perth	$8.20	$8.03	$7.87	$7.72	$7.56
$5.57	Sydney	$5.58	$5.59	$5.60	$5.61	$5.62
$12.69	Albury	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Alice springs	$13.26	$13.73	$14.21	$14.70	$15.22
$4.70	Avalon	$4.70	$4.86	$5.03	$5.21	$5.39
$5.06	Broome	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Coffs Harbour	$13.26	$13.73	$14.21	$14.70	$15.22
$9.20	Hamilton Island	$9.61	$9.95	$10.30	$10.66	$11.03
$9.54	Hobart	$9.64	$9.68	$9.68	$9.68	$9.68
$5.06	Karratha	$13.26	$13.73	$14.21	$14.56	$14.71
$12.22	Launceston	$12.77	$13.22	$13.68	$14.16	$14.65
$12.69	Mackay	$12.44	$12.31	$12.19	$12.07	$11.95
$12.69	Rockhampton	$12.94	$13.20	$13.33	$13.47	$13.47
$12.69	Sunshine Coast	$13.26	$13.73	$14.07	$14.21	$14.21
$12.69	Tamworth	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Archerfield	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Bankstown	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Camden	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Essendon	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Jandakot	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Moorabbin	$13.26	$13.73	$14.21	$14.70	$15.22
$12.69	Parafield	$13.26	$13.73	$14.21	$14.70	$15.22
$2.26	Darwin	$2.15	$2.04	$1.94	$1.84	$1.75
$2.94	Townsville	$2.79	$2.65	$2.52	$2.39	$2.27

Aviation Rescue & Fire Fighting

Category 6 Aircraft & below

Current	Service Price (inc GST)	2011-12	2012-13	2013-14	2014-15	2015-16
$1.81	Brisbane	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Melbourne	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Sydney	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Perth	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Adelaide	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Cairns	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Darwin	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Gold Coast	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Canberra	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Hobart	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Karratha	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Townsville	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Alice Springs	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Avalon	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Ayers Rock	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Broome	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Hamilton Island	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Launceston	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Mackay	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Rockhampton	$1.99	$2.14	$2.25	$2.29	$2.32
$1.81	Sunshine Coast	$1.99	$2.14	$2.25	$2.29	$2.32

Category 7 Aircraft

Current	Service Price (inc GST)	2012	2013	2014	2015	2016
$1.93	Brisbane	$2.12	$2.34	$2.45	$2.57	$2.57
$1.89	Melbourne	$2.08	$2.29	$2.40	$2.52	$2.52
$1.86	Sydney	$2.05	$2.25	$2.36	$2.48	$2.48
$2.01	Perth	$2.21	$2.43	$2.61	$2.75	$2.81
$2.33	Adelaide	$2.56	$2.82	$2.96	$3.11	$3.26
$2.29	Cairns	$2.52	$2.77	$3.05	$3.35	$3.69
$3.39	Darwin	$3.73	$4.10	$4.51	$4.96	$5.46
$4.01	Gold Coast	$3.97	$3.93	$3.89	$3.85	$3.79
$7.91	Canberra	$8.31	$8.51	$8.73	$8.94	$9.08
$6.73	Hobart	$7.40	$8.14	$8.96	$9.85	$10.00
$7.40	Karratha	$7.77	$7.96	$8.16	$8.37	$8.37
$8.47	Townsville	$9.32	$10.25	$11.27	$12.40	$13.64

Category 8 Aircraft

Current	Service Price (inc GST)	2012	2013	2014	2015	2016
$2.62	Brisbane	$2.88	$3.17	$3.33	$3.41	$3.41
$2.29	Melbourne	$2.52	$2.77	$2.91	$2.98	$3.01
$2.08	Sydney	$2.29	$2.52	$2.64	$2.64	$2.64
$3.01	Perth	$3.31	$3.64	$4.01	$4.41	$4.85
$9.12	Adelaide	$8.12	$7.22	$6.50	$5.85	$5.27
$4.76	Cairns	$5.24	$5.76	$6.34	$6.97	$7.67
$16.06	Darwin	$17.67	$19.43	$20.40	$21.42	$21.75
$4.01	Gold Coast	$4.41	$4.85	$5.34	$5.87	$6.46

Category 9 & 10 Aircraft

Current	Service Price (inc GST)	2012	2013	2014	2015	2016
$3.70	Brisbane	$4.16	$4.58	$5.04	$5.54	$6.09
$3.03	Melbourne	$3.41	$3.75	$4.12	$4.54	$4.99
$2.45	Sydney	$2.76	$3.03	$3.34	$3.67	$3.67
$5.06	Perth	$5.72	$6.29	$6.92	$7.61	$8.37

INFORMATION ON AIRSERVICES PROGRESS AGAINST LTPA COMMITMENTS TO INDUSTRY

Internal drivers of efficiency

In its preliminary view, the ACCC considered that there was scope for Airservices to improve its drivers of efficiency through internal benchmarking and setting of explicit efficiency targets. In its final decision, the ACCC detailed the specific commitments and deadlines that Airservices needs to address on these matters. These are outlined below:

Internal drivers of efficiency	Commitment by Airservices	Deadline
a) Development of efficiency measures	Airservices proposed to develop, in consultation with the Pricing Consultative Committee (PCC), a set of measures of unit cost efficiency. Airservices provided a set of proposed indicators for measurement of past movements in cost efficiency, and for ongoing performance reporting. This had been circulated to the PCC for feedback. Airservices committed to including these in the Service Charter, which was being reviewed by industry.	Airservices committed to commence reporting in the current financial year (2011-12).
b) Longer term performance incentives	Airservices stated its intention to explore with industry the possibilities for a more sophisticated form of cost benchmarking in the longer term, including how specific financial rewards and penalties for performance against a suite of KPIs might be implemented. Airservices further stated its intention to refine efficiency targets based on analysis of the historical trends, forecast outcomes and international benchmarking over the course of the next 12 months.	The ACCC considers it reasonable to expect that Airservices will have developed and implemented efficiency targets and corresponding responses ***within three years*** from the commencement of the LTPA.

a) Development of efficiency measures

In consultation with the Pricing Consultative Committee Airservices formulated efficiency measures for Air Traffic Management and ARFF services. These measures have now been incorporated in Airservices 2011-12 Services Charter. A copy of the Services Charter is shown at Attachment 2 and can also be found on Airservices website at:

http://www.airservicesaustralia.com/wp-content/uploads/11-114BKT_Services_Charter-WEB.pdf

To promote discussion on cost efficiency performance, Airservices has provided the PCC with information on projected performance results for the 2011-12 financial year. This projection will be updated and reported to the PCC each quarter, with the final result published publicly in the Services Charter Progress Report to Industry in June. An extract of the report provided to the PCC in February 2012, is shown below.

ATM Performance Indicators

Key performance indicator	Methodology	Annual Forecast (as at Dec 2011)
Cost Efficiency		
Total Tower cost per movement	The total Tower costs divided by number of movements at: • General Aviation • Regional • Capital City	 $22 / movement $106 / movement $198 / movement
Total cost per IFR flight hour	The total ANSP cost per IFR flight hour	$330 / per IFR hour
IFR flight hours per ATCO in operations	The number of IFR flight hours per ATCO in operations	2,168 IFR flight hours per ATCO per annum 1.3 IFR flight hours per ATCO-hour on duty
Employment cost of ATCO's in operations as a percent of total costs	Employment cost of ATCO's in operations as a percent of total ANSP costs	30.6%

ARFF Performance Indicators

Key performance indicator	Methodology	Annual Forecast (as at Dec 2011)
Cost Efficiency		
ARFF cost per operational station hour	ARFF costs by category divided by all station's hours of coverage: • Category 9/10 • Category 8 • Category 7 • Category 6	 $1,522 / hour $839 / hour $913 / hour $854 / hour
ARFF cost per movement	ARFF costs divided by number of movements at ARFF locations	$76 / mvt

b) Longer term performance incentives

For the current financial year Airservices will publish information on actual performance. Based on the results for 2011-12 and comparative assessments against historic ANSP's trends, Airservices intends to formulate a target which can be used to monitor and drive business efficiency programs into the future.

