BARA
Board of Airline Representatives of Australia Inc

Airline Views

June 2016

1 Managing peak time performance

Clearly defined and implemented bounds of accountability are necessary to promote good industry outcomes for common use airport services.

As 'peak' time demand by airlines on airport infrastructure continues to grow, good industry outcomes require the effective management of available airport infrastructure together with sound business continuity plans to mitigate potential delays for airlines.

Ultimately, the airport operator plays a critical role in effective management through its agreements with airlines and licences with third parties, such as ground handlers, which define each party's role and accountability in operating at the airport.

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2 New generation aircraft

The number of quieter and more fuel-efficient aircraft operating to and from Australia continues to increase.

Air Canada and Qatar Airways are two international airlines that recently added the B787 and A350 aircraft, respectively, to their operations into Australia.

BARA supports a review into the operational restrictions at Sydney Airport, with the aim of finding new, more efficient ways to address aircraft noise impacts. Any new arrangements should offer greater operational flexibility for new generation aircraft, consistent with encouraging such aircraft to operate to and from Australia.

3 Airport collaborative decision making

BARA supports the implementation of Airport Collaborative Decision Making (A-CDM) at Australia's major international airports.

A-CDM can achieve the best operational performance from airport infrastructure and generate efficiencies in aircraft turnarounds. Up-to-date and accurate information is shared between Airservices, airport operators and airlines for improved real-time decision making. A-CDM, underpinned by an efficient communications system, requires joint procedures and practices rather than Airservices and the airport operators independently managing their area of operations.

4 Safe and efficient air navigation services

BARA's policy document calls for optimised flight paths and sequenced operations matched to available airport infrastructure capacity.

BARA articulates a series of pathways to promote ongoing improvements in air navigation services that will allow aircraft to operate more efficiently and predictably, while maintaining safety.

The benefits of improved air navigation services include shorter flight times, improved on time performance, reduced environmental impact and lower airline costs, all of which support affordable airfares.

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Managing peak time performance

When an airline enters into an agreement with an airport operator, it has expectations about the capacity and quality of services that will be provided. Matching these service expectations requires managing all parties at the airport effectively, including other airlines and third party providers.

Growing international traffic volumes during the morning peak are increasing the strain on available airport infrastructure. Demand by international airlines is now approaching, or has already reached, the 'theoretical' capacity available, especially at Sydney and Melbourne airports. Further growth in demand is anticipated in 2016–17.

Under such circumstances, it's difficult for airlines to quickly recover their schedules after incidents or service failures. Delay by one airline at the airport can in turn delay other airlines because there is little or no spare capacity to cater to and alleviate the situation.

The costs to passengers and airlines of systemic delays in airline operations are substantial. Passengers endure frustrating waits, sitting in aircraft and missing connecting flights. Airlines do not meet their passenger service expectations and incur direct financial costs; as a rule of thumb these include $80 a minute in ground delay and $120 to $170 a minute in airborne delay.

Addressing peak time performance means getting the best use from available infrastructure. At the major international airports, the surge in international traffic volumes highlights the need for all parties to understand and follow their responsibilities in providing and using scarce capacity services at airports.

An accountability framework

The Airports Council International's (ACI) *Policies and Recommended Practices Handbook 2009* (seventh edition) and ACI Europe's position paper on *Ground Coordinator* provide some useful insights into a suitable accountability framework.

The ACI's policy is that 'service quality should be a key component in an airport's business strategy and operations management'. According to the ACI and ACI Europe, airport operators should:

- coordinate the operations at and around the airport to provide more local capacity
- strengthen their cooperation with all other organisations and agencies that have a guardian role for service delivery at the airport
- develop comprehensive business continuity plans that are coordinated with all parties.

The ACI policies recognise the airport operator's role extends well beyond delivering the physical infrastructure. Good service quality outcomes are achieved when the airport operator actively manages and supports all parties that operate at the airport.

The ACI's accountability framework is consistent with BARA's sought after productivity and planning improvements as described in its policy document, *Timely and reasonably priced airport infrastructure*.

