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Ladies and gentlemen, good morning.

When we were last together, just over a year ago, I spoke about the challenges facing Airservices.

These challenges — rising cost pressures, flattening revenues, projections of air traffic growth and the actions we were taking to refocus our operations on our customers — are not, I expect, unfamiliar to all of you.

Today I'd like to talk about another familiar topic—change— but not in the context of addressing the usual suspects of growth, congestion and cost pressures.

Instead, I'd like to speak to you about the fundamental change I believe is critical for a service provider like Airservices to be able to continue delivering value to our industry.

I'll talk about how we're transforming what we do, and how I believe that, in order to provide value to our shared customers, we have a future that is very much intertwined.

And, it's not just in the future where we're intertwined.

We are already.

Throughout the nation, right now, we occupy the same areas of land, and, we service the same customers.

Physically, both airports and the Airservices' networks and installations are vital national infrastructure.

Whether airports are promoted as major urban facilities, or local gateways or classed as regional, is irrelevant in their importance as overall national infrastructure assets.

Airport infrastructure is both vital and integral to the Australian economy and our national economic future.

Commercial freight and passenger services, local and international tourism, commuter services, charters and general aviation, and, above all, the connection aviation underpins nationally, illustrate the vital importance of our infrastructure — and our economic role.

The infrastructure we almost take for granted has come a long way in just over three generations.

The first-ever commercial, and scheduled, airline service slowly climbed into the skies on January 1, 1914, across Tampa Bay, Florida.

A flying boat took 23 minutes to travel 34 kilometres and the industry all of us here today now serve was born.

From an airport's perspective, the use of a flying boat meant all that was needed were small sheds, but no runways – a far cry from today.

From an Airservices perspective, however, none of the services we provide today were either invented or relevant.

The aircraft's pilot just looked out the window!

And had no radio for contact.

Now, billions of dollars are now spent here and around the world to service and maintain the great aviation industry.

The spending will continue and grow, the industry will continue and grow and innovative technologies will be developed and will open up new horizons and opportunities for all of us.

As the pre-eminent service provider to the Australian aviation industry, Airservices must grow in tandem with the industry, must enhance our efficiency, must deliver what our customers expect at a cost acceptable to the industry and, above all, must have safety paramount in every aspect of our operations.

And, ladies and gentlemen, that's what we're doing.

Our Vision

It may sound trite – but what is our vision?

We're the service provider established to support and underpin the safe, secure and efficient aviation industry.

We're known for our commitment to safety, which is a baseline expectation that's absolutely non-negotiable.

But I expect some people in this room would consider that, as a monopoly provider, owned by Government, we would have little incentive to strive for greater efficiencies and better deliver value.

That we might also use safety as a cover for not changing or being innovative.

Well let me assure you now that efficiently delivering value is something I consider absolutely fundamental to the success of not just Airservices, but the overall health of aviation in our nation.

We are not moribund or resistant to change, or reluctant to adopt new and more efficient ways of operating.

That's not the way, or the culture, of the organisation I lead.

Transformation

The way we've delivered value in the past has been largely based on the investments we made in infrastructure to support our service delivery.

As I've said, we like you, are an infrastructure-based business.

We invested heavily in radars, nav aids and communication facilities.

Our assets spanned the whole continent, and in some cases beyond.

And our workforce was fairly evenly split between those delivering a service – our fire fighters and air traffic controllers – and those building and maintaining that essential infrastructure base.

But, for air traffic management in particular, the game is changing.

The three pillars for delivery of air traffic services - communication, navigation and surveillance – are all now increasingly delivered from space.

That's reflective of how our industry is the only industry that's based in the sky and not on the ground.

In February this year, the requirement for all Instrument Flight Rules aircraft to be equipped with satellite-based navigation equipment became mandatory by Australian regulations.

While we're only part way through this revolutionary transition, the benefits are already beginning to flow.

Not just the obvious benefits of using modern, sophisticated technology, which has underpinned the continually improving safety record of air transport, but also in the efficiencies it enables in an increasingly congested environment.

In May this year, we decommissioned around half of Australia's ground-based navigation infrastructure.

All of those radio-based facilities like VORs, NDBs and DMEs that were an essential part of the aviation landscape throughout my working life.

We've moved into the future.

Customer Expectations

And, as that legacy infrastructure transfers to the role of a backup system, our customers' expectations about the type of value we provide are also undergoing change.

