



# **Airservices Australia Remuneration Report**

## **2017-2018**

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## Introduction

The purpose of the Airservices Australia (Airservices) Remuneration Report 2017-18 is to summarise for the financial year ended 30 June 2018:

- the remuneration for Board Members
- the performance outcomes and remuneration for the Executive
- the remuneration for leadership roles other than the Executive and other staff who were remunerated \$200,000 and over.

The Board of Airservices has implemented a remuneration strategy and industry-based remuneration model for the Chief Executive Officer (CEO) and Executive General Managers (EGMs) that directly aligns to Airservices performance and the achievement of organisational strategic objectives and customer value.

## Overview of Airservices

Airservices is Australia's air navigation services provider. Our purpose is to provide valued, safe, secure, efficient and environmentally responsible air navigation and aviation rescue fire fighting services to the aviation industry.

Each year we manage over four million aircraft movements carrying more than 156 million passengers across 11 per cent of the world's airspace.

We have two major operating centres in Melbourne and Brisbane, and a corporate office in Canberra. We operate 29 air traffic control towers at international and regional airports, and provide fire fighting services at 26 Australian airports.

Airservices is a corporate entity wholly owned by the Australian Government. We do not receive Government funding and generate most of our revenue by levying for the services we provide to our customers – aircraft operators who fly in Australian airspace. The majority of our revenue comes from:

- en route services provided to flights using Australian airspace
- terminal navigation services including tower and radar approach services
- aviation rescue fire fighting services.

Prices for our services are set by the Airservices Board after extensive consultation with industry. They are subject to oversight by the Australian Competition and Consumer Commission.

Airservices pays tax and dividends to the Australian Government based on our financial results.

## Airservices Board Members and Executive

### Board Members

Airservices is governed by a Board that consists of a Chair, Deputy Chair, six Non-Executive Members and the CEO. The Board, other than the CEO, is appointed by the Minister for Infrastructure and Transport. The CEO is appointed by the Board.

The Board is responsible for determining the corporate direction and strategies, and ensuring that we perform our functions in a proper, efficient and effective manner.

	Status	Commenced	Finished
<b>Chair</b>			
Angus Houston	Ceased	6 December 2011	2 June 2018
John Weber <sup>a</sup>	Ongoing	6 April 2017	Current
<b>Deputy Chair</b>			
Tony Mathews	Ceased	4 June 2012	3 September 2017
<b>Board Members</b>			
Fiona Balfour	Ongoing	3 June 2013	Current
Samantha Betzien	Ongoing	4 June 2012	Current
Marlene Kanga	Ongoing	4 September 2017	Current
David Marchant	Ongoing	21 July 2014	Current
John McGee	Ongoing	4 September 2015	Current
Tim Rothwell	Ongoing	21 July 2014	Current
<b>Chief Executive Officer</b>			
Jason Harfield	Ongoing	11 August 2015	Current

### Executives

The Executive is accountable for leading, planning and managing Airservices operations, activities and performance in pursuit of our mission.

Executives	Title	Commenced	Finished
Stephen Angus	EGM Air Navigation Services	1 July 2016	Current
Michelle Bennetts	EGM Customer Service Enhancement	25 January 2013	Current
Paul Logan	Chief Financial Officer	2 July 2015	Current
Chris Seller	Chief Information Officer	1 July 2016	Current
Rob Weaver <sup>b</sup>	EGM Safety and Assurance	25 January 2013	Current

<sup>a</sup> Board Member from 6 April 2017 to 3 September 2017, Deputy Chair from 4 September 2017 to 2 June 2018 and Chairman from 3 June 2018

<sup>b</sup> Resigned effective from 2 November 2018

## Remuneration Strategy and Settings

### Executive Remuneration

In 2017-18, Airservices built on the previous year's transformation to become a more customer-centric organisation, focused on delivering services in a way that created value for customers while maintaining and enhancing aviation safety.

The responsibility of our Executive and other leaders is to further improve and innovate our business, and build a workforce that is customer-oriented with an accountable performance culture.

Within this setting, the industry-based remuneration strategy ensures our Executive individually and collectively contribute to and drive sustained organisational performance that delivers better customer value and corporate results for the long term. The remuneration model consists of two elements: Total Fixed Remuneration (TFR) and Short Term Incentive (STI) Payment.