Alongside this work, Airservices has begun work on how it might implement an incentive framework. Examples from other industries that have been examined have highlighted the fact that the indicators and targets must be carefully chosen to ensure the appropriate behaviours are encouraged. It is clear that Airservices needs to ensure that it does not create a framework that might in any way provide incentives that run contrary to its primary statutory duty of safety.

Additionally, it is recognised that it is unlikely that any single or even a small number of cost efficiency measures will be capable of perfectly measuring the overall efficiency with which Airservices provides its services.

This means that in Airservices complex operating environment, there will be risks associated with placing too much emphasis on Airservices improving a small number of cost efficiency measures at the potential cost of reducing other cost and quality performance outcomes that are not adequately measured.

To this end, the framework may need to take into consideration other efficiency measures beyond cost to include other dimensions of performance such as capacity, or environmental efficiency.

Consultation with users to ensure prudency in capital expenditure

In its preliminary view, the ACCC considered there was scope for Airservices to improve its consultation processes on capital expenditure to allow stakeholders to provide more informed input on the benefits and costs of specific projects. In its final decision the ACCC detailed the specific commitments and deadlines that Airservices needs to address on these matters. These are outlined below:

Internal drivers of efficiency	Commitment by Airservices	Deadline
a) Program Baseline	A more detailed program baseline will be provided to establish major delivery milestones to enable improved program performance monitoring. The baseline will detail planned project benefits, project costs and project milestones as they were incorporated into the Draft Price Notification. It will be the original record against which delivery will be measured and risk sharing triggers monitored.	
b) Major Project Business Case Options	Project business case information will be presented to the PCC for all projects greater than $10m. This information will be provided prior to Airservices Board endorsement to improve transparency over, and industry input to, the determination of a preferred option. At this time, the business case information will be more mature, with refined information on project objectives, scope, benefits, costs and schedules. The final format of this business case information was agreed at the PCC meeting on 16 August 2011.	Formal reporting will commence from the PCC meeting on 16 November 2011.
c) Projects Baseline	Following the approval of the preferred option, a final project baseline will be provided to the PCC. This baseline will include a final scope, cost/benefit analysis and schedule that will form the basis against which project delivery performance will be measured.	Formal reporting will commence from the PCC meeting on 16 November 2011.
d) Quarterly Reporting	As part of the quarterly service charter performance reports to the broader industry, high level capital program performance will continue to be reported. These reports will provide indicators on program health against annual targets. More detailed information will be provided to the PCC including a financial analysis and delivery schedule management, as well as information on deviations from the LTPA program baseline. This reporting commenced at the PCC meeting on 27 May 2011.	Enhanced reporting scheduled to commence from the PCC meeting on 16 November 2011.

Internal drivers of efficiency	Commitment by Airservices	Deadline
e) Benefits Realisation	Airservices will report on the benefits realised from capital works projects. The benefits identified will be reported annually and measured against original project baseline benefits realisation plans. Measurement of the benefits will be monitored on an ongoing basis to provide a cumulative picture of the benefits yielded.	Annual reporting of benefits identified.

In improving its engagement with industry on capital expenditure Airservices has had to manage discussions around commercially sensitive information. To do this Airservices has worked closely with the Pricing Consultative Committee on the understanding that commercially sensitive information is not shared to the wider public.

Accordingly, Airservices is able to provide sensitive information to the ACCC on a confidential basis to demonstrate some of the work it is doing. However, where information is deemed commercially sensitive it has been removed from this public notification.

a) Program Baseline

The investment program, as incorporated in the pricing building blocks for the LTPA, was based on a five year capital program developed for 2011-12 to 2015-16. Its size and composition was refined and shaped with the help of feedback received from Industry.

To monitor Airservices investment performance against the commitments incorporated in the pricing agreement, this five year program is to be used as the benchmark against which performance is measured and risk sharing thresholds are monitored. Depending on the maturity of the project, information on project objectives and milestones were provided to the PCC in March 2011 for all major projects across the program.

Each year Airservices updates its rolling five year capital program to reflect the progress of projects across the year and the impact of the changing operating environment on the investment priorities. From this review, a revised annual plan is developed to establish the resourcing and funding requirements for that year.

Following discussions and reporting at recent PCC meetings, it was agreed that annual program updates will be provided at the beginning of each year. This update will compare the program for that year with the baseline established for that year in the original LTPA. Major variations to original assumptions will be provided and analysed.

The final layer of baseline reporting is on an individual project level. As detailed project plans are developed as a project rolls through the different phases of its life-cycle (initiation, planning, execution, closure and benefits realisation) its status will be compared against the baseline. This information will be disclosed in final business case information presented to the Pricing Consultative Committee.

b) Major Project Business Case Options

As agreed by the PCC in May 2011, to improve consultation on capital expenditure Airservices agreed to provide business case information to industry for projects exceeding $10 million in value, showing information on benefits, costs and timing.

This process will align with Airservices project governance processes where investment proposals and business cases are developed and approved in the initiating and planning phases of the project.

As part of Airservices processes for initiation of major projects, Investment Proposals are developed. The purpose of the Investment Proposal is to develop the project concept by exploring alternate service solutions, stakeholder implications and benefits, indicative project scheduling, delivery milestones and financial costs and benefits. The outcome of the Investment Proposal is to confirm the most appropriate service solution option. Accompanying this outcome the proposal also typically seeks to approve the release of “seed funding” to allocate resources to further refine detail of the project business case and to set the final project baseline.

At the PCC meeting held in November 2011 three Investment Proposals were presented to the committee. In line with the agreed reporting thresholds two of the proposals were presented due to their value exceeding $10 million (Port Hedland Fire Station and Paraburdoo Secondary Surveillance Radar). The third project (Windshear Alerting Technology) was presented due to its significance to industry.

Based on the reporting thresholds and the timing with the Christmas period, while there were no investment proposals presented in February, we are planning to present three proposals to the May PCC meeting (Navex 2B investment proposal, Paraburdoo Radar business case and ATM Future System investment update).

The content of the proposals was based on suggested business case information that was presented and discussed with the committee last year. Further feedback from the committee has been provided on the proposals presented and this is being used to improve future content. In general it was acknowledged by the committee that the level of information presented addressed their information requirements. Other comments noted by the committee included:

- Airservices has made good progress in unveiling its business processes around major investments decision making.
- This was an important process in providing industry with a voice in the project development process.
- There was value in being able to participate early in decision making before investment commitments are made.
- Discussion on regulatory driven projects, not driven by explicit customer needs, may provide less opportunity for industry to shape investment decisions, but provided transparency on the criteria and scale of the investment.
- Discussions on customer driven investments, which are strongly based on industry benefits and efficiency, have a higher significance to industry in participating in the decision making process. To this extent Airservices are also assessing and presenting projects below the $10m threshold where this occurs.

As an example of the interaction regarding these recent investment decisions, correspondence on the Paraburdoo Secondary Surveillance Radar and Windshear

Alerting Technology Investment Proposals were provided to Airservices internal Investment Committee for consideration in their decision-making processes.

Some of the issues raised have also been used to help refine and develop the final project business cases for these projects. In particular, the feedback provided on the Windshear Alerting Technology project has now set some of the foundations for ongoing discussions with Industry on the key elements to be delivered out of the project.

c) Projects Baseline

Airservices establishes a project baseline through a final Business Case. The information included in the final project business case sets the financial plan and delivery schedule milestones against which project performance is monitored.

Developed from preliminary information provided in the project investment proposal, the final business case incorporates market tested project costs and contractor delivery milestones. Detailed assessment of project costs and benefits enable the accurate quantification of the net benefits that are to be realised through delivering the project. These are reported on an annual basis as part of benefits realisation reporting.

