



# THE NEW AIRSERVICES

Delivering efficient and effective services for our customers

October 2016

# Our commitment

Our role in safely delivering air navigation and aviation rescue fire fighting services provides the backbone of the industry. However, our ability to remain relevant to our customers in the ever changing aviation sector rests on our capacity to evolve to adapt and to innovate.

As the nation's provider of essential services to the aviation industry, we have an important role to play in improving the competitiveness of Australian air transport by improving productivity for the industry.

We have to be a business capable of dealing with a dynamic environment while pursuing those standards of safety, excellence and innovation that have brought us global recognition and respect.

Our commitment is demonstrated by:

- our Air Navigation and Aviation Rescue Fire Fighting Services are back at the heart of everything we do
- our focus on the way we manage our projects and assets, ensuring we apply commercial standards to deliver a return on investment
- our increased our focus on technology, making better use of our systems to improve our performance
- our enhanced management of data and analytics to draw new insights that will help us improve the efficiency and effectiveness of air navigation operations.



“As aviation continues to change, so too do we at Airservices have to change to meet the future demands and expectations of the industry, of which we are a partner.”

- Jason Harfield, CEO



# Air Navigation Services

## WHAT WE DO



- Two major en route centres
- o Brisbane
  - o Melbourne

- Four terminal control units
- o Sydney
  - o Cairns
  - o Adelaide
  - o Perth

29 control towers  
More than 1000 technical sites

 **1000** AIR TRAFFIC CONTROLLERS

SAFELY MOVED  
140 MILLION  
PASSENGERS  
ON 4 MILLION  
MOVEMENTS



### Delivering efficiency improvements

 AIRBORNE DELAY  
REDUCTION—15  
SECONDS

 DIGITAL TOWER  
TECHNOLOGY INSTALLED  
AT GOLD COAST

TOWER LOSS OF SEPARATION  
EVENTS—20% REDUCTION



 MET-CDM—ARRIVAL RATES  
TAILORED TO CONDITIONS

 FUEL HOLDING SAVINGS  
370 000 KG BRISBANE  
310 000 KG PERTH

### Improving Australia's navigation technology

 GLOBAL NAVIGATION SATELLITE  
SYSTEM IS NOW THE PRIMARY  
NAVIGATION FOR AIRCRAFT

 100% ADS-B COVERAGE OF  
COMMERCIAL AIRCRAFT  
OPERATIONS ABOVE 29 000 FT

The aviation industry is reaping the safety and efficiency benefits of the most extensive surveillance coverage this nation has ever had.

# Aviation Rescue Fire Fighting Services

## WHAT WE DO



26 stations  
More than 100 specialist vehicles  
ICAO Category 6 to Category 10

## 2015-16 ACHIEVEMENTS

ARFFS RESPONDED TO 7000 CALLS

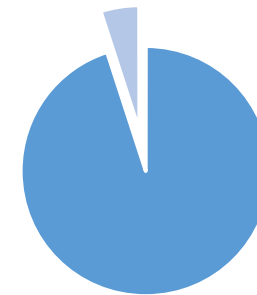
SAVING NINE LIVES

395 WERE AIRCRAFT RELATED INCIDENTS

NEW FIRE STATION AT HAMILTON ISLAND  
UPGRADES AT BRISBANE AND PERTH

### Our customers are in safe hands

OUR ARFFS IS READY AND ABLE TO RESPOND TO ANY INCIDENT WITHIN THREE MINUTES.



AS ONE OF THE LARGEST FIRE FIGHTING SERVICES IN THE WORLD, WE COVER 95 PER CENT OF THE TRAVELLING PUBLIC.