### Total Fixed Remuneration

Each Executive role is independently evaluated to determine internal and external relativities of the position's level of work value, size and complexity, accountability, and expertise and judgement required to be successful.

The position is benchmarked against a comparator group for Airservices comprising a blend of industry and sector relevant private and public sector organisations. The remuneration is subsequently set within the 50<sup>th</sup> percentile of the Mercer National General Market (MNGM). The MNGM comprises comprehensive data from over 750 organisations with over 330,000 data points across multiple industries, sectors and job families to provide an overall representation of the market.

The TFR for our Executive includes cash salary, employer contributions and any salary sacrifice component. It is reviewed annually against the remuneration benchmarking data and corporate performance, with a focus on maintaining a commercially responsible position.

These key inputs are provided through external independent advice from Mercer, the world's largest human resources consulting firm.

### Short Term Incentive Payments

STI payments are designed to reward and align collective Executive performance with the organisation's performance based on key outcomes that are linked to Airservices Corporate Plan.

Based on benchmarking research conducted by Mercer, a conservative approach to STI payments has been implemented with the potential for a maximum of 10 per cent of TFR for the EGMs and for a maximum of 20 per cent of TFR for the CEO. The awarding of STI payments is solely at the Board's discretion and is based on performance and outcomes against the corporate scorecard set by the Board.

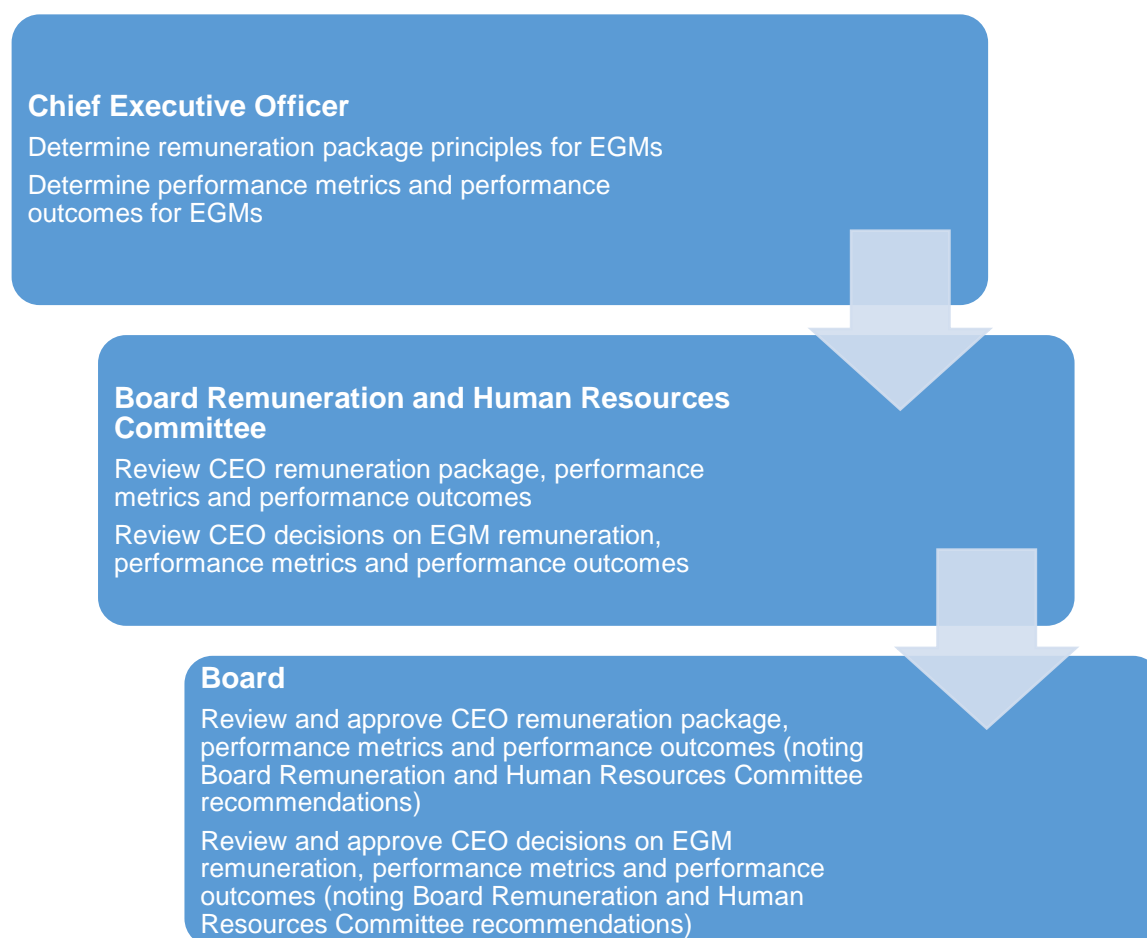
Additionally, only 60 per cent of the STI is payable in the year after it was awarded with the remaining 40 per cent held back for a further 12 months. This approach drives sustained Airservices performance and success.