To monitor performance against project baselines major project performance reports are provided to the PCC as part of the quarterly projects reporting pack. This report provides information on projects which have an approved business case and baseline and provides commentary on the health of the project and forecasts spend and schedule comparisons to the project budget/baseline. As new project business cases are approved baseline project budget and schedule information are added to the report.

d) Quarterly Reporting

As part of the quarterly progress reporting to Industry, Airservices is continuing to provide public information to the whole Industry on capital program and KPI performance. A copy of the quarterly progress report to industry is contained at Attachment 7.

Supplementing this Industry wide report Airservices also provides a more detailed confidential project reporting pack to the Pricing Consultative Committee. The content of the reports has been regarded well by the committee and it will continue to evolve as the reporting pack matures. Reflecting this, each report has incorporated revisions to structure and content based on feedback received from the committee on the reports presented at the August, November and February meetings.

At our most recent Pricing Consultative Committee meeting in February it was noted that the reporting is reaching a point where it is adequately addressing Industry's information needs.

The table below provides a description of the project reports that were presented to the PCC in February.

Report Description	Purpose
a) Major Projects Performance Report	This report provides information on projects which have an approved business case and baseline and provides commentary on the health of the project and forecasts spend and schedule comparisons to the project budget/baseline.
b) Major Projects Pipeline Report	This report provides planning schedule information for major projects in the concept phase (the "pipeline") and their targeted Gate 1 review date. The scheduling information is based on Airservices capital program priorities. The information provides an indication of when investment proposals are to be presented to the PCC.
c) Capital Program Annual Performance Report	This report provides information on annual program financial performance. Significant variances are reported against annual budget targets. The report also provides a picture of the total program spend.
d) Capital Program Annual Budget Reconciliation to the LTPA	Whilst longer term (5 year) program plans set overall program priorities and limits, Airservices develops annual program budgets each year to monitor program performance over the short term. As program priorities and performance change over time the composition of the annual budget often varies to the 5 year plan. So that Industry can understand these changes, each year Airservices provides the PCC with a reconciliation of the program to the baseline LTPA. This report is updated at the end of the financial year to show actual capital expenditure performance against LTPA. It will also monitor how Airservices is tracking against annual and cumulative risk sharing thresholds for capital expenditure.

e) Benefits Realisation

Airservices has developed a framework to plan, capture and monitor the benefits it is delivering to industry through capital investments and significant operational improvements. Some benefits reflect new and improved service outcomes, others result in optimising current business practices to deliver efficiencies to Airservices cost base.

Through the PCC, Airservices has agreed to provide an annual benefits realisation report to the committee at the end of each financial year. This is planned for August 2012.

ATTACHMENT 4
2011-12 SERVICES CHARTER

airservices

Services Charter
2011-12

connecting australian aviation

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

Web address of this report:
www.airservicesaustralia.com/publications/corporate-publications/services-charter/

Produced by Airservices Australia (02) 6268 4111

Contents

Services charter overview

Objective

Airservices Australia is a government-owned organisation providing safe and environmentally sound air traffic management, aviation rescue and fire fighting and related airside services to the aviation industry. These services are regulated by the Civil Aviation Safety Authority (CASA) and provided for the benefit of the aviation industry.

In determining how these services are provided, Airservices is guided by the International Civil Aviation Organization's (ICAO) key performance areas: safety, access and equity, capacity, cost-effectiveness, efficiency, environment, flexibility, global interoperability, participation, predictability and security.

Through this Services Charter, Airservices seeks to engage stakeholders in a common understanding and agreement of current and future service delivery requirements, in a way that allows its performance to be effectively measured.

This charter has been developed through consultation with key stakeholders.

Context

This Services Charter reflects Airservices ongoing commitment to strengthening its relationship with the aviation industry, demonstrated through its 2020 vision of connecting the Australian aviation industry to deliver world best industry performance.

Airservices access to information vital to measuring and improving performance across the entire industry provides a line of sight across the interconnection of aircraft, airport, air traffic management and navigation services and systems. By 2020, Airservices aims to efficiently connect the component parts of the Australian aviation industry to allow all airspace users to enjoy the benefits of safe, efficient and cost-effective passenger and freight movement.

This Services Charter builds on the initial 2010-11 implementation and has been updated to incorporate an improved understanding of the connection between performance measures and actual service quality.

Airservices has consulted with the Pricing Consultative Committee (PCC) and its stakeholders to review the appropriateness of the metrics incorporated in this charter with the aim of improving service delivery performance outcomes.

This Services Charter commences on 1 July 2011 and will continue to be reviewed on a regular basis to reflect changes in requirements, advances in technology and market impacts.

Just Culture

Airservices has an organisational commitment to a Just Culture.

A Just Culture promotes an atmosphere of trust where people are encouraged to openly and honestly report information for the benefit of the aviation industry without concern that it will be used to their detriment.

Through this Services Charter Airservices aim is to expand its commitment to engage with stakeholders. Airservices will openly and honestly report performance results to the aviation industry.

Components

This Services Charter sets out a Schedule of Services and Facilities, provides a Quality of Service Framework, establishes performance measurement metrics and identifies how Airservices will be reporting performance outcomes.

The Schedule of Services and Facilities defines the CASA regulated services and facilities plus those services customers seek for the benefit of the industry. These include tactical operational services, the maintenance of infrastructure and the delivery of new technologies.

The Quality of Services Framework defines the elements of the Schedule of Services and Facilities in terms of their importance, concentrating on safety, cost-effectiveness, capacity, environment and flight efficiency.

Airservices recognises its role in improving the performance of the aviation industry. To this end, the 2011-12 Services Charter introduces a range of industry performance outcomes as agreed through consultation with our key stakeholders.

Performance measures within the Quality of Services Framework are described in qualitative and quantitative terms to allow them to be easily extracted, interpreted, consistently applied and open to external scrutiny.

Governance and reporting

The PCC will provide the forum for developing, amending, and agreeing the Services Charter, as well as monitoring performance against the measures it has established.

Airservices will provide a quarterly report to the PCC setting out:

a. statistics on the volume of services delivered, including the number of aircraft movements and number of aviation rescue and fire fighting (ARFF) responses
b. industry performance outcomes
c. performance against key performance indicators
d. a progress report on performance against key delivery and financial milestones for major projects in the capital expenditure program and the key risks associated with these projects.

The report will be reviewed at quarterly PCC meetings. Where service performance does not meet the target specified in this charter, Airservices will provide the PCC an explanation and detail the actions being taken to return the performance to the target levels.

Schedule of services and facilities

Regulatory basis

This section sets out the air traffic management services and facilities that Airservices provide to aircraft operators.

These services and facilities are primarily based on regulatory requirements, such as the Civil Aviation Safety Regulations (CASR). The detailed operating rules, supporting facilities and hours of coverage are set out in the following documents:

- Aeronautical Information Publication (AIP Book)
- AIP Supplements (AIP Sup)
- Aeronautical Information Circulars (AICs)
- En Route Supplement Australia (ERSA)
- Departure and Approach Procedures (DAP)
- Designated Airspace Handbook (DAH).

In this Services Charter, the services and facilities will be categorised as set out in Table 1 with the relevant regulatory reference.

TABLE 1: Regulatory reference for services and facilities

Services and facilities	ICAO ANNEX	CASR 171	CASR 172	CASR 139H
Flight information services – traffic information	11	✓	✓	
Flight information services – alerting service	11	✓	✓	
Air traffic control services – approach	11	✓	✓	
Air traffic control services – aerodrome	11	✓	✓	
Air traffic control services – en route	11	✓	✓	
Aeronautical information services	15			
Air traffic flow management services	11			
Aeronautical radio navigation services	10	✓		
Aeronautical telecommunication services	10	✓		
Aviation rescue and fire fighting	14			✓

A description of each of these services is included in Appendix 1: Services and facilities descriptions.

Quality of service framework

Performance-based air traffic management

Stemming from the Global Air Traffic Management (ATM) Operational Concept, ICAO's Manual on Global Performance of the Air Navigation System (Doc 9883) advocates global adoption of a performance-based approach (PBA) to the implementation and management of a future ATM system. This is consistent with the Australian ATM Strategic Plan and is based on the following principles:

- strong focus on desired/required results by adoption of performance objectives and targets
- informed decision making, driven by the desired/required results
- reliance on facts and data for decision making.