■ Covered ■ Not covered

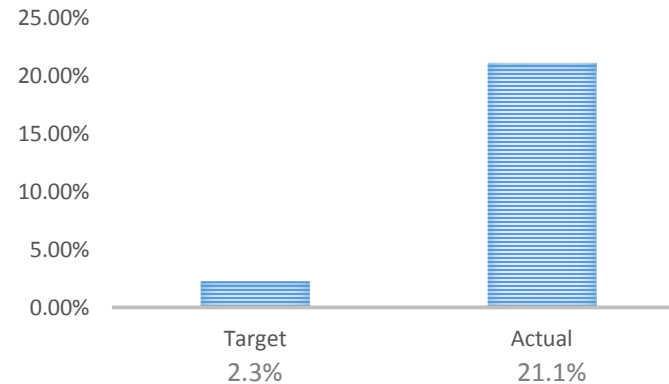
# 2015-16 annual result

↓ NET LOSS AFTER TAX  
\$127.3 MILLION

↓ TOTAL FY INCOME  
\$1.03 BILLION  
\$30 MILLION LOWER THAN  
FORECAST

↑ OVERALL EXPENSES  
\$1.21 BILLION  
INCREASED BY 17%

NEGATIVE AFTER TAX  
RETURN ON AVERAGE EQUITY



- We safely managed 4 million air traffic movements
- Absorbed the cost of new ARFFS
- Paid for restructure costs in 15/16FY to quickly return us to profit