## Remuneration Governance

A key objective of the Board Remuneration and Human Resources Committee is to review matters relating to the remuneration and performance of the CEO and Executive.

The Committee is comprised of at least three non-executive Board Members, with one appointed as the Chair. In addition, the Board Chair and CEO are ex-officio members of the Committee.

In 2017-18 the Committee Chair was Samantha Betzien and the non-executive Board Members were Fiona Balfour (until February 2018), David Marchant (from February 2018), Marlene Kanga (from April 2018) and Tim Rothwell.



### *Remuneration Governance Framework*

## Annual Fees and Allowances for Board Members

Annual fees and allowances for our part-time Chair, Deputy Chair and Board Members are determined by the Commonwealth Remuneration Tribunal. In setting remuneration, the Tribunal considers a range of matters including workload and value of the office, fees in the private sector, and wage and other economic indices.

## 2017-18 Corporate Performance Outcomes

In August 2018 the Board assessed the Executive's performance against the corporate scorecard to determine the STI.

In 2017-18 the scorecard comprised the following key performance outcomes and measures:

Performance Criterion KPI	2017-18 Target	2017-18 Result	Weighting	Assessment
<b>Corporate Performance</b>			<b>60%</b>	<b>Partially met</b>
<b>Safety</b>				
Significant Attributable Safety Occurrences – Air Navigation Services	0	0		Met
Significant Attributable Safety Occurrences – Aviation Rescue Fire Fighting Services	0	0		Met
Lost Time Injury Frequency Rate	3.5	4.6		Not Met
<b>Business Operations Efficiency</b>				
Total Cost per IFR Flight Hour (\$/hr)	Meet budget target	Better than budget target		Met
<b>Organisational Capacity</b>				
People Engagement Index	77%	73%		Not Met
Diversity and Inclusion Index	70%	62%		Not Met
<b>Industry Outcomes</b>				
Arrival Airborne Delay - 75 <sup>th</sup> percentile (minutes)	≤ 3.5	3.5		Met
Industry Advocacy	-39	-36		Not Met
<b>Financial Stewardship</b>				
Manage costs within allocated budget	Meet budget	Better than budget		Met
Return on Assets	6.5%	10.9%		Met
<b>Corporate Objectives</b>			<b>20%</b>	<b>Partially Met</b>
Initiatives under Operating Environment pillar				Partially Met
Initiatives under Service Enhancements pillar				Met
Initiatives under Capability pillar				Partially Met
<b>OneSKY Program</b>			<b>20%</b>	<b>Not Met</b>
Achievement of contract signature	By 30 September 2017	26 February 2018		Not Met

The Board determined the STI outcome for 2017-18, based on the above achieved business outcomes and results, was 52 per cent of potential maximum STI achievable.

In 2017-18 the Executive were awarded the following STI:

Name	Maximum Achievable STI	STI Outcome (52% of max. achievable STI)	60% STI paid September 2018 \$	40% STI paid September 2019 \$
Jason Harfield	20%	10.4% (\$85,280)	51,168	34,112
Stephen Angus	10%	5.2% (\$21,216)	12,730	8,486
Michelle Bennetts	10%	5.2% (\$21,481)	12,889	8,592
Paul Logan	10%	5.2% (\$21,668)	13,001	8,667
Chris Seller	10%	5.2% (\$21,216)	12,730	8,486
Rob Weaver	10%	5.2% (\$18,034)	10,820	7,213

Sixty per cent of the STI awarded from 2017-18 was paid in September 2018 and the remaining 40 per cent will be paid in September 2019 subject to assessment of performance and sustained positive impact on Airservices performance and success.

## Board Member Remuneration

The following table outlines the remuneration earned by Board Members throughout 2017-18.