The objective of the PBA is to develop a more efficient ATM system by identifying cost savings to industry, reduce unnecessary resources and provide more efficient services.

Complementing this approach, Airservices has committed to the introduction of quality of service principles and recognises the need to integrate service quality into core operations and deliver higher levels of customer satisfaction to the industry and travelling public.

Initially these measures and targets will be used for ongoing performance monitoring, and as a means for determining and negotiating appropriate capabilities to match evolving demand and capacity requirements. It is intended that they will be 'order of magnitude' targets and measures, allowing focused strategic planning.

To reduce complexity, Airservices will concentrate on five key performance areas. In qualitative terms, the top level strategic performance objectives will be:

1. **Safety:** Safety is the organisation's highest priority, the organisation is required to comply with regulations and assure that operational safety risks are controlled to a level which is as low as reasonably practicable. This approach assures that the risk of ATS attributed air accident is minimised. Safety performance is measured through two metric sets those relating to the rate of ATS attributed breakdown of separations and runway incursions.
2. **Cost-effectiveness:** to reduce the cost of ATS induced delay.
3. **Capacity:** to provide sufficient capacity to accommodate user demand in a cost-effective and efficient manner at all times and enabling airports to make the best use of their potential capacity within political, environmental and existing infrastructure constraints. This includes the availability of critical components of the ATM services and systems and the response time to restore these from an outage.
4. **Environment:** to meet or exceed current and future legislated environmental regulations relating to noise and emissions, and contribute positively to the national greenhouse gas emissions reduction program, while recognising the interdependency between noise and flight efficiency. In addressing these environmental demands, Airservices aims to minimise the impact of aircraft operations on the environment.
5. **Flight efficiency:** to enable all airspace users to operate as efficiently as possible while accommodating both civil and military operations.

Initially, flight efficiency and environment will be integrated as fuel burn is recognised as a major contributor to greenhouse gas emissions.

Performance-based aviation rescue and fire fighting

ARFF performance is characterised by having the appropriate resources available for response (as defined by the airport category) and the response time to actual incidents.

ARFF service protection is required for the duration of air transport operations, including delayed flights, for all commercial passenger flights regardless of aircraft size.

Where coverage is for less than 24 hours, ARFF must be fully operational for a minimum of 15 minutes before the first scheduled aircraft movement for the day, and 15 minutes following the last aircraft movement, whether they are arrivals or departures.

ARFF must be able to respond to an incident at either end of the runway, or any part of the movement area, in no more than three minutes from the initial call and be able to apply 50 per cent of the maximum discharge for that category. The remaining capacity (i.e. vehicle/s) must arrive within one minute of the first vehicle. This has obvious impacts on vehicle type, size and performance.

ARFF vehicles must comply with appropriate standards and be able to:

- negotiate all terrain conditions
- accelerate from 0-80 kilometres per hour in 24 seconds fully loaded (30 tonnes)
- discharge the full foam/water contents within two minutes.

At aerodromes where the threshold is within 1000 metres of a body of water, a water rescue service is also provided to meet regulations. A water service requires launching facilities, boats and sufficient rescue platforms (rafts) to cater for 50 per cent of passengers on board the largest aircraft operating into that airport.

ARFF responses also cover runways, hangars, terminal areas and aircraft, physical infrastructure and passengers.

Program of capital works and initiatives

Airservices will deliver a program of capital works that is based on the principle of optimising whole of life costs. This will renew the facilities that support this Schedule of Services and building new facilities for identified safety or efficiency improvement programs, and to changes in regulatory requirements.

Through the 2011-12 Services Charter, Airservices will improve consultation with the industry through the Pricing Consultative Committee (PCC) on all business cases greater than $10 million. This will allow the industry better visibility of scope, costs and benefits of the program of capital works.

Industry performance outcomes

The 2011-12 Services Charter includes a range of industry performance outcomes as agreed though consultation with our key stakeholders.

Industry performance outcome	Methodology
Cost Effectiveness	
Taxi-times: Departures	Average of (wheels up time minus off block time) for the periods 0700LCA-1100LCA and 1700LCA-1900LCA at the following airports: ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth.
Flight times	Average of (ATA-ATD) for the periods 0700LCA-1100LCA and 1700LCA-1900LCA for the following city pairs: ▪ YSSY-YBBN city pair ▪ YBBN-YSSY city pair ▪ YSSY-YMML city pair ▪ YMML-YSSY city pair ▪ YMML-YBBN city pair ▪ YBBN-YMML city pair.
Capacity	
Schedule reporting	Provide monthly report of scheduled arrivals and departures graphed against actual acceptance rates for the periods 0700LCA-1100LCA and 1700LCA-1900LCA at the following airports: ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth
Schedule outlook	Provide monthly report of predicted scheduled arrivals and departures graphed against On-time Capacity rates for the periods 0700LCA-1100LCA and 1700LCA-1900LCA at the following airports: ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth

Industry performance outcome	Methodology
Flight efficiency / emissions	
Compliance reporting	Percentage of flights meeting traffic management initiative allocated times (CTMS/MTF).
Early non compliance	Number of flights not de-prioritised having left gate more than 5 minutes before Calculated Off Blocks Time.
ALOFT	Inclusion is dependent on ALOFT status, however reporting to focus on: ▪ Consistency – The allocation of delays ▪ Compliance – The compliance by airlines with the ALOFT ▪ Holding – The amount of holding absorbed by aircraft within 200 nautical miles.
Noise abatement	Target: > 90% Adherence to noise abatement procedures at all noise monitored aerodromes (an allowance has been made in the target against 100% compliance for uncontrolled events such as weather).

Performance measurement

ATM performance indicators

Key performance indicator	Methodology	Target Jul 11 – Jun 12
Safety		
ATS attributed en route BoS rate	Air Traffic Service attributed number of en route breakdowns of separation per 100,000 flight hours.	< 1.13
ATS attributed terminal area BoS rate	Air Traffic Service attributed number of terminal area breakdowns of separation per 100,000 movements.	< 1.10
ATS attributed tower BoS rate	Air Traffic Service attributed number of tower breakdowns of separation per 100,000 movements.	< 1.00
ATS attributable runway incursions	Number of ICAO Class A or B Airservices Air Traffic Service attributable runway incursions Target KPI for all towers Number of ICAO Class C and D Airservices Air Traffic Service attributable runway incursions per 100,000 movements.	0 < 0.4
Cost Effectiveness		
ATS attributable delays	Total number of Air Traffic Service attributable flight delay events (where delay is greater than 10 minutes, and demand is less than airport capacity) for: ▪ whole of system ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth. "ATS attributable" does not include delays incurred where airport demand exceeds airport capacity, unless ATS factors have caused additional delay.	< 7 per quarter for whole of system
Airborne delay	Total airborne delay. ▪ Sydney ▪ Melbourne ▪ Brisbane The report will indicate the change in average flight times over time and develop into a time series graph. ▪ Percentage total of airborne holding compared to ground holding at Sydney, Melbourne and Brisbane.	 < 40,000 min/month < 30,000 min/month < 30,000 min/month 40% : 60%

Key performance indicator	Methodology	Target Jul 11 – Jun 12
PRM availability	Number of instances when PRM is required but cannot be provided by ATC.	Annual trend to be reported
Flight airborne delay	Percentage of flights experiencing more than 15 minutes of airborne delay for: ▪ whole of system ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth.	 < 10% < 10% < 10% < 10% < 10%
Cost efficiency		
Total Tower cost per movement	The total Tower costs divided by number of movements at: ▪ General Aviation ▪ Regional ▪ Capital city	Annual trend to be reported
Total cost per IFR flight hour	The total ANSP cost per IFR flight hour	Annual trend to be reported
IFR flight hours per ATCO in operations	The number of IFR flight hours per ATCO in operations	Annual trend to be reported
Employment cost of ATCO's in operations as a percent of total costs	Employment cost of ATCO's in operations as a percent of total ANSP costs	Annual trend to be reported

