

Appendix G: Airservices Remuneration Report 2018-19

2018-19 Remuneration Report

The purpose of this section is to summarise the:

- remuneration for Board Members
- performance outcomes and remuneration of the Executive
- remuneration for leadership roles (other than the Executive) and other staff who were remunerated \$220,000 and over.

The Board of Airservices uses 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.

This year's report has changed from previous disclosures to align with the amended reporting requirements released by the Department of Finance.

Board Members and Executive

Board Members

We are 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. 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.

Table 15: Board Members

Name	Status	Commenced	Finished
Chair			
John Weber ¹	Ongoing	6 April 2017	Current
Deputy Chair			
Mark Binskin	Ongoing	13 September 2018	Current
Board Members			
Fiona Balfour	Ongoing	3 June 2013	Current
Samantha Betzien	Ongoing	4 June 2012	3 September 2019
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
Chief Executive Officer			
Jason Harfield	Ongoing	11 August 2015	Current

¹ 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

Executives

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

Table 16: Executive General Managers

Name	Title	Commenced	Finished
Stephen Angus ²	EGM Air Navigation Services	20 June 2016	30 June 2019
Michelle Bennetts	EGM Customer Service Enhancement	25 January 2013	Current
Craig Charker	Acting EGM Air Navigation Services	16 February 2019	5 May 2019
Peter Curran	EGM Air Navigation Services	6 May 2019	Current
Paul Logan	Chief Financial Officer	2 July 2015	Current
Claire Marrison ³	EGM Safety and Assurance	3 November 2018	Current
Craig Oakley	Acting EGM Aviation Rescue Fire Fighting Services	16 April 2018	6 January 2019
Robert Porter	EGM Aviation Rescue Fire Fighting Service	7 January 2019	Current
Christopher Seller	Chief Information Officer	1 July 2016	Current
Robert Weaver	EGM Safety and Assurance	25 January 2013	2 November 2018

Remuneration Strategy and Settings

Executive remuneration

The responsibility of our Executive and other leaders is to create value for customers while maintaining and enhancing aviation safety, 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.

Following its introduction in 2016, the remuneration model, specifically the STI, was reviewed in 2019 to evaluate alignment with contemporary practices of comparative organisations. No changes were made to the STI structure.

Total Fixed Remuneration (TFR)

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 50th 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.

² Absent on leave without pay from 27 February 2019 to 30 June 2019

³ Acting from 3 November 2018 to 16 December 2018 and substantively employed from 17 December 2019

The TFR 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 (STI) 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 our 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.

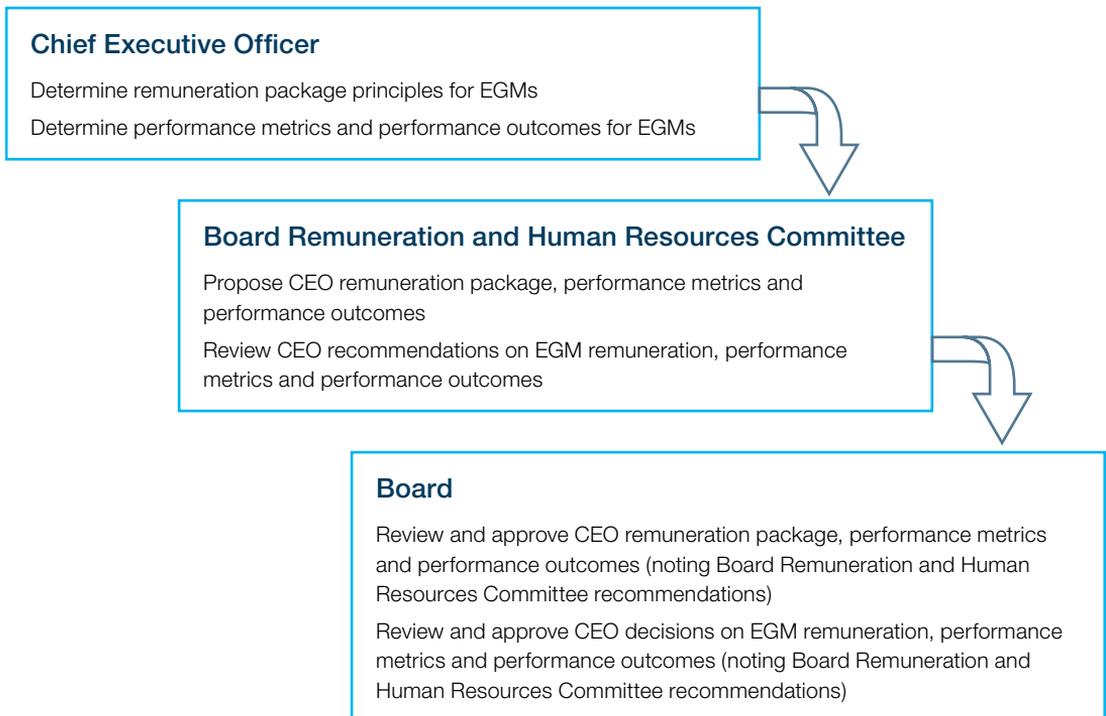
Sixty per cent of the STI is payable in the year after it was awarded with the remaining 40 per cent held back for a further 12 months. This approach drives sustained Airservices performance and success.