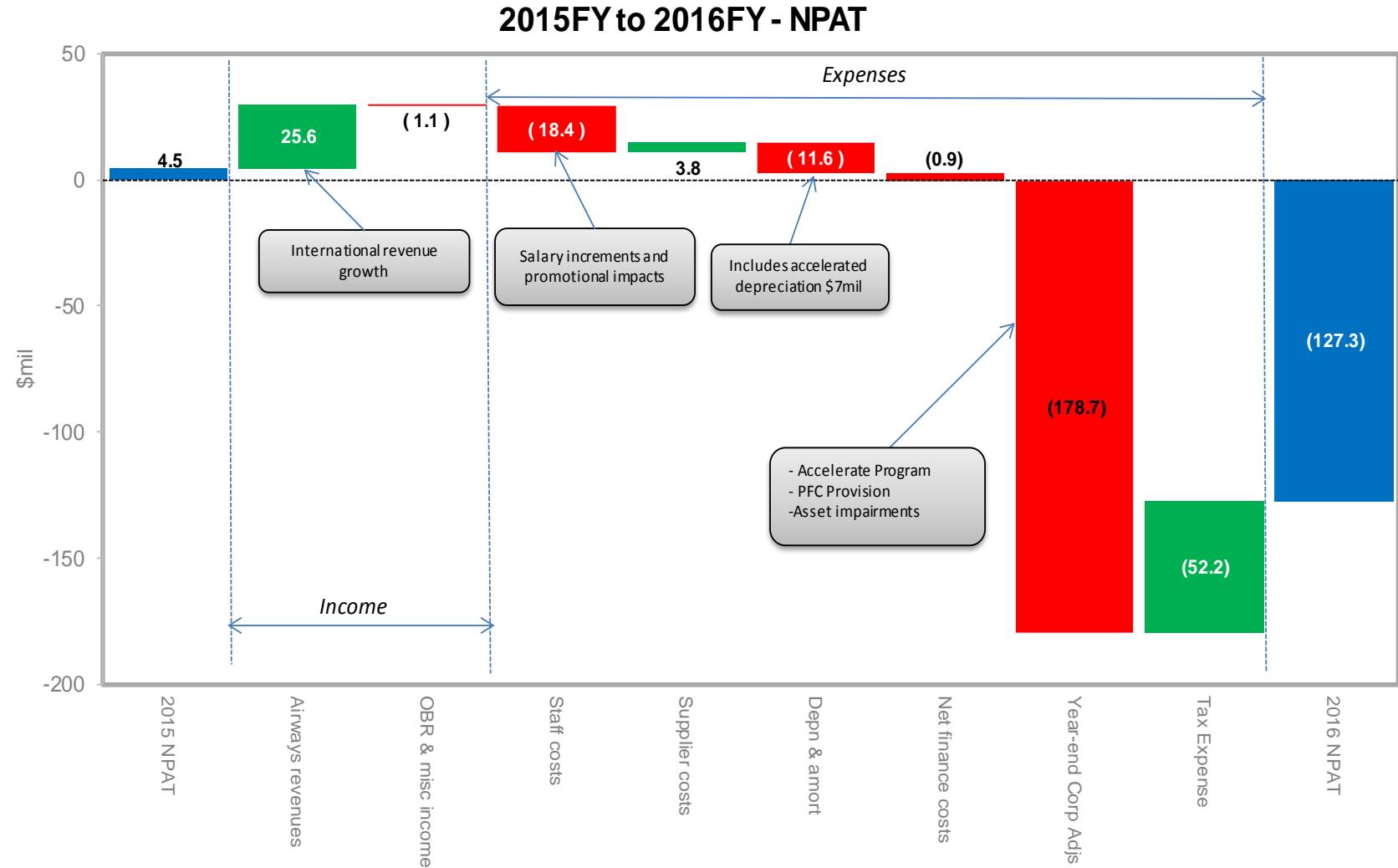
# The turning point

During the year:

- Airways revenue increased by 2.6%
- Staff costs increased in line with staff pay rises under our Enterprise Agreements
- Depreciation driven by asset replacements under our capital works program
- Our Accelerate Program, implementation costs of approximately \$126m

Our overall result for 2015-16 was a NPAT loss of \$127.3m.

This represents the turning point for Airservices to return to profitability.

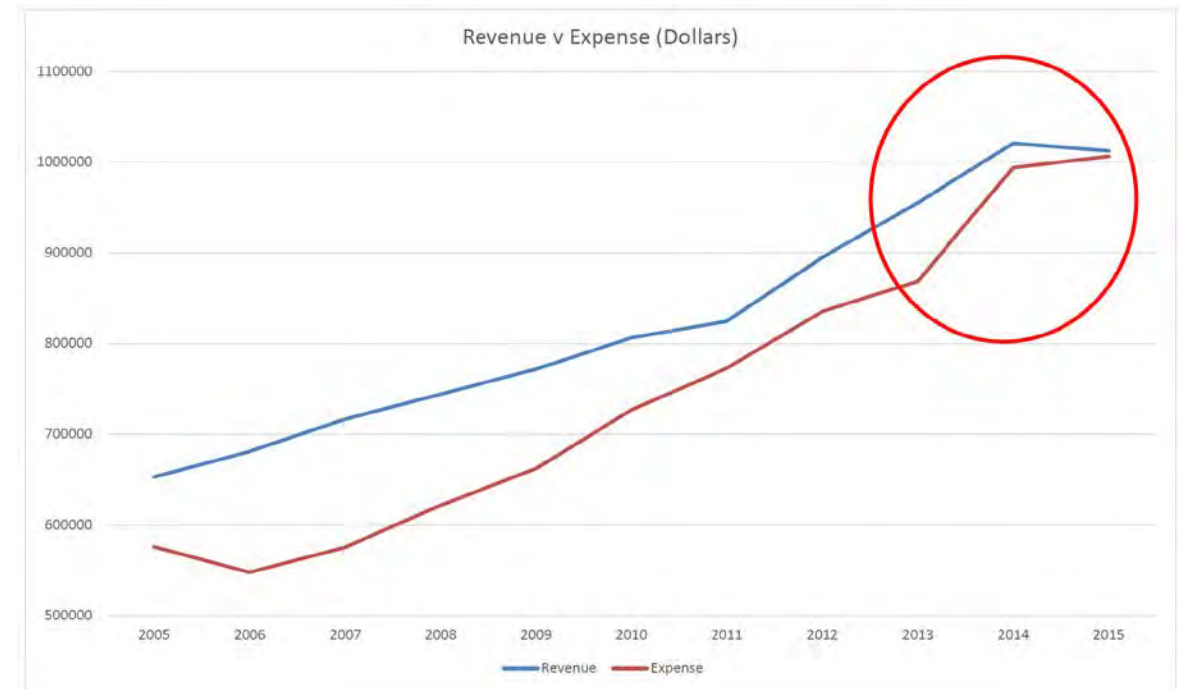


# Why we needed to change

- Contraction in air traffic over 2014–15
- Weak traffic growth in 2015–16—modest increases in some international markets, slow recovery of the domestic market
- Rapid growth in staff numbers
- Inability to appropriately adjust as the market contracted

We were not operating as efficiently as we should and, as a result, our underlying financial performance remained flat in 2015–16 with an underlying net profit after tax (NPAT) of \$1.8 million.