Key performance indicator	Methodology	Target Jul 11 – Jun 12
Capacity		
Air Traffic Service availability	Hours of full air traffic service availability (normal operations, not restricted access such as non provision of notified service or a system requirement for aircraft to operate on contingency routes) as a percentage of total hours of coverage for:	
	▪ Whole of system	> 99.9%
	▪ East Coast Services	> 99.9%
	▪ Regional Services	> 99.9%
	▪ Upper Airspace Services	> 99.9%
	▪ Sydney TCU	> 99.9%
	▪ Melbourne TCU	> 99.9%
	▪ Brisbane TCU.	> 99.9%
On-time capacity achieved	Number of days actual landings/departures were less than on time capacity where demand exceeded the On-time capacity for the periods 0700LCA-1100LCA and 1700LCA-1900LCA at the following airports: ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth.	< 10%
Runway capacity improvement	Percentage increase in maximum hourly runway movement capacity through new Air Traffic Service initiatives at major aerodromes (excluding movement capped aerodromes).	≥ 3%
Runway capacity achieved	Percentage of maximum runway movement capacity delivered during peak periods.	> 95 %
Availability of services	Service availability for:	
	▪ PSR - RASPP	98%
	▪ PSR - AMSTAR	98%
	▪ Secondary Surveillance Radar (SSR) - RASPP	99.5%
	▪ Secondary Surveillance Radar (SSR) - AMSTAR	99.5%
	▪ Instrument Landing System (Cat 1)	99%
	▪ Air-ground-air VHF - Critical	99.9%
	▪ Air-ground-air VHF - Essential	99.9%
	▪ ADS-B	99.5%
	▪ ASMGCS	99.5%
	▪ WAM	99.5%

Key performance indicator	Methodology	Target Jul 11 – Jun 12
Flight efficiency / environment noise		
Noise Enquiry Unit compliance	Noise Enquiry Unit compliance to prescribed response times for complaints and enquiries.	≥ 95%
Noise complaints	Percentage reduction in the number of annual complainants per 100,000 movements.	2%
Consultation on noise issues	Number of procedural changes implemented without consultation in accordance with Airservices Communication and Consultation Protocol (excluding those implemented to address immediate safety issues).	0
APV Implementation	Number of runway ends with APV implemented.	TBC
Flight efficiency / emissions		
Flex track fuel savings	Fuel saving from provision of flex tracks.	> 135,000 kg per month
Flexible routes	Percentage of flexible routing options (flex and UPR) accessible to flights over 1200NM.	10% increase in the number of flights able to access

ARFF performance indicators

Key performance indicator	Methodology	Target Jul 10 – Jun 11
ARFF operational preparedness		
ARFF operational preparedness	Percentage of time ARFF resources were available to meet required capacity according to the regulated service category for the aerodrome.	> 99.9%
ARFF responsiveness		
ARFF responsiveness	Percentage of total responses to aircraft incidents on the aerodrome movement area within 3 minutes.	100%
Cost efficiency		
ARFF cost per operational station hour	ARFF costs by category (6,7,8,9,10) divided by all station's hours of coverage	Annual trend to be reported
ARFF cost per movement	ARFF costs divided by number of movements at ARFF locations	Annual trend to be reported

Program of capital works and initiatives milestones

Planned expenditure over next five years is approximately $961 million, involving over 70 active projects. The table below provides a summary of the 2011-12 major milestones. Scheduled milestone completion dates are presented on a financial year basis.

Project name	Description	Industry benefit	Major milestone	Scheduled milestone completion
Navigation				
Instrument Landing System phase 2 (ILS2)	This project will see the replacement of seven ILSs.	Ensuring an ongoing and reliable precision approach capability to 2025 with systems that are CAT III capable.	Sydney 34R commissioned.	Qtr 3
			Canberra 35 commissioned	Qtr 3
			Sydney 34L commissioned.	Qtr 4
NAVEX 2 NDB and VOR replacement back-up network	The stage 2 replacement of the VOR, DME and NDB for the designated “back-up” network.	Ensuring an ongoing and reliable back up network for navigation to 2025.	All 23 Navex 2A sites completed.	Qtr 4
Sydney Ground Based Augmentation System (GBAS) trial	The trial at Sydney will be used to assist with certification and approval of GBAS/GLS operations.	GBAS is a solution to overcome ILS technical and operational limitations which currently constrain flight path flexibility.	GBAS CAT-I Service commenced (CASR 171 Change).	Qtr 4
Surveillance				
Australian Mode S Terminal Area Radar (AMSTAR)	Replacement of ageing primary and secondary radars in busy terminal areas.	Delivering improved efficiency through the use of Mode S processing. This provides better tracking and improved information to controllers, supporting enhanced controller/ pilot communications.	Adelaide TAR commissioned.	Qtr 1
			Cairns TAR commissioned.	Qtr 4
			Canberra TAR commissioned.	Qtr 4

Project name	Description	Industry benefit	Major milestone	Scheduled milestone completion
Advanced Surface Movement Guidance & Control System (A-SMGCS)	Enhances surveillance on the airport surface at Sydney, Brisbane, Melbourne and Perth, including primary radar, multilateration and a system display.	To provide improved airport operations during reduced visibility to prevent runway incursions.	Brisbane A-SMGCS operational.	Qtr 4
ATM Systems & Tools				
Collaborative Decision Making	Provides the tools and capability to enhance demand and capacity management in improve airport and ATM performance.	This will optimise planning and dispatch of flights, provide predictable operations and reduced congestion, environmental benefits, including reduced noise, fuel consumption and emissions and increased airways capacity.	Phase 1 commissioned.	Qtr 2
National Towers Program - New Tower Technology	Design and implementation of a new, integrated, scalable and standardised suite of air traffic control tower technology.	This will reduce training requirements and enable standardised 'equipment' related procedures.	Broome Final Acceptance.	Qtr 4
			Rockhampton Final Acceptance	Qtr 4
Required Navigation Performance	Implementation of Terminal Area RNP – authorisation required (special) procedures	To improve aircraft access to the airport and the safety of aircraft operations, particularly in adverse weather conditions	Brisbane RNP procedures implemented	Qtr 4

Project name	Description	Industry benefit	Major milestone	Scheduled milestone completion
User Preferred Routes	Provide a capability that permits the widespread user preferred routing within the Australian administered upper airspace.	To improve the efficiency of aircraft operations in upper airspace.	Industry sign-off for Indian Ocean UPR Agreement	Qtr 2
			Phase 1 Automatic Conflict Detection Deployment	Qtr 3
			Implementation of Constraint Reduction Strategy	Qtr 4
Infrastructure				
Wire braced tower replacements ITRP	End of life replacement of all wire braced towers at 32 sites. These towers have been in service over 30 years.	Ensure ongoing operations are maintained. Due to increased Australian standards maintenance staff can no longer climb the towers.	Practical completion.	Qtr 3
Building and property				
National Towers Program – New Towers Stage 1	Renewal/relocation of ageing air traffic control tower buildings at Rockhampton, Melbourne and Adelaide airports. This includes construction of a combined air traffic control tower and fire station at Broome Airport to ensure the safe management of air traffic in and around the Broome airport.	To provide safe and efficient control tower facilities that enhance the safety of airport operations and meet future service requirements.	Broome Integrated ATC Tower & Fire Station – practical completion.	Qtr 1
			Melbourne Tower – practical completion.	Qtr 2
			Adelaide Tower Building – practical completion.	Qtr 2
			Rockhampton Tower – practical completion.	Qtr 2

Project name	Description	Industry benefit	Major milestone	Scheduled milestone completion
National Towers Program – Life Extension Upgrades	Upgrading of air traffic control towers to meet future demands for tower service provision.	To provide safe and efficient control tower facilities that enhance the safety of airport operations and meet future service requirements. These are compliance upgrades and life extensions.	Coolangatta Control Tower Complex Life Extension Upgrade – practical completion.	Qtr 2
			Tamworth Control Tower Complex Life Extension Upgrade – practical completion.	Qtr 2
			Perth Control Tower Complex Life Extension Upgrade – practical completion.	Qtr 4
			Jandakot Control Tower Complex Life Extension Upgrade – practical completion.	Qtr 4
Safety Systems				
Safety data management system upgrade	There are a number of different safety data management systems that are in use. These systems are individually designed applications built on different software with differing user interfaces and data extraction. This project will provide a single application that will integrate all current safety data management systems in use.	The integrated system will improve the effectiveness of the safety management system.	SDMS implementation.	Qtr 4

Appendix

Services and facilities descriptions

Flight information services

ICAO Annex 11 defines a flight information service as "a service provided for the purpose of giving advice and information useful for the safe and efficient conduct of flights".