Name	Annual Fee \$	Superannuation \$	Total Remuneration \$
Angus Houston	107,543	10,217	117,760
John Weber	90,033	8,553	98,586
Tony Mathews	16,435	1,561	17,996
Fiona Balfour	64,877	6,163	71,040 <sup>c</sup>
Samantha Betzien	57,065	5,421	62,486
Marlene Kanga	52,420	5,217	57,637 <sup>c</sup>
David Marchant	64,877	6,163	71,040 <sup>c</sup>
John McGee	64,877	6,163	71,040 <sup>c</sup>
Tim Rothwell	72,689	6,906	79,595 <sup>c</sup>

<sup>c</sup> Includes reportable allowance



## Executive Remuneration

The following table outlines the remuneration earned by the Executive in 2017-18.

Name	Reportable Salary (excluding Reportable FBT) \$	Reportable Fringe Benefit Tax Amount \$	Contributed Superannuation \$	Reportable Allowance \$	Short Term Incentive <sup>d</sup> \$	Total Reportable Remuneration \$
Jason Harfield	705,396	-	113,238 <sup>e</sup>	-	85,280	903,914
Stephen Angus	357,266	-	35,384	-	21,216	413,866
Michelle Bennetts	363,913	-	35,857	-	21,481	421,251
Paul Logan	373,734	-	60,679 <sup>e</sup>	-	21,668	456,081
Chris Seller	370,995	-	34,716	-	21,216	426,927
Rob Weaver	296,186	22,464	30,077	-	18,034	366,761

<sup>d</sup> Sixty per cent of the Short Term Incentive was paid in September 2018 and the remaining 40 per cent will be paid in September 2019

<sup>e</sup> Member of AvSuper defined benefit superannuation scheme

## Appendix 1 – Leadership Roles (Other than Executive) <sup>f</sup>

REPORT YEAR: 2017-18

	No.	Average Reportable Salary (excl. Reportable FBT Amount) \$	Average Reportable Fringe Benefit Tax Amount \$	Average Contributed Superannuation \$	Average Reportable Allowance \$	Average Short Term Incentive \$	Average Total Reportable Remuneration \$
<b>Active</b>	<b>77</b>						
\$200,000-\$225,000	27	179,057	2,064	21,555	-	8,164	210,841
\$225,000-\$250,000	15	201,975	642	27,765	-	8,699	239,081
\$250,000-\$275,000	15	223,473	2,618	26,483	-	8,469	261,044
\$275,000-\$300,000	16	236,294	4,721	36,033	-	6,812	283,859
\$300,000-\$325,000	3	245,434	17,034	45,873	718	-	309,058
\$400,000-\$425,000	1	360,359	-	27,308	-	32,500	420,167

<sup>f</sup> Incorporates the two layers of leadership roles below Executive General Manager

PREVIOUS YEAR: 2016-17

	No.	Average Reportable Salary (excl. Reportable FBT Amount) \$	Average Reportable Fringe Benefit Tax Amount <sup>9</sup> \$	Average Contributed Superannuation \$	Average Reportable Allowance \$	Average Short Term Incentive \$	Average Total Reportable Remuneration \$
<b>Active</b>	<b>112</b>						
\$200,000-\$225,000	24	174,826	3,191	23,044	-	10,371	211,433
\$225,000-\$250,000	24	204,063	2,284	27,259	-	6,419	240,025
\$250,000-\$275,000	35	215,125	10,030	31,383	-	5,301	261,839
\$275,000-\$300,000	23	233,955	8,348	38,790	-	2,897	283,990
\$300,000-\$325,000	2	251,216	2,689	43,400	-	7,065	304,370
\$350,000-\$375,000	3	225,282	86,270	44,516	-	4,500	360,569
\$400,000-\$425,000	1	351,281	-	35,000	-	32,500	418,781
<b>Separated</b>	<b>3</b>						
\$200,000-\$225,000	2	187,028	-	25,681	-	-	212,709
\$225,000-\$250,000	1	201,720	-	36,482	-	-	238,202

<sup>9</sup> Includes Fly In Fly Out Allowances (\$51,136), Living Away From Home Allowances (\$193,724), and Home Purchase/Sale Allowance (\$128,073)