BARA recognises the major international airports have various policies and plans for managing day-to-day operations at their airport. It's the effectiveness of these policies and plans in the face of little spare capacity that will be increasingly tested over the next few years.

BARA is encouraged that some airport operators have taken the initiative and are consulting airline managers and BARA over the need to better define accountabilities and manage day-to-day operations. This will lead to all parties having to make adjustments, but such actions are critical for obtaining better industry outcomes.

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The economic regulatory model

Australia's economic regulatory model relies heavily on the legally binding commercial agreements between individual airlines and the airport operator. While the service assets may be for common use, individual agreements are struck about the standard of the service to be delivered for an agreed price.

It is to be expected that airlines will look to actively enforce their rights under these agreements, particularly if they are finding it increasingly difficult to operate to schedule. This is because the most important outcome for airlines is usually on time performance.

In general terms, the existing agreements give airport operators the power to issue directions to airlines to promote safe and efficient operations at the airport. When capacity is tight in response to demand, airport operators increasingly need to take the initiative in stakeholder management. The airport operators will also need to ensure their own service providers, such as maintenance and cleaning, are performing consistently to the agreed standard.

If an individual airline suffers poor performance due to the actions of others in using common use services, this inevitably brings into question the accountabilities of all parties.

It is reasonable for airlines to expect the agreed service levels to be delivered for the prices paid in accordance with their individual contracts. There are some situations where non-compliance is excused, but they do not extend to instances where the problem could have been avoided through appropriate actions by the airport operator.

With clearly defined roles and accountabilities, as well as proactive management, the airlines and airport operators working together will be better placed to deliver not only a higher standard of services to passengers, but also one that is consistent with outcomes sought within mature commercial agreements.

Safe and efficient air navigation services

The future of air navigation is one that will allow aircraft to fly their ideal flight path (including flight level) between airports. To get the best value from this flexibility, it will be necessary to integrate information sharing and decision making between the airlines, Airservices Australia, airport operators and ground handlers.

Air navigation services are critical to safe and efficient airline operations across the globe. For Australia's international aviation industry, these services extend from our international airports, across the airspace of other countries and oceans, to international airports overseas.

Australia has an excellent air safety record, underpinned by its air traffic management technology. Growth in traffic volumes, however, has seen the airport infrastructure and airspace around Australia's major international airports become increasingly congested during the morning peak. Congestion manifests either through 'airborne' or 'ground' holding delays, which reduce service quality to passengers and businesses and increase airline operating costs.

Potential benefits

Continuous improvement in Australia's air navigation services brings with it substantial benefits, and directly supports the expectations the airlines and the travelling public have in relation to aircraft safety and flight reliability.

Reducing international flight times by an average of just one minute for each flight could reduce annual fuel use by over 20 million litres and generate some $25 million in operating efficiencies for Australia's international airlines. These savings can be expected to double in line with forecast traffic growth over the next 15 years.

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Four improvement pathways

BARA has identified four pathways to drive ongoing advances in air navigation services:

1. Customer-driven technology and procedures
2. Seamless airspace for international flights
3. Airspace management improvements around Sydney Airport
4. Outcomes-focused economic regulation of Airservices Australia.

These pathways are the means to achieve the benefits of short flight times, better on time performance and lower industry costs.

BARA recognises there are already established forums in Australia, and globally, tasked with developing improved air navigation services. BARA's improvement pathways highlight particular issues for international aviation in Australia and opportunities to improve performance within existing institutional and regulatory arrangements.

Industry is well-positioned to take the lead in applying many of the improvement pathways, especially in relation to promoting customer-driven technology and procedures. But it will be necessary to secure the support of all three levels of government to improve airspace management around the major international airports.

BARA's improvement pathways will require engagement between key industry participants and a willingness by all stakeholders to take accountability for their area of responsibility.

BARA will continue to work with all industry participants, including the Australian Government, in supporting the development of a first-class air navigation system for Australia's international aviation industry.

The future of integrated aircraft and airport operations