This means the provision of traffic information or a safety alert to pilots-in-the-air:

- **Flight information service - traffic information:** comprise any of the following factors, as appropriate to the circumstances:
    - the identification of any conflicting aircraft
    - the aircraft type
    - route of aircraft
    - the last position report received from the aircraft
    - intentions of the pilot
    - initial departure track and intended cruising level
    - inbound track or direction, level and next estimate
    - any other data which may enhance the value of the information.
- **Flight Information Service - alerting service:** ICAO Annex 11 defines an alerting service as "a service provided to notify appropriate organisations regarding aircraft in need of search and rescue aid, and assists such organisations as required". Under this Services Charter, this means voice communication with aircraft, other air traffic control (ATC) locations and ground operators in order to provide positional, environmental and situational information as required to assist in search and rescue.

Air traffic control services

ICAO Annex 11 defines an air traffic control service as "a service provided for the purpose of preventing collisions between aircraft, and on the manoeuvring area between aircraft and obstructions; and expediting and maintaining an orderly flow of air traffic."

This definition covers ATC separation services at all locations and comprises of two sub-services that are defined as:

- **ATC surveillance separation service** – the separation service between aircraft based on defined surveillance separation standards.
- **ATC procedural separation service** – the separation service used when aircraft position information is derived from sources other than surveillance services.

These ATC services have been categorised into:

- **ATC services – approach:** for services operating in the terminal manoeuvring area.
- **ATC services – aerodrome:** for services operating at the aerodrome.
- **ATC services – en route:** for services provided outside the approach and aerodrome areas.

Aeronautical information service
The aeronautical information service is defined as the provision of aeronautical data and information necessary for the safety, regularity and efficiency of air navigation, giving effect to Australia's obligation under the Chicago Convention on International Civil Aviation. This includes the documentation set out in the AIP, AIP Sup, AICs, ERSA, DAP and DAH.

Air traffic flow management services
Air traffic flow management is a sequencing service designed to adjust the flow of traffic into particular airspace sectors, or bound for particular aerodromes, so as to ensure safe and efficient utilisation of the airspace or aerodrome.

This service includes:

- allocation of arrival runway at destination airports
- calculation and provision of an optimum scheduled time of arrival at an arrival runway or route fix, including required delay information
- balancing of demand and capacity
- initiation of traffic management programs.

Aeronautical navigation services
Aeronautical navigation services includes the provision of technologies, process and procedures, including related facilities and equipment that support the safe and efficient navigation of aircraft. This includes:

- ground based navigation aids and related procedures – Instrument Landing Systems (ILS), VHF Omni Range (VOR), Distance Measuring Equipment (DME), Non Directional Beacons (NDB)
- global navigation satellite systems – Ground Based Augmentation Systems (GBAS), Required Navigation Performance procedures (RNP).

Aeronautical telecommunication services
Aeronautical telecommunication services include the provision of voice and data communications that serve international civil aviation.
This includes:

- VHF, HF and voice ground-ground and air-ground communication that provides aircraft with all necessary information to conduct flights in safety, using both voice and data
- data links to support the aeronautical information services including the aeronautical fixed telecommunications network (AFTN) and Controller Pilot Data Link Communications (CPDLC)
- Secondary Surveillance Radar (SSR) Mode S air-ground data link.

Aviation rescue and fire fighting services

ICAO Annex 14 states that for international aerodromes "rescue and fire fighting equipment and services shall be provided at an aerodrome".

CASR139H sets the general regulatory controls, including establishment and disestablishment criteria that apply this international requirement as well as the obligations, requirements and functions for the ARFF at domestic aerodromes.

Under these regulations, the level of service is determined by the overall length and fuselage width of the largest aircraft normally using the airport as follows:

Airport category	Minimum number of vehicles required	Minimum number of staff per shift	Water carried (min. litres)
6	2	5	7,900
7	2	6	12,100
8	3	8	18,200
9	3	10	24,300
10	4	14	32,300

Based on these categories, Airservices will provide the following capacity and response ability:

Airport category	Aircraft length	Fuselage width
6	28m up to but not including 39m	5m
7	39m up to but not including 49m	5m
8	49m up to but not including 61m	7m
9	61m up to but not including 76m	7m
10	76m up to but not including 90m	8m

In accordance with CASR 139H, Airservices will apply a remission factor to these response capabilities where the number of higher category aircraft operations is below the regulated threshold.

Glossary

ADS-B	Automatic Dependent Surveillance-Broadcast
AFTN	Aeronautical Fixed Telecommunications Network
AIC	Aeronautical Information Circulars
AIP	Aeronautical Information Publication
ALOFT	ATM Long Range Optimal Flow Tool
AMSTAR	Australian Mode S Terminal Area Radar
ANSP	Air Navigation Service Provider
APV	Approach Procedures with Vertical guidance
A-SMGCS	Advanced Surface Movement Guidance and Control System
ATA	Actual Time of Arrival
ATCO	Air Traffic Controllers
ATD	Actual Time of Departure
ATM	Air Traffic Management
ATS	Air Traffic Service
CDM	Collaborative Decision-making
CPDLC	Controller Pilot Data Link Communications
CTMS	Central Traffic Management System
DAH	Designated Airspace Handbook
DAP	Departure and Approach Procedures
ERSA	En Route Supplement Australia
GLS	GNSS Landing System
GNSS	Global Navigation Satellite System
IFR	Instrument Flight Rules
ITRP	Infrastructure Tower Replacement Project
LCA	Local time
MTF	Metron Traffic Flow
NEU	Noise Enquiry Unit
NM	Nautical Miles
PBA	Performance-based approach
PRM	Precision Runway Monitor
SDMS	Safety Data Management System
SSR	Secondary Surveillance Radar
TAR	Terminal Area Radar
TCU	Terminal Control Unit
UPR	User Preferred Route
VHF	Very High Frequency
WAM	Wide Area Multilateration
YBBN	Brisbane Airport
YMML	Melbourne Airport
YSSY	Sydney Airport


airservices
www.airservicesaustralia.com

ATTACHMENT 5
QUARTERLY REPORT TO INDUSTRY (DECEMBER 2011)

airservices

Services Charter
Quarterly Progress Report
December 2011

connecting australian aviation

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

Produced by Corporate Communication, Airservices Australia (02) 6268 4111

About this report

Welcome to our second Quarterly Report for 2011-12 on progress against our Services Charter.

This report is first to benchmark our performance against our updated charter, which was developed in consultation with key stakeholders to provide a vehicle to report our performance to the aviation industry. Our performance measures are described in qualitative and quantitative measures.

Industry performance outcomes

The 2011-12 Services Charter includes a range of industry performance outcomes as agreed though consultation with our key stakeholders.