It was important for us, as a provider of essential services, to fundamentally restructure our cost base to minimise the cost burden on Australian aviation.



# Our Accelerate Program—shaping our future



## A NEW OPERATING MODEL

Working in a different way, with a simpler operating model based on customer needs, with less bureaucracy and more accountability.

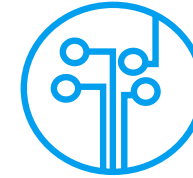
- Establish a new operating model with clear accountabilities and design future Information Management (IM) model.
- Implement new ways of working and migrate to new IM model.
- Drive continuous improvement in the business, and implement new technology and information systems to embed efficiencies.



## PROJECT AND ASSET REFOCUS

Managing our assets and projects with more discipline, ensuring we apply commercial standards to deliver a return on investment.

- Develop new asset management policies and establish an Enterprise Portfolio Management Office, and Project, Program, Portfolio processes (P3M).
- Implement new asset management policies and P3M processes across business units, commence property portfolio rationalisation.
- Support embedded asset and project management policies and processes, realising ongoing efficiencies in property portfolio.



## TECHNOLOGY REFORM

Making better use of our systems to improve our performance, and draw new insights that will help us enhance air navigation operations.

- Define priority areas for investment in technologies that enhance our service delivery, mobilise strategic partners and vendors.
- Build and deliver foundation technology capabilities, embed governance and update standard operating procedures.
- Deliver technology improvements and training for new technology throughout the business. Support enterprise data components and update partnering arrangements.



# Customers: the core of our business

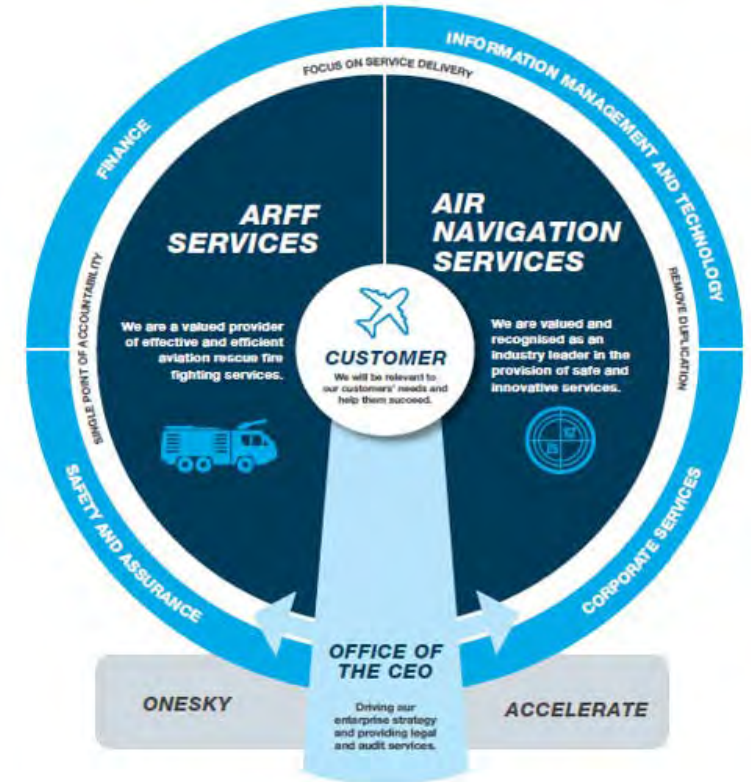
We are in the middle of the Accelerate Program, which aims to rapidly reposition the business to become a more efficient service provider that is responsive to changing customer needs.

The program focuses on three specific improvement areas across the organisation:

- Streamlining our operating model to improve focus on our key service delivery—Air Navigation Services and Aviation Rescue Fire Fighting Services
- Refocusing management of our projects and assets to ensure more cost effective and time efficient delivery
- Making better use of technology to support the needs of our customers

## WHAT WE HAVE ACHIEVED

- ✓ New operating model in place
- ✓ Reduced the number of senior management roles
- ✓ Commenced resizing of our corporate areas
- ✓ Begun investments in technology



We will continue to safely perform our critical air navigation and aviation rescue fire fighting roles and serve our customers during this internal change.

