Gearing for Growth – Building ATM Capabilities
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CANSO ASIA PACIFIC
CONFERENCE 2017

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Chief Executive Officer

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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

Improving Australia's navigation technology

GLOBAL NAVIGATION SATELLITE SYSTEM IS NOW THE PRIMARY NAVIGATION FOR AIRCRAFT

2015-16 OUTCOMES

TOWER LOSS OF SEPARATION EVENTS—20% REDUCTION
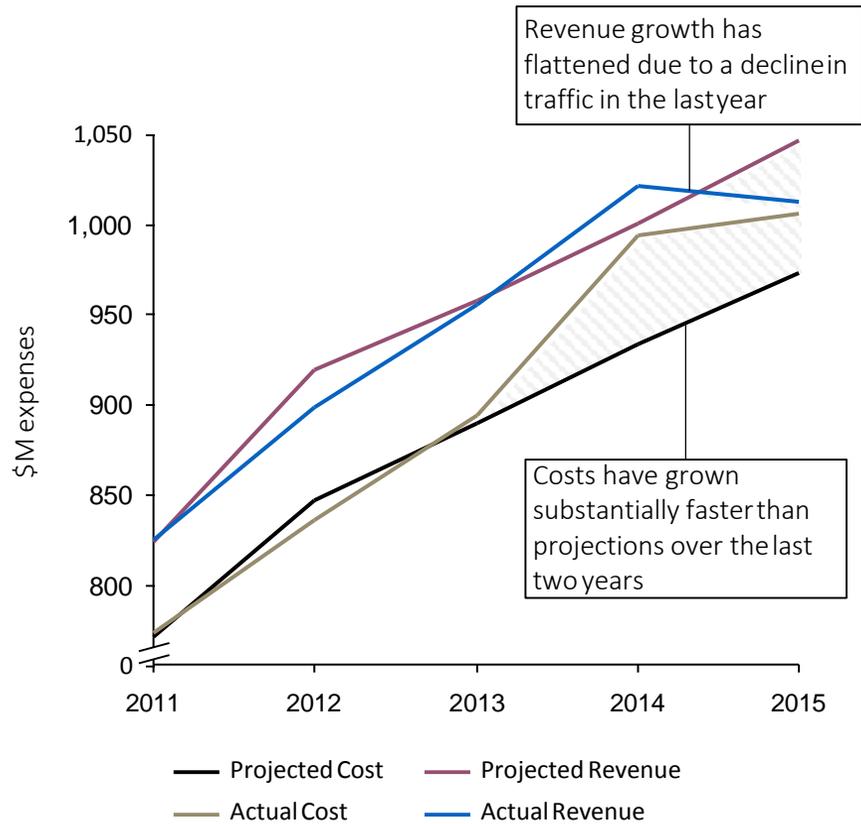
MET-CDM—ARRIVAL RATES TAILORED TO CONDITIONS

FUEL HOLDING SAVINGS 370 000 KG BRISBANE 310 000 KG PERTH

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 our nation has ever had.
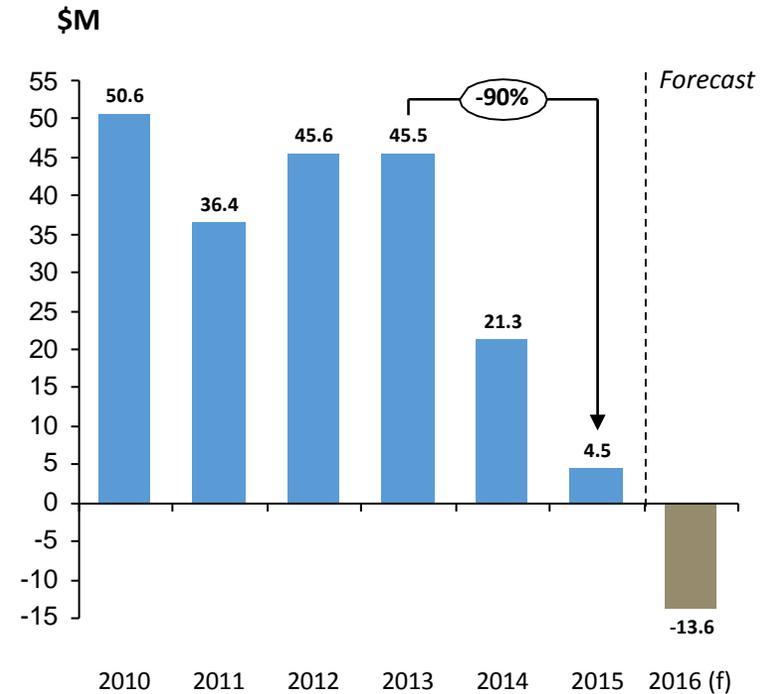
Why we needed to change