Industry performance outcome	Methodology	Q1 Actual		Q2 Actual	
Cost Effectiveness					
Taxi-times: Departures (in minutes)	Average of (wheels up time minus off block time) for the periods 0700local-1100local and 1700local-1900local at the following airports:	am#	pm#	am	pm
	▪ Sydney	11	10	10	11
	▪ Melbourne	12	9	10	7
	▪ Brisbane	4	5	7	6
	▪ Perth.	7	5	8	6
Flight times (in minutes)	Average of (ATA-ATD) for the periods 0700local-1100local and 1700local-1900local for the following city pairs:	am	pm	am	pm
	▪ YSSY-YBBN city pair	71	69	75	75
	▪ YBBN-YSSY city pair	77	77	73	75
	▪ YSSY-YMML city pair	74	72	71	70
	▪ YMML-YSSY city pair	66	63	67	65
	▪ YMML-YBBN city pair	106	108	111	114
	▪ YBBN-YMML city pair.	129	125	120	123
Capacity					
Schedule reporting	Provide monthly report of scheduled arrivals and departures graphed against actual acceptance rates for the periods 0700local-1100local and 1700local-1900local at the following airports: ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth	N/A		N/A	
Schedule outlook	Provide monthly report of predicted scheduled arrivals and departures graphed against On-time Capacity rates for the periods 0700local-1100local and 1700local-1900local at the following airports: ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth	N/A		N/A	
Flight efficiency / emissions					
Compliance reporting	Percentage of flights meeting traffic management initiative allocated times (CTMS/MTF).	61%		60%	
Early non compliance	Number of flights not de-prioritised having left gate more than 5 minutes before Calculated Off Blocks Time.	N/A		N/A	
ALOFT	Inclusion is dependent on ALOFT status, however reporting to focus on: ▪ Consistency – The allocation of delays ▪ Compliance – The compliance by airlines with the ALOFT ▪ Holding – The amount of holding absorbed by aircraft within 200 nautical miles.	N/A*		N/A*	
Noise abatement	Target: > 90% Adherence to noise abatement procedures at all noise monitored aerodromes (an allowance has been made in the target against 100% compliance for uncontrolled events such as weather).	84.17%		86.78%	

KPI was introduced in August 2011. Quarter 1 average is based on August and September 2011 only.

* ALOFT was not in operation during this period as it is not used during the NSW daylight saving period due to its impact on airline schedules.

N/A Data not currently available. KPI reporting under development

Performance measurement

Key performance indicator	Methodology	Target Jul 11 – Jun 12	Q1 Actual	Q2 Actual
Safety				
ATS attributed en route BoS rate	Air Traffic Service attributed number of en route breakdowns of separation per 100,000 flight hours.	< 1.13	0.96*	1.24*
ATS attributed terminal area BoS rate	Air Traffic Service attributed number of terminal area breakdowns of separation per 100,000 movements.	< 1.10	1.62*	1.47*
ATS attributed tower BoS rate	Air Traffic Service attributed number of tower breakdowns of separation per 100,000 movements.	< 1.00	0.54*	0.48*
ATS attributable runway incursions	Number of ICAO Class A or B Airservices Air Traffic Service attributable runway incursions	0	0	0
	Target KPI for all towers Number of ICAO Class C and D Airservices Air Traffic Service attributable runway incursions per 100,000 movements.	< 0.40	0	0.41*
Cost Effectiveness				
ATS attributable delays	Total number of Air Traffic Service attributable flight delay events (where delay is greater than 10 minutes, and demand is less than airport capacity) for: ▪ whole of system ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth. "ATS attributable" does not include delays incurred where airport demand exceeds airport capacity, unless ATS factors have caused additional delay.	< 7 per quarter for whole of system	 16[1] 12 0 0 2	 10 10 0 0 0
Airborne delay	Total airborne delay. ▪ Sydney ▪ Melbourne ▪ Brisbane The report will indicate the change in average flight times over time and develop into a time series graph.	 < 40,000 min/month < 30,000 min/month < 30,000 min/month	 33,305 32,434 29,834	 36,023 25,241 33,698
	▪ Percentage total of airborne holding compared to ground holding at Sydney, Melbourne and Brisbane.	40% : 60%	52% : 48%	46% : 54%
PRM availability	Number of instances when PRM is required but cannot be provided by ATC.	Annual trend to be reported	1	2
Flight airborne delay	Percentage of flights experiencing more than 15 minutes of airborne delay for: ▪ whole of system ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth.	 < 10% < 10% < 10% < 10% < 10%	 4.34% 2.66% 5.45% 3.97% 5.24%	 3.59% 3.22% 3.86% 5.13% 2.13%

* Financial year to date

1 Includes two delay events outside of terminal areas.

Key performance indicator	Methodology	Target Jul 11 – Jun 12	Q1 Actual	Q2 Actual
Cost efficiency				
Total tower cost per movement	The total tower costs divided by number of movements at: ▪ General Aviation ▪ Regional ▪ Capital city	Annual trend to be reported	N/A	N/A
Total cost per IFR flight hour	The total ANSP cost per IFR flight hour	Annual trend to be reported	N/A	N/A
IFR flight hours per ATCO in operations	The number of IFR flight hours per ATCO in operations	Annual trend to be reported	N/A	N/A
Employment cost of ATCOs in operations as a percent of total costs	Employment cost of ATCOs in operations as a percent of total ANSP costs	Annual trend to be reported	N/A	N/A
Capacity				
Air Traffic Service availability	Hours of full air traffic service availability (normal operations, not restricted access such as non provision of notified service or a system requirement for aircraft to operate on contingency routes) as a percentage of total hours of coverage for: ▪ Whole of system ▪ East Coast Services ▪ Regional Services ▪ Upper Airspace Services ▪ Sydney TCU ▪ Melbourne TCU ▪ Brisbane TCU.	 > 99.90% > 99.90% > 99.90% > 99.90% > 99.90% > 99.90% > 99.90%	 100% 100% 100% 100% 100% 100% 100%	 99.98% 100% 99.90% 100% 100% 100% 100%
On-time capacity achieved	Number of days actual landings/departures were less than on time capacity where demand exceeded the on-time capacity for the periods 0700local-1100local and 1700local-1900local at the following airports: ▪ Sydney ▪ Melbourne ▪ Brisbane ▪ Perth.	< 10%	N/A	N/A
Runway capacity improvement	Percentage increase in maximum hourly runway movement capacity through new Air Traffic Service initiatives at major aerodromes (excluding movement capped aerodromes).	≥ 3%	N/A	N/A
Runway capacity achieved	Percentage of maximum runway movement capacity delivered during peak periods.	> 95 %	95%	94%

N/A Data not currently available. KPI reporting under development.

Key performance indicator	Methodology	Target Jul 11 – Jun 12	Q1 Actual	Q2 Actual
Availability of services	Service avaialability for:			
	▪ PSR - RASPP	98%	99.80%	99.80%
	▪ PSR - AMSTAR	98%	98.90%	99.40%
	▪ Secondary Surveillance Radar (SSR) - RASPP	99.50%	99.90%	99.70%
	▪ Secondary Surveillance Radar (SSR) - AMSTAR	99.50%	99.90%	99.90%
	▪ Instrument Landing System (Cat 1)	99%	99.40%	99.40%
	▪ Air-ground-air VHF - Critical	99.90%	99.90%	99.90%
	▪ Air-ground-air VHF - Essential	99.90%	99.70%	99.40%
	▪ ADS-B	99.50%	99.90%	99.80%
	▪ ASMGCS	99.50%	99.90%	99.90%
	▪ WAM	99.50%	99.60%	99.60%
Flight efficiency / environment noise				
Noise Enquiry Unit compliance	Noise Enquiry Unit compliance to prescribed response times for complaints and enquiries.	≥ 95%	97.90%	97.09%
Noise complaints	Percentage reduction in the number of annual complainants per 100,000 movements.	2%	25.60%	27.02%
Consultation on noise issues	Number of procedural changes implemented without consultation in accordance with Airservices Communication and Consultation Protocol (excluding those implemented to address immediate safety issues).	0	0	0
APV Implementation	Number of runway ends with APV implemented.	TBC	38[1]	38[1]
Flight efficiency / emissions				
Flex track fuel savings	Fuel saving from provision of flex tracks.	> 135,000 kg per month	N/A[2]	129,992
Flexible routes	Percentage of flexible routing options (flex and UPR) accessible to flights over 1200NM.	10% increase in the number of flights able to access	N/A	N/A

ARFF performance indicators

Key performance indicator	Methodology	Target Jul 10 – Jun 11	Q1 Actual	Q2 Actual
ARFF operational preparedness				
ARFF operational preparedness	Percentage of time ARFF resources were available to meet required capacity according to the regulated service category for the aerodrome.	> 99.90%	99.92%	99.76%
ARFF responsiveness				
ARFF responsiveness	Percentage of total responses to aircraft incidents on the aerodrome movement area within 3 minutes.	100%	100%	100%
Cost efficiency				
ARFF cost per operational station hour	ARFF costs by category (6,7,8,9,10) divided by all station's hours of coverage	Annual trend to be reported	N/A	N/A
ARFF cost per movement	ARFF costs divided by number of movements at ARFF locations	Annual trend to be reported	N/A	N/A

1. 38 runway ends have RNP-AR prodedures prepared.