# Information-centric business

Our critical role in the aviation industry means we have access to information that could help our customers work smarter and perform better.

Through our Accelerate Program, we will make changes in several key areas to provide the capability to rapidly deliver relevant and reliable information services to our customers. Our CIO will be accountable for driving a customer-focused IM strategy that aligns with global ICAO air traffic management standards.

Our IM strategy is a long-term roadmap, but our customer-focused future begins now.

We want to be the recognised leader in air navigation services. One that delivers relevant, quality insights when our customers need them.



## IMPROVED CAPABILITY

better integrate, maintain and present information to support decision-making across the business



## GLOBAL STANDARDS

digital ATM implemented across System Wide IM (SWIM) and exchange of secure information with our partners



## RECOGNISED LEADER

effective use of our data and information assets to deliver greater value for our customers



## ENHANCED DATA ANALYTICS

draw new insights that will help us improve the efficiency and effectiveness of air navigation operations



## INTEROPERABLE SYSTEMS

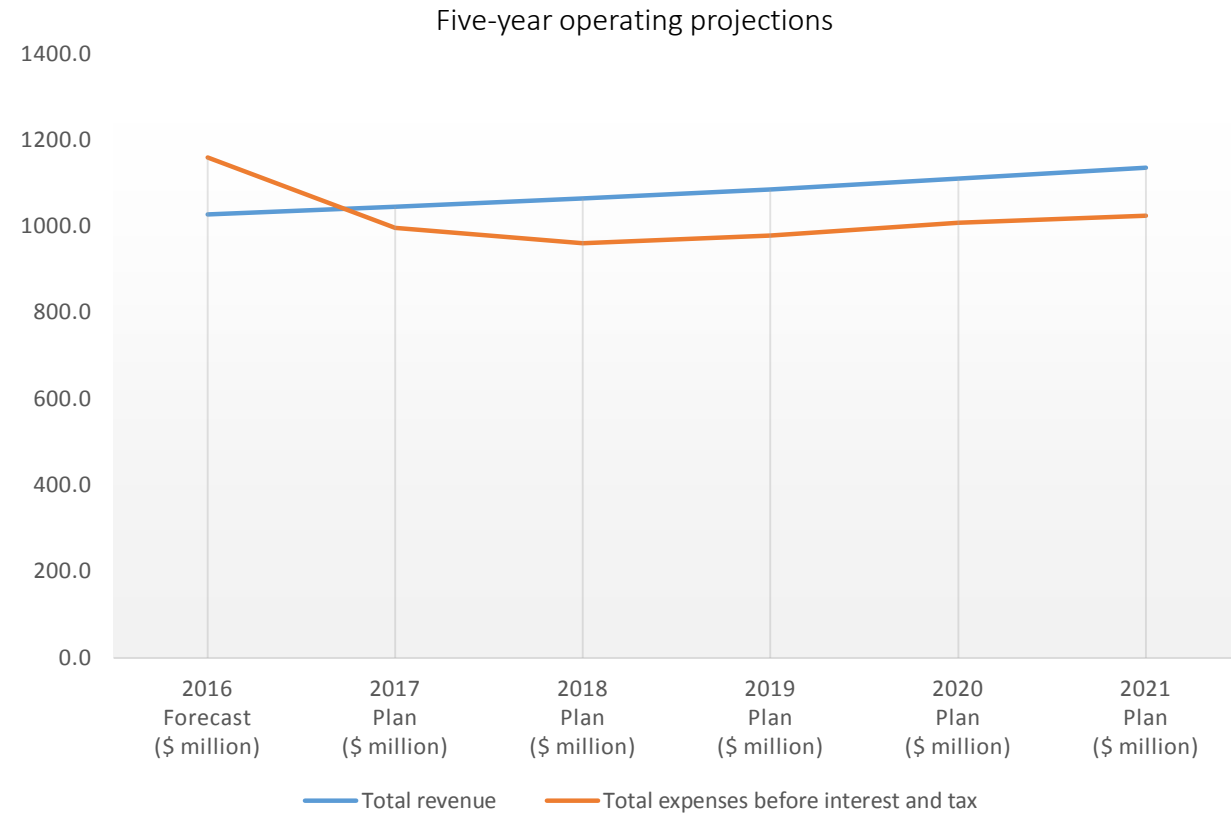
compliant with global ICAO direction to drive greater automation in whole-of-flight planning and management