We needed to take control of costs and reverse declining profitability

Total cost vs revenue
$M AUD, plan vs projected, 2011-15

Revenue growth has flattened due to a decline in traffic in the last year

Costs have grown substantially faster than projections over the last two years

Profitability
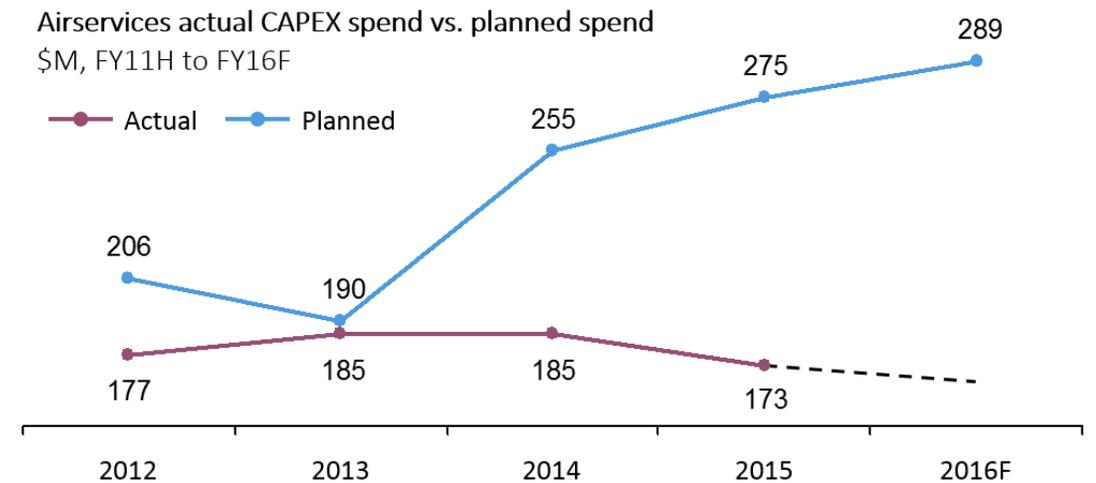NPAT $M AUD, 2010 − 2016F

Source: Airservices Annual Reports; Corporate Plan 2011-16; forecast profit as of December 2015

Capital Project delivery issues

The under-delivery of the CAPEX program led to a large backlog of unfunded projects

- Project delivery was not achieving original duration estimates

  o There was a high and increasing risk contingency in budgets relative to project costs which helped to contain or 'mask' cost overruns

  o Both external and internal spend were typically increasing throughout the project lifecycle

  o Duration between the preliminary business case and project execution was a contributing factor for external spend estimates being unreliable

- As a result, the capital works program did not deliver expected results and projects were over budget

- The capital work back log increased exponentially

Airservices actual CAPEX spend vs. planned spend
$M, FY11H to FY16F

—●— Actual   —●— Planned

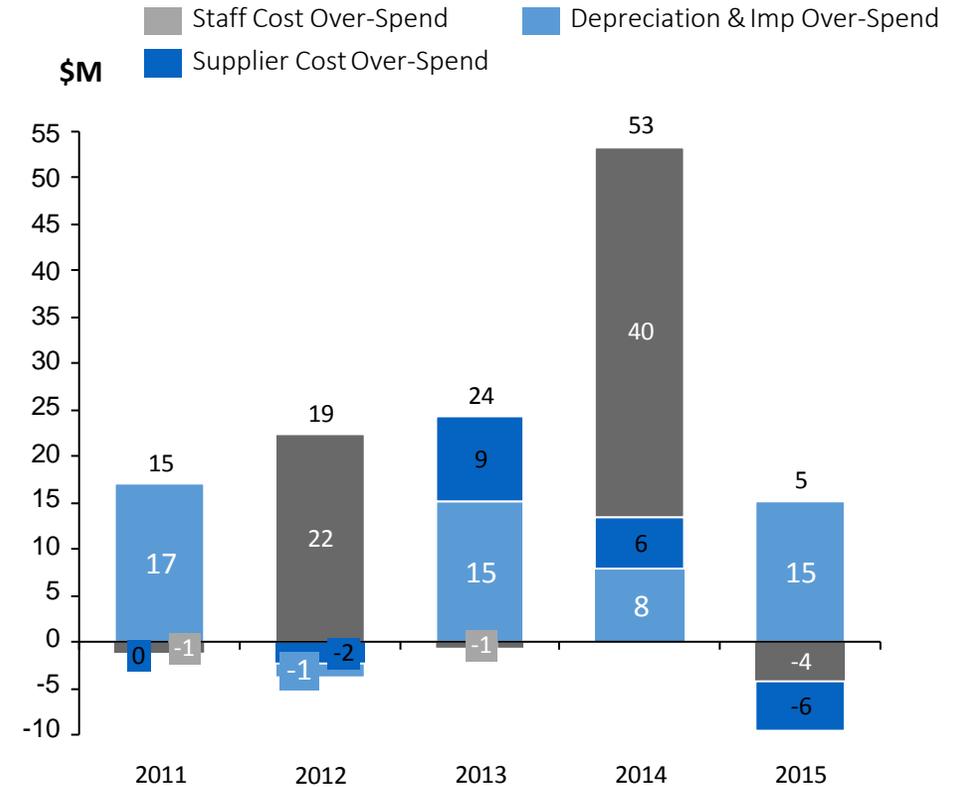|	2012	2013	2014	2015	2016F
Planned	206	190	255	275	289
Actual	177	185	185	173	