On one hand, we have this reduced reliance on traditional infrastructure and an increasing capability of modern aircraft to determine the most efficient flight profile, and to detect other traffic.

And, on the other, we have the impact of any change or disruption to one flight - or one airport – on the overall efficiency of the whole day's operation.

This second factor is becoming increasingly more significant, creating potentially more congestion, and, tighter margins.

These factors are driving a completely different value proposition for Airservices.

One where we expect to gradually reduce our hands-on interaction with flights in the traditional sense.

We're moving to a paradigm of distributed decision-making, where our service enables airlines – and airports – to tailor operations based on a common understanding of how the network is operating.

We must adapt our service to have information-based services at the very core.

We may have been talking about this for years, but let me assure you that it is real – and it's here now.

Accelerate

This new paradigm is at the heart of what we've been addressing through our Accelerate transformation program.

Accelerate was designed to speed up our transformation from a steady and static organisation to the agile, responsive and customer-focused business we need to become.

There has already been a significant reduction in our non-operational workforce, and, by the end of this financial year, our staffing will have reduced by around 20 per cent.

The reductions will have no impact on our operational services.

We're also well on track with improving internal efficiencies, improving the way we work.

But, the most significant change is how we're investing in new capabilities to support our future service delivery.

Our new Information Management Strategy sets our trajectory for developing, and delivering, the services of the future.

Some of this is in services that are already familiar, but, will become more significant in the future.

Others, such as developing remote tower services, are still in their infancy.

We're significantly ramping up information-based programs, such as Airport Collaborative Decision Making, or A-CDM, and Meteorological Collaborative Decision Making, or Met CDM.

These programs aim to improve the operational efficiency of airports and airlines by working together to use the latest information to optimise resources and infrastructure.

In this way, we're providing a better service for our shared customers.

Over the past year we've already seen some good results.

The average airborne delay across the entire national network is now down to 4 minutes and 5 seconds—a drop of 15 seconds.

That might not sound much, but think about it – 15 seconds from four million flights or one million minutes per annum in delay reduction.

One million minutes is a time frame of nearly two years.

It's an indication of improvements, both real and possible.

And, I believe these benefits, the ones we've already seen, are just the tip of the iceberg.

By shifting our emphasis on developing information and data driven capabilities, I believe we will be able to work with you to get the most value from your aviation assets and further unlock the latent capacity in your current infrastructure.

We want to help you deliver a better customer experience, for your airline customers and the passengers who pass through your facilities.

No matter how big or small your operation, whether capital city or a remote part of the country, nor how central or remote your operation is, we're determined to deliver value.

Forward Strategic Initiatives

A-CDM

One of our key initiatives in achieving this is Airport Collaborative Decision Making.

The A-CDM initiative, which includes participation from airports, airlines and Airservices, is a great example of industry collaboration.

At its core, A-CDM will leverage data to create greater operational efficiency at airports during peak periods, taking a holistic network perspective to improving the efficiency of Australian aviation.

A-CDM is an information-sharing platform, which allows airlines and airports to have a common understanding and situational awareness of the progress of flights and movements at the airport.

Decisions can then be made to minimise bottlenecks on taxiways, minimise delays for departures at holding points or to optimise the arrivals sequence by having data on what is happening on the ground at the airport.

A-CDM highlights the importance of effective industry collaboration, as any imbalance at one airport can impact the entire network, reducing the overall service delivery to the lowest common denominator.

The value of this project was reinforced by an analysis conducted by Deloitte last year.

This showed that, once implemented, A-CDM would provide savings in reduced operating costs to airlines alone, in net present value terms, of \$76 million over a ten-year period.

In the next year we will go to market for an A-CDM capability solution and secure industry endorsement for an operating and governance framework.

Flow Management

Long-range air traffic flow management capability is part of our overall information based service delivery approach and will deliver new, more fuel-efficient services to airspace users.

It means any required airborne delay is absorbed in the long-range flight instead of passengers experiencing a delay during the arrival phase.

This results in less fuel burn as well as improving the sequence of arrival flows into our major airports.

An example of this will be the trial at Melbourne where we will integrate the domestic and international air traffic flows to not only maximise capacity but also minimise delays during peak periods.

OneSKY

The platform that brings all these information-based services together is OneSKY.

At the heart of this program is a new Civil Military Air Traffic Management System, a system we're delivering together with Defence.

Early works are well progressed and we expect to enter into contracts for the full delivery in the New Year.