# Towards a sustainable future

- The forward financial plan forecasts profits in line with target levels which will deliver an average 6% return on assets over the next five years.
- This outcome is underpinned by cost savings of approximately \$155m per annum that are to be delivered through the Accelerate program.
- No pricing increases have been forecast with revenue growth driven by the performance of the aviation market.
- Traffic is predicted to grow at approximately 2% per annum over the next five years and will be predominantly driven by international operations.
- Overall investment levels continue in line with current rates and will invest approximately \$1.1bn over the next five years. This is driven by investment across the OneSKY program which accounts for 51% of the total.

## Operating projections over the next five years:

- **10%** - Increase in Airways revenue from \$1001m to \$1105.1m
- **17%** - Reduction in staff costs from \$805.1m to \$664.8m
- **2%** - Drop in supplier costs from \$217.5m to 213.7m



Given the increase in capability and efficiency, we will be able to deliver improvements in our services and the OneSKY Program with no real increase in prices to the industry.

# Delivering industry valued initiatives

## Service delivery initiatives over 2016–17:

- promoting and supporting regulatory reform activities in the provision of air navigation and aviation rescue fire fighting services
- the Future Airspace System
- Airport Collaborative Decision-Making
- remote service delivery
- long range air traffic flow management.

## Our customer value framework



# Enhancing future services

## Future Airspace System

- Our Future Airspace System (FAS) Operating Concept is designed to modernise and improve airspace according to international guidelines.
- The FAS is expected to increase airspace capacity, reduce airborne delay, increase fuel efficiency, reduce total passenger delay, cut emissions and increase safety.

## Long range air traffic flow management

- Long range air traffic flow management (LR ATFM) capability is part of our overall CDM approach and will deliver new, more fuel efficient services to airspace users.
- LR ATFM shifts required airborne delay for long range flights from the arrival phase of flight to the en route phase, allowing less fuel to be burnt and improving the sequencing of arrival flows into our major airports.
- We have developed a concept of operations and a test platform to simulate the LR ATFM process, the next step is live operational trials.

## Airport collaborative decision making

- Airport collaborative decision making (A-CDM) is a top priority to optimise ground operations during peak periods.
- A-CDM will leverage data to create greater operational efficiency at airports during peak periods by improving the predictability of events.
- Analysis conducted by Deloitte in 2015 indicated that A-CDM would provide savings to airlines of \$76 million in reduced operating costs over a ten-year period.



# Australia's unified airspace—OneSKY



## PUTTING AIRLINES IN THE DRIVING SEAT

Greater system capacity will give controllers greater predictability, allowing more aircraft to operate safely on any given route or airspace volume, opening up previously unavailable routes.



## FINANCIAL AND ENVIRONMENTAL SAVINGS

More efficient routes will mean airlines will spend less flight time in the air, saving millions in fuel costs and significantly reducing carbon emissions.



## MORE EFFICIENT AIRPORTS

The new system will feature specialist technology to ensure optimal arrival and departure flow of traffic to maximise the use of runways.



## UNIFIED AUSTRALIAN AIRSPACE

For the first time, Airservices and Defence controllers will see the same air traffic information on one screen—making Australian airspace safer for all users.



## ENHANCED SYSTEM SECURITY

Advanced end-to-end security prevents third-parties from accessing air navigation data while it is transferred from one system or device to another.

# The new Airservices

- Recognised for our excellence and value in providing safe, secure, efficient and environmentally responsible services to the aviation industry
- Operating with our Air Navigation and Aviation Rescue Fire Fighting Services at the centre of everything we do
- Managing our projects and assets to commercial standards, delivering a return on investment
- Delivering relevant quality insights when our customers need them.

For more information about our services, visit [www.airservicesaustralia.com](http://www.airservicesaustralia.com)

“We have made a commitment to our customers—we will make the necessary changes to become a more agile and effective business, allowing us to safely deliver our services in a more efficient way at a price they are willing to pay for.”

- Jason Harfield, CEO