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 2018-19 the Committee Chair was Samantha Betzien and the non-executive Board Members were Marlene Kanga, David Marchant and Tim Rothwell.



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.

Corporate Performance Outcomes

In July 2019 the Board assessed the Executive's performance against the 2018–19 corporate scorecard to determine the STI. The scorecard comprised key corporate performance metrics/indicators, initiatives under the pillars of our Corporate Plan and OneSKY Program milestones.

Table 17: Corporate Performance Scorecard

Corporate Metrics Weighting 60 per cent

Outcomes	Key Performance Indicators	2018–19 Target	2018–19 Actual	Assessment
Safety	Significant attributable safety incidents – ATM and ARFFS	0	0	Met
	Total lost time injury frequency rate	≤ 2.5	4.0	Not met
Financial stewardship	Manage costs within allocated budget	Meet budget	Better than budget	Met
	Return on assets	≥ 6.9%	8.2%	Met
Business operations / efficiency	Total operating cost per instrument flight rules flight hour (\$/hr)	≤ \$347	\$332	Met
Industry outcomes	Arrival airborne delay – median (high volume operations)	≤ 0.6 mins	0.7 mins	Not met
	Arrival airborne delay – 75th percentile (high volume operations)	≤ 3.4 mins	3.8 mins	Not met
	Industry advocacy score	-20	-25	Not met
Organisational capacity	People engagement index	≥ 48%	47%	Not met
	Diversity and inclusion index	Baseline	38%	Met

Corporate Initiatives Weighting 20 per cent

Deliverable	Assessment
Initiatives under Service Excellence pillar	Partially met
Initiatives under Service Innovation pillar	Partially met
Initiatives under Industry Leadership pillar	Partially met
Initiatives under Organisational Agility pillar	Met

OneSKY Program Weighting 20 per cent

Deliverable	Assessment
Initiatives under OneSKY Program	Met
Corporate Performance	60% 37%
Corporate Initiatives	20% 8%
OneSKY Program	20% 20%
Total	100% 65%

The Board determined the STI outcome, based on the achieved business outcomes and results, was 65 per cent of potential maximum STI achievable.

Accordingly in 2018-19 the substantive Executive were awarded:

Table 18: Executive Short Term Incentive

Name	Maximum Achievable STI	STI Outcome (65% of max. achievable STI)	60% STI paid September 2019	40% STI paid September 2020
Jason Harfield	20%	13% (\$113,100)	\$67,860	\$45,240
Michelle Bennetts	10%	6.5% (\$27,657)	\$16,594	\$11,063
Paul Logan	10%	6.5% (\$27,898)	\$16,739	\$11,159
Claire Marrison	10%	6.5% (\$21,775)	\$13,065	\$8,710
Robert Porter ⁴	10%	6.5% (\$11,842)	\$7,105	\$4,737
Christopher Seller	10%	6.5% (\$27,316)	\$16,389	\$10,926

Sixty per cent of the STI awarded from 2018-19 was paid in September 2019 and the remaining 40 per cent will be paid in September 2020 subject to assessment of performance and sustained positive impact on Airservices performance and success.

Board Member Remuneration

The following table outlines the remuneration earned and accrued by Board Members throughout 2018–19.

Table 19: Board Remuneration

Name	Short-Term Benefits		Post-Employment Benefits	Total Remuneration
	Base salary	Other benefits / allowances ⁵	Superannuation contributions	
John Weber	\$118,662	\$24,432	\$12,817	\$155,911
Mark Binskin	\$69,208	\$0	\$7,883	\$77,091
Fiona Balfour	\$59,331	\$11,166	\$6,408	\$76,906
Samantha Betzien	\$57,113	\$3,056	\$5,637	\$65,806
Marlene Kanga	\$59,331	\$10,287	\$6,408	\$76,026
David Marchant	\$59,331	\$14,403	\$6,408	\$80,143
John McGee	\$59,331	\$9,979	\$6,505	\$75,816
Tim Rothwell	\$59,331	\$18,546	\$7,180	\$85,057

5 Includes Board Committee membership and travel allowances

Executive Remuneration

The following table outlines the remuneration earned and accrued by the Executive in 2018-19.