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Getting our house in order

We needed to be accountable for performance and we needed to operate to budget

Actual and budget expenditure FY11 – FY15, $M

— Operating Expenses Actual
— Operating Expenses Forecast
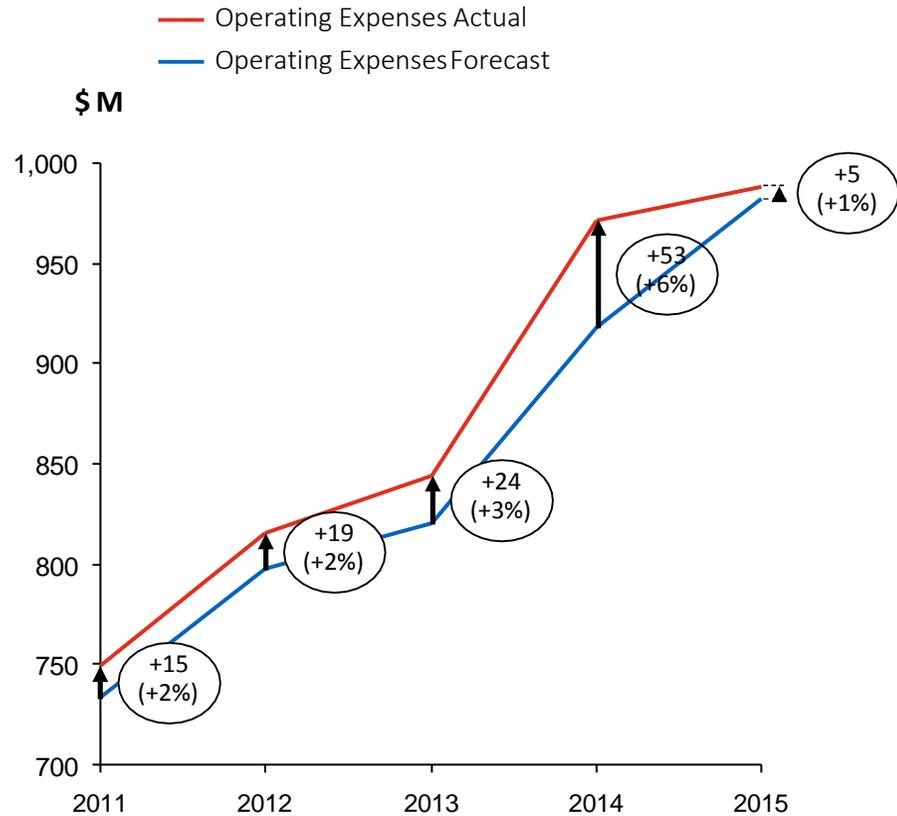
Overspend by expenditure type FY11 – FY15, $M

Staff Cost Over-Spend   Depreciation & Imp Over-Spend
Supplier Cost Over-Spend

Source: Airservices Budget and Actual Expenditure

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.

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 made changes in several key areas to provide the capability to rapidly deliver relevant and reliable information services to our customers. Our CIO is 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 has begun.

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 DATAANALYTICS
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

Enhancing future services

Future Airspace Management

- 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.
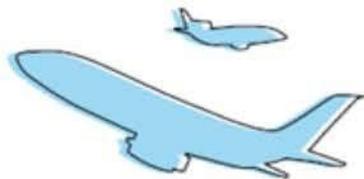
Australia's unified airspace—OneSKY

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.

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.

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.

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.

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.

GREATER STAFF OPPORTUNITIES

Increased flexibility of the systems and better technology, will enable staff to move easily between positons, geographical areas and work groups, increasing the variety on offer to controllers in their day-to-day work and through their careers.

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.

"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