## Appendix 2 – Other Staff Remunerated \$200,000 or More

REPORT YEAR: 2017-18

	No.	Average Reportable Salary (excl. Reportable FBT Amount) \$	Average Reportable Fringe Benefit Tax Amount <sup>h</sup> \$	Average Contributed Superannuation \$	Average Reportable Allowance \$	Average Short Term Incentive \$	Average Total Reportable Remuneration \$
<b>Active</b>	<b>812<sup>i</sup></b>						
\$200,000-\$225,000	192	185,296	1,631	26,052	5	303	213,287
\$225,000-\$250,000	312	204,577	2,314	31,265	17	-	238,173
\$250,000-\$275,000 <sup>j</sup>	193	223,644	2,791	34,226	29	61	260,751
\$275,000-\$300,000	67	240,478	9,894	35,893	9	-	286,275
\$300,000-\$325,000	27	251,744	21,111	38,720	74	-	311,650
\$325,000-\$350,000	7	252,936	41,128	38,586	515	-	333,164
\$350,000-\$375,000 <sup>j</sup>	11	250,201	70,313	39,510	119	-	360,144
\$475,000-\$500,000 <sup>j</sup>	1	443,263	-	40,338	-	-	483,601
\$500,000-\$525,000 <sup>j</sup>	1	472,706	-	44,907	-	-	517,613
\$525,000-\$550,000 <sup>j</sup>	1	506,620	-	37,748	-	-	544,368
<b>Separated</b>	<b>5</b>						
\$200,000-\$225,000	3	191,595	1,725	22,339	-	-	215,659
\$225,000-\$250,000	2	213,362	-	28,173	-	-	241,535

<sup>h</sup> Includes Fly In Fly Out Allowances (total \$194,808), Living Away From Home Allowances (total \$2,191,659) and Home Purchase/Sale Allowances (total \$367,386)

<sup>i</sup> Includes 731 employees on the *Air Traffic Control and Supporting Air Traffic Services Enterprise Agreement*, 10 employees on the *Aviation Rescue and Fire Fighting Enterprise Agreement*, and 30 employees on the *Airservices Australia (Corporate) Enterprise Agreement*

<sup>j</sup> Includes Early Retirement Benefit Lump Sum payments (total \$913,381)

PREVIOUS YEAR: 2016-17

	No.	Average Reportable Salary (excl. Reportable FBT Amount) \$	Average Reportable Fringe Benefit Tax Amount <sup>k</sup> \$	Average Contributed Superannuation \$	Average Reportable Allowance \$	Average Short Term Incentive \$	Average Total Reportable Remuneration \$
<b>Active</b>	<b>751<sup>l</sup></b>						
\$200,000-\$225,000	190	183,927	2,679	26,733	42	198	213,579
\$225,000-\$250,000	307	204,734	1,310	31,148	17	8	237,216
\$250,000-\$275,000	163	225,498	1,780	33,675	37	-	260,990
\$275,000-\$300,000	58	243,714	6,092	36,222	12	-	286,039
\$300,000-\$325,000	15	243,381	27,782	38,532	27	-	309,722
\$325,000-\$350,000 <sup>m</sup>	8	253,562	50,671	34,672	79	-	338,983
\$350,000-\$375,000	3	206,299	122,173	36,118	461	-	365,051
\$375,000-\$400,000	1	267,462	76,046	43,548	-	-	387,056
\$400,000-\$425,000 <sup>m</sup>	3	316,580	56,725	42,726	-	-	416,031
\$425,000-\$450,000 <sup>m</sup>	1	404,748	-	25,928	-	-	430,676
\$500,000-\$525,000 <sup>m</sup>	2	464,394	-	40,965	-	-	505,358
<b>Separated</b>	<b>6</b>						
\$200,000-\$225,000	1	206,507	-	13,263	-	-	219,770
\$225,000-\$250,000	3	211,750	-	20,982	-	-	232,732
\$275,000-\$300,000	1	267,193	12,074	20,611	-	-	299,878
\$325,000-\$350,000	1	297,416	5,378	31,583	-	-	334,377

<sup>k</sup> Includes Fly In Fly Out Allowances (total \$174,370), Living Away From Home Allowances (total \$1,799,795) and Home Purchase/Sale Allowances (total \$367,386)

<sup>l</sup> Includes 709 employees on the *Air Traffic Control and Supporting Air Traffic Services Enterprise Agreement*, 7 employees on the *Aviation Rescue and Fire Fighting Enterprise Agreement*, and 38 employees on the *Airservices Australia (Corporate) Enterprise Agreement*

<sup>m</sup> Includes Early Retirement Benefit Lump Sum payments (total \$1,222,668)