Table 20: Executive Remuneration

Name	Short-Term Benefits				Post-Employment Benefits	Long-Term Benefits	Total Remuneration
	Base salary		Bonuses	Other benefits / allowances ⁶	Superannuation contributions	Long service leave	
	Salary	Rec. leave ⁷					
Jason Harfield	\$769,824	\$36,690	\$113,100	\$8,856	\$71,870 ⁸	\$21,445	\$1,021,785
Stephen Angus	\$244,448	-\$1,266	\$0	\$0	\$24,984	\$6,906	\$275,072
Michelle Bennetts	\$377,045	\$3,263	\$27,657	\$8,000	\$37,790	\$0	\$453,765
Craig Charker	\$53,369	\$1,899	\$3,767	\$0	\$12,308	\$1,356	\$72,428
Peter Curran	\$63,022	\$5,287	\$0	\$6,475	\$6,006	\$924	\$81,715
Paul Logan	\$396,669	\$1,645	\$27,898	\$8,000	\$37,067 ⁶	\$10,580	\$481,859
Claire Marrison	\$282,022	\$2,508	\$21,775	\$0	\$26,549	\$7,805	\$340,659
Craig Oakley	\$131,895	\$2,039	\$8,642	\$4,800	\$12,925	\$3,277	\$163,578
Robert Porter	\$166,309	\$12,642	\$11,842	\$3,080	\$15,850	\$3,903	\$213,626
Christopher Seller	\$375,412	\$19,333	\$27,316	\$8,118	\$37,324	\$10,359	\$477,861
Robert Weaver	\$115,352	-\$2,955	\$0	\$10,943	\$11,079	\$2,849	\$137,269

⁶ Includes motor vehicle and relocation allowances, and associated Fringe Benefits Tax

⁷ Accrued recreation leave less any recreation leave taken during the year

⁸ Member of AvSuper defined benefit superannuation scheme

Leadership Roles (other than Executive) remuneration⁹

The following table outlines the remuneration earned and accrued by the Executive in 2018-19.

Table 21: Other Leaders Remuneration

Remuneration Band	Number of staff	Average Short-Term Benefits			Average Post-Employment Benefits	Average Long-Term Benefits	Average Termination Benefits	Average Total Remuneration
		Base salary	Bonuses	Other benefits / allowances ¹⁰	Superannuation contributions	Long service leave		
\$0 – \$220,000 ¹¹	128	\$137,409	\$10,062	\$917	\$14,762	\$2,915	\$1,656	\$167,721
\$220,001 – \$245,000	27	\$192,194	\$13,945	\$1,146	\$20,306	\$4,381	\$0	\$231,972
\$245,001 – \$270,000 ¹²	15	\$203,870	\$12,159	\$2,605	\$20,939	\$5,799	\$12,504	\$257,878
\$270,001 – \$295,000	14	\$233,942	\$14,889	\$4,803	\$21,729	\$6,446	\$0	\$281,810
\$295,001 – \$320,000 ¹³	6	\$257,195	\$19,039	\$1,831	\$20,942	\$7,238	\$0	\$306,245
\$320,001 – \$345,000	2	\$277,175	\$18,939	\$0	\$25,149	\$7,181	\$0	\$328,444
	192							

9 Incorporates the two layers of leadership roles below Executive General Manager

10 Includes Early Retirement Benefit payments to eligible employees

11 Includes 19 employees who separated during the year

12 Includes two employees who separated during the year

13 Includes one employee who separated during the year

Other Highly Paid Staff remuneration

The following table outlines the *average* remuneration earned and accrued by other highly paid staff in 2018-19.

Table 22: Other Highly Paid Staff Remuneration

Remuneration Band	Number of staff ¹⁴	Average Short-Term Benefits			Average Post-Employment Benefits	Average Long-Term Benefits	Average Termination Benefits	Average Total Remuneration
		Base salary	Bonuses	Other benefits / allowances ¹⁵	Superannuation contributions	Long service leave		
\$220,001 – \$245,000 ¹⁶	325	\$201,119	\$20	\$2,269	\$25,032	\$4,222	\$598	\$233,260
\$245,001 – \$270,000 ¹⁷	225	\$218,973	\$14	\$4,961	\$26,376	\$4,151	\$1,665	\$256,141
\$270,001 – \$295,000 ¹⁸	89	\$235,929	\$0	\$8,176	\$29,506	\$5,009	\$1,506	\$280,127
\$295,001 – \$320,000 ¹⁶	29	\$243,196	\$0	\$18,923	\$28,890	\$4,924	\$8,455	\$304,388
\$320,001 – \$345,000 ¹⁶	10	\$244,273	\$0	\$26,220	\$26,772	\$4,577	\$29,233	\$331,075
\$345,001 – \$370,000 ¹⁶	9	\$245,088	\$0	\$41,461	\$31,024	\$4,643	\$35,429	\$357,644
\$370,001 – \$395,000	6	\$287,001	\$0	\$49,577	\$36,175	\$5,176	\$0	\$377,928
\$395,001 – \$420,000 ¹⁸	2	\$71,629	\$0	\$0	\$20,315	\$1,129	\$320,280	\$413,353
\$420,001 – \$445,000	1	\$208,954	\$0	\$197,795	\$21,267	\$4,745	\$0	\$432,761
\$520,001 – \$545,000	1	\$308,706	\$0	\$184,579	\$40,183	\$5,108	\$0	\$538,576

14 Includes 635 staff employed under the Air Traffic Control and Supporting Air Traffic Services Enterprise Agreement, 30 staff employed under the Air Traffic Control Line Manager Enterprise Agreement and 8 staff employed under the Aviation Rescue Fire Fighting Enterprise Agreement

15 Includes Early Retirement Benefit payments and Fly In Fly Out, Living Away From Home and Home Purchase/Sale allowances to eligible employees

16 Includes one employee who separated during the year

17 Includes four employees who separated during the year

18 Includes two employees who separated during the year