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CORPORATE BROCHURE





A Qantas of *resilience*

Australia's national or 'flag' carrier has just celebrated its 90th birthday: it started as a local outfit in Queensland and is again concentrating on extending its profitable regional business while showing the rest of the world how long-haul services ought to be run

G

od made his presence felt in the Pacific region over the last year. His acts included severe flooding and Cyclone Yasi in Queensland, the Christchurch earthquake, and the earthquake and tsunami in Japan. In June 2011 an ash cloud from Chile's Puyehue-Cordon Caulle volcano caused widespread disruption to Australian airspace, forcing the cancellation of thousands of Qantas and Jetstar (the company's low-cost brand) flights. Nevertheless, he didn't have it in too badly for Australia's national carrier which came out of the period in profit, and with turnover across all its operations up by eight per cent.

Acts of god by their nature will happen, and though you can't plan for them, if you can build resilience into your business model as Qantas does, you will come back a lot faster. Being ready for any eventuality is part of the job done by John Valastro, Qantas' head of Environment, Resilience and Workplace Transformation. That's quite a portfolio; but these disciplines do belong together, as he explains. "Resilience covers how we manage events that take us out of our business-as-usual operations—like natural disasters. Workplace transformation reflects how we leverage the latest technologies and thinking on how people can work together to create an optimal working environment for the world we operate in."

In other words, resilience will enable people to maintain business continuity in unpredictable situations of the kind that the airline industry encounters all too frequently. As for the





environment, surely that is something that any airline ought to keep quiet about? Not a bit of it, says Valastro. Let's set the context: Qantas has just been named among the world's most sustainable companies in global rankings compiled by Dow Jones—one of only two airlines listed on its World Sustainability Index.

The sustainability of an organisation today is about recognising the significant elements of environmental impact, he says. "Resilience plays strongly with that: you can't be a resilient organisation if you don't understand the principles of how to be sustainable—to be around for the long term. As a company Qantas has a 90-year history, and we want 90 more!" Actually, Qantas is the oldest airline in the world. Australia's isolation from world population centres and its

size dictate that air travel is its default mode.

Qantas has no option but to operate long routes. "We know we are a large emitter," confesses Valastro, "but this just makes it that much more important that we reduce our carbon footprint. I'd like to think we are taking a leadership role in the industry." The pressure is on. From January next year, all airlines flying to Europe will have to buy permits for the carbon dioxide they emit.

Qantas monitors its carbon emission data and shares that data with the EU, but it is taking many more proactive steps, too. "In the short term we are focusing on fuel conservation, efficient flying patterns, and more efficient aircraft. In the longer term we are going to be moving towards sustainable aviation fuel." In conjunction with the Australian government, Qantas is on a long

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term journey to identify the potential pathways to supporting the development of a domestic sustainable aviation fuel industry, but in the shorter term the company is looking at a variety of options including using algae, food scraps, grass and tree cuttings, and agricultural and industrial waste as a biofuel feedstock for its aircraft. Meanwhile, it has adopted the industry target of an average 1.5 per cent annual improvement in fuel efficiency through to 2020.

There is no single answer to reducing carbon emissions, stresses Valastro. "Fuel is our single

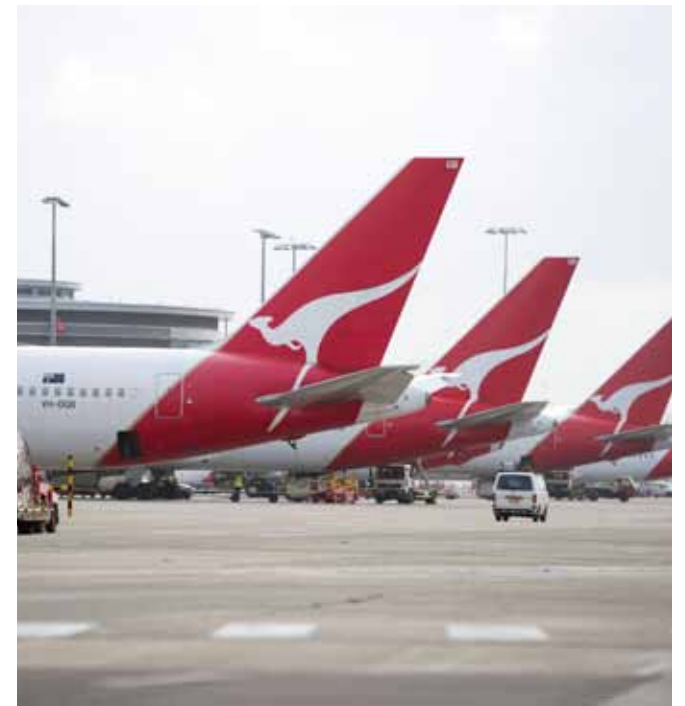
biggest cost, so managing that cost has always been a business priority. There are a lot of different ways of doing that so we are rolling out a comprehensive set of measures." One of those is negotiating with air service navigation providers to improve airspace inefficiencies which impact the industry's overall fuel efficiency. Basically, getting aeroplanes down and back up again, without stacking them in complicated holding patterns, would make a big difference in both fuel efficiency and safety.

If fuel is the biggest cost, the aircraft that burn



it are the biggest contributors to sustainability, profitability and environmental performance. Qantas has 10 Airbus A380-800s in operation and a further 10 on order, making it the largest adopter of this superjumbo. In terms of cost per passenger, large planes are the best option, he says. So last year Qantas announced that it would receive the first of 50 Boeing 787 Dreamliners in 2012/13, in a phased two-year programme to replace its existing 767 aircraft. It is also looking closely at Airbus's initiative to bring in more fuel efficient engines like CFM International's LEAP-X and Pratt & Whitney's PurePower PW1000G for its A319, A320 and A321—the A320neo.

It is a question of matching the right aircraft with the right route, he says. These large planes are important in positioning the airline for the needs of the 21st century markets too, since



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they offer a remarkable flying experience and Qantas has made every effort to lead the way in in-flight entertainment, too. It is about to launch a pilot programme based on the iPad2, which will be issued to passengers as a way of accessing movies and games. The iPad route could open the door for increased flexibility with in-flight entertainment content, Valastro believes.

Flexibility is perhaps just another word for resilience. It is an attitude rather than a business plan that shows itself in every corner of the group's activities—in the proposed adoption of cloud-based platforms that will give secure access to business-critical data via smartphones, for example, or in last year's acquisition of Perth-based Network Aviation to give Qantas access to the specialised but growing market for transporting mining and oil personnel. Network

Aviation's Embraer and Fokker aircraft boosted the total fleet to 283 aircraft.

Valastro's job is spread widely across these activities, but the disciplines he oversees are drawn together in one exciting project, the \$150 million renewal of the Qantas 'campus' at Sydney Airport. Due for completion by the end of 2013, the new campus will 'recycle' suitable existing buildings, equipping them with state-of-the-art environmental and technological performance and using its own trigeneration or CCHP (combined cooling, heating and power) plant. "Trigeneration allows us to generate carbon efficient power that reduces our carbon footprint and also allows us to operate more freely from the grid, which improves our resilience as an organisation," he concludes.

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