2. Data was unavailable in this reporting period but resumed for Quarter 2.

N/A Data not currently available. KPI reporting under development.

Program of capital works and initiatives milestones

Planned expenditure over next five years is approximately $961 million, involving over 70 active projects. The table below provides a summary of the 2011-12 major milestones. Scheduled milestone completion dates are presented on a financial year basis.

Project name	Description	Industry benefit	Major milestone	Scheduled milestone completion	Status
Navigation					
Instrument Landing System phase 2 (ILS2)	This project will see the replacement of seven ILSs.	Ensuring an ongoing and reliable precision approach capability to 2025 with systems that are CAT III capable.	Sydney 34R commissioned	Qtr 3	Achieved
			Canberra 35 commissioned	Qtr 3	In progress
			Sydney 34L commissioned	Qtr 4	In progress
NAVEX 2 NDB and VOR replacement back-up network	The stage 2 replacement of the VOR, DME and NDB for the designated "back-up" network.	Ensuring an ongoing and reliable back up network for navigation to 2025.	All 23 Navex 2A sites completed	Qtr 1[1] 2012/13	In progress
Sydney Ground Based Augmentation System (GBAS) trial	The trial at Sydney will be used to assist with certification and approval of GBAS/GLS operations.	GBAS is a solution to overcome ILS technical and operational limitations which currently constrain flight path flexibility.	GBAS CAT-I Service commenced (CASR 171 Change)	Qtr 1[2] 2012/13	In progress
Surveillance					
Australian Mode S Terminal Area Radar (AMSTAR)	Replacement of ageing primary and secondary radars in busy terminal areas.	Delivering improved efficiency through the use of Mode S processing. This provides better tracking and improved information to controllers, supporting enhanced controller/ pilot communications.	Adelaide TAR commissioned	Qtr 1	Achieved
			Cairns TAR commissioned	Qtr 4	In progress
			Canberra TAR commissioned	Qtr 4	In progress
Advanced Surface Movement Guidance & Control System (A-SMGCS)	Enhances surveillance on the airport surface at Sydney, Brisbane, Melbourne and Perth, including primary radar, multilateration and a system display.	To provide improved airport operations during reduced visibility to prevent runway incursions.	Brisbane A-SMGCS operational	Qtr 1[3] 2012/13	In progress

1 Was Qtr 4 2011/12. A number of sites have been identified as requiring relocation.

2 Was Qtr 4 2011/12. Additional certification work is required prior to commissioning.

3 Was Qtr 4 2011/12. The project is currently under review by the Airservices Board.

Project name	Description	Industry benefit	Major milestone	Scheduled milestone completion	Status
ATM Systems and Tools					
Collaborative Decision Making	Provides the tools and capability to enhance demand and capacity management in improve airport and ATM performance.	This will optimise planning and dispatch of flights, provide predictable operations and reduced congestion, environmental benefits, including reduced noise, fuel consumption and emissions and increased airways capacity.	Phase 1 commissioned	Qtr 3	Delayed
National Towers Program - New Tower Technology	Design and implementation of a new, integrated, scalable and standardised suite of air traffic control tower technology.	This will reduce training requirements and enable standardised 'equipment' related procedures.	Broome Final Acceptance	Qtr 1 2012/13	In progress
			Rockhampton Final Acceptance	Qtr 1 2012/13	In progress
			Adelaide Final Acceptance	Qtr 2 2012-13	In progress
			Melbourne Final Acceptance	Qtr 2 2012-13	In progress
Required Navigation Performance	Implementation of Terminal Area RNP – authorisation required (special) procedures	To improve aircraft access to the airport and the safety of aircraft operations, particularly in adverse weather conditions.	Brisbane RNP procedures implemented	Qtr 4	In progress
User Preferred Routes	Provide a capability that permits the widespread user preferred routing within the Australian administered upper airspace.	To improve the efficiency of aircraft operations in upper airspace.	Industry sign-off for Indian Ocean UPR Agreement	Qtr 2	Achieved
			Phase 1 Automatic Conflict Detection Deployment	Qtr 3	In progress
			Implementation of Constraint Reduction Strategy	Qtr 4	In progress

Project name	Description	Industry benefit	Major milestone	Scheduled milestone completion	Status
Infrastructure					
Wire braced tower replacements ITRP	End of life replacement of all wire braced towers at 32 sites. These towers have been in service over 30 years.	Ensure ongoing operations are maintained.	Practical completion	Qtr 3	In progress
Building and property					
National Towers Program – New Towers Stage 1	Renewal/relocation of ageing air traffic control tower buildings at Rockhampton, Melbourne and Adelaide airports. This includes construction of a combined air traffic control tower and fire station at Broome Airport to ensure the safe management of air traffic in and around the Broome airport.	To provide safe and efficient control tower facilities that enhance the safety of airport operations and meet future service requirements.	Broome Integrated ATC Tower & Fire Station – practical completion	Qtr 1	Achieved
			Melbourne Tower – practical completion	Qtr 1[1] 2012/13	In progress
			Adelaide Tower Building – practical completion	Qtr 2	Achieved
			Rockhampton Tower – practical completion	Qtr 2	Achieved
National Towers Program – Life Extension Upgrades	Upgrading of air traffic control towers to meet future demands for tower service provision.	To provide safe and efficient control tower facilities that enhance the safety of airport operations and meet future service requirements. These are compliance upgrades and life extensions.	Coolangatta Control Tower Complex Life Extension Upgrade – practical completion	Qtr 3	In progress
			Tamworth Control Tower Complex Life Extension Upgrade – practical completion	Qtr 2	Achieved
			Perth Control Tower Complex Life Extension Upgrade – practical completion	Qtr 1 2012/13	In progress
			Jandakot Control Tower Complex Life Extension Upgrade – practical completion	Qtr 1 2012/13	In progress

1 Was Qtr 2 2011/12. Weather delays.

Project name	Description	Industry benefit	Major milestone	Scheduled milestone completion	Status
Safety Systems					
Safety data management system upgrade	To consolidate into one a number of different safety data management systems. These systems are individually designed applications built on different software with differing user interfaces and data extraction. This project will provide a single application that will integrate all current safety data management systems in use.	The integrated system will improve the effectiveness of the safety management system and allow better analysis of data trends and a more complete understanding of our safety performance.	SDMS implementation	Qtr 1 2012/13	In progress

airservices

www.airservicesaustralia.com

FEB11-118 Corporate Communication

ATTACHMENT 6
PRICING CONSULTATIVE COMMITTEE INDUSTRY REPRESENTATIVES

Airservices holds Pricing Consultative Committee (PCC) meetings with industry stakeholders every quarter.

The industry representatives that comprise the committee membership are listed below. These include, domestic and international airlines, airline representative associations, airport representative associations, general aviation and recreational flying associations and international airline representative associations.

Australian Airports Association (AAA)
Air Canada
Air New Zealand
Aircraft Owners and Pilots Association of Australia (AOPA)
Board of Airline Representatives of Australia (BARA)
Cathay Pacific
Emirates
Etihad
International Air Transport Association (IATA)
Jetstar
Qantas
Regional Aviation Association of Australia (RAAA)
Regional Express (REX)
Royal Federation of Aero Clubs of Australia (RFACA)
Singapore Airlines
United
Virgin Australia Group of Airlines (VAA)