Deeply integrated information management architecture will be a key principle of our future systems, creating the technology platform that shifts our service delivery towards collaborative information sharing.

It's a complex project, but the benefits our industry will experience from OneSKY are actually simple but wide-ranging.

By integrating all our information, we will be able to optimise the efficiency of all the critical components of the aviation system – including routes, runway capacities, ground operations, or weather impacts.

Technology to ensure optimal arrival and departure flows will maximise the use of runway capacity, reducing both airborne and taxi delays and increase safety through more orderly flows of traffic both on the ground and in the air.

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

And, it will deliver better air traffic control technology, allowing continuous descents and climbs, which will improve aircraft noise impacts for communities.

The security and resilience of services is an important design principle to ensure that disruptions minimise the impact on normal operations.

The OneSKY Australia program remains one of our top priorities and a key enabler for our information-based services.

Aviation Rescue Fire Fighting

At our core, keeping the aviation industry, and its customers, moving safely through Australian airspace is what we do.

And, as you're intimately aware, not everything we do relates to the skies.

Our Aviation Rescue Fire Fighting Service may get little recognition but it plays a key role in keeping your airports open for business and aircraft in the air.

Our ARFF Service now safeguards 95 per cent of the aviation travelling public and, in the past year, we were called upon 7000 times, saving nine lives.

What doesn't attract headlines are the many unseen responses where our fire fighters may have quickly stopped a tarmac tug fire or put out a blazing taxi in the car park.

While ARFF techniques have improved over time, ARFF services get less benefit from progress that evolving technologies offer air navigation.

Yet, is it just as important for the safety of aviation in Australia.

This is why we are so supportive of the Government's regulatory reform agenda in the ARFF space.

This means we can continue to work closely with the industry to determine when and where ARFF services are required to keep the travelling public safe.

Reviewing the existing regulations with the industry's input will make us a more efficient service provider.

It will ensure we provide ARFF services where they are needed and at the level of service that is needed—no more, and certainly no less.

This will result in a better service for our customers, and their customers.

Again, that's what we aim to do throughout Airservices.

Collaboration

Earlier, I described the relationship between change and efficiency as symbiotic and that's also how I see our relationships with you, our airports.

We work closely together, each and every day, to allow the more than 140 million passengers who fly in our airspace each year get to their destinations safely and efficiently.

We rely on you to deliver our essential services to our customers and, similarly, you rely on us, and our services, to allow you to cater to your customers.

We seek your engagement and input and we don't shy away from any feedback or criticism you may make.

At times, we've been criticised for not focussing strongly enough on an individual issue that is causing grief for a particular organisation or stakeholder.

Rest assured, we will always seek to find solutions.

But our priority can never be just one individual airport or airline.

As I said earlier, our priority is the whole network, the whole of our industry.

It's our job to look at the big picture and we're focussed on delivering the best outcomes for the efficiency of the entire network, or the 'eco system' we call the aviation industry.

This approach, in the long run, will benefit us all.

Closing

Ladies and gentlemen, our commitment remains service:

- service to the industry,
- service to the thousands of travellers flying every day, and
- service to our customers and partners.

We're proud of the services we deliver...and where we're going.

We acknowledge that if we're not adding value, we're losing our relevance.

And, we have no intention of losing any relevance.

This year has seen us take the steps we needed to take, to speed up our transition to the new Airservices, the new Airservices we need to become, and the new Airservices you need us to be.

In the past 12 months since I last addressed you, the change at Airservices has been significant.

What we do, and do well, is deliver air navigation and aviation rescue fire fighting services to the aviation industry.

We've not changed, and will not change, our focus on the safe delivery of air navigation and aviation rescue fire fighting services, 24-7.

We will continue to do what we do best, while simultaneously implementing a comprehensive business transformation program, accelerating Airservices to become the effective and efficient organisation we promised and the organisation our industry expects and deserves.

To grow Airservices to meet industry demands and challenges is necessary and fundamental for future growth—ours, our customers, our airports and the wider industry.

Our futures are interdependent, but by working together, there is no limit to what we can, and will, achieve.

In just over three generations we've come a long way.

Back then, it would have been inconceivable to comprehend, or even predict, what the aviation industry would become.

What we at Airservices are doing now is to lay the foundations, to get the platform in place, for the next and following generations of our industry as it grows and develops in ways that even we may not be able to predict.

But while we prepare for the future, we, at Airservices, will deliver our safety-driven efficient services for the industry of today.

Thank you.