



AIRSERVICES AUSTRALIA GOVERNANCE STATEMENT

2021

1. INTRODUCTION

Airservices Australia is committed to meeting high standards of corporate governance which we consider essential to our long-term performance and sustainability, and to be in the best interests of our owner. This Governance Statement, which was approved by our Board on 15 September 2021, outlines the most significant aspects of our governance arrangements and processes as they were on 30 June 2021.

2. CONTEXT FOR OUR GOVERNANCE

Airservices is a corporate Commonwealth entity established by the *Air Services Act 1995* (Air Services Act). Our Board, as the governing body, is also established by the Air Services Act. Our governance is further regulated by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Australian Government is our owner and is represented by the Minister responsible for administering the Air Services Act (currently the Minister for Infrastructure, Transport and Regional Development). It is the role of our Minister to exercise strategic control over Airservices through the appointment of our Chairman and other Board members; formulating and communicating Australian Government objectives and policy to Airservices through means specified in the Air Services Act; and monitoring our operations through the receipt of reports, notices and other information we provide. The Finance Minister also has an interest in our governance, as provided for by the PGPA Act.

Our governance practices are regularly reviewed to ensure they align to Australian legislative and regulatory requirements and contemporary better practice and in support of our strategic objectives.

We seek to ensure our governance is consistent with the *Commonwealth Government Business Enterprises – Governance and Oversight Guidelines* (RMG 126) and the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations* (4th Edition) (to the extent applicable, noting that we are neither a listed corporation nor a government business enterprise).

3. ROLES AND RESPONSIBILITIES OF OUR BOARD AND MANAGEMENT

Our Board is responsible for deciding the objectives, strategies and policies we follow, and ensuring that we perform our functions in a proper, efficient and effective manner. Our Board Charter sets out the role and responsibilities of the Board and the Chief Executive Officer (and the executive management team); describes those matters reserved for the Board's determination; and sets out the Board's expectations for leadership, decision-making and culture within our organisation. The Board Charter is available on the Airservices website.

Key Board Functions

Strategic oversight

Our Board determines the strategic framework through which we operate. This includes deciding our mission, values, Corporate Plan, and other corporate strategies. It also makes decisions on the Code of Conduct which underpins our desired organisational culture. Our Board ensures that this strategic framework enables us to act upon the Australian Government's objectives and policies.

Ensuring effective governance and management

Our Board is responsible for appointing the Chief Executive Officer, which it does in consultation with the Australian Government. Our Board oversees our management group and its performance. It ensures that the strategic goals it sets are delivered by effective management systems and programs. Our Board also seeks to influence and monitor our organisational culture, reputation, ethical standards and legal compliance, including by instilling and continually re-enforcing a culture of acting lawfully, ethically and responsibly.

Ensuring responsible financial and risk management

Our Board ensures we responsibly manage our finances and risk. It approves corporate financial and investment planning and annual reporting. Our Board also:

- ensures that our remuneration policies are aligned with our purpose, values, strategic objectives and risk appetite
- monitors the assessment and management of risk
- approves and monitors systems of control and accountability
- approves significant commercial activities

4. STRUCTURE AND COMPOSITION OF OUR BOARD

BOARD MEMBER APPOINTMENTS

The non-executive members of our Board are appointed by our Minister. Advice provided to our Minister (by our Board/Chairman, through our Minister's Department of State) on appointments seeks to ensure our Board has members who bring an appropriate mix of skills, experience, knowledge, expertise and diversity required to discharge the Board's duties. Our Minister determines the period of appointment, which may be for up to five years.

Our Board currently comprises:

- a Chairman (non-executive)
- a Deputy Chair (non-executive)
- the Chief Executive Officer
- 6 other members (non-executive)

The membership of our Board is set out below. Detailed biographies and qualifications of Board members are set out on the Airservices website. All non-executive Board members are considered to be independent.

| NAME OF MEMBER | POSITION | TOTAL PERIOD OF SERVICE | CURRENT TERM EXPIRY DATE |
|-----------------------------|-------------------------|-------------------------|--------------------------|
| Mr John Weber | Chairman | 4 years, 3 months* | 2 June 2024 |
| ACM Mark Binskin AC (Ret'd) | Deputy Chair | 2 year, 10 months | 31 July 2021 ** |
| Mr Jason Harfield | Chief Executive Officer | 5 years, 4 months | 8 March 2024 |
| Ms Anne Brown | Board member | 1 year, 7 months | 3 December 2022 |
| Ms Sue Bussell AM | Board member | 1 year, 7 months | 3 December 2022 |
| Dr Eileen Doyle | Board member | 2 months | 20 April 2025 |
| Dr Marlene Kanga AM | Board member | 3 years, 10 months | 3 September 2024 |
| Mr David Marchant AM | Board member | 6 years, 11 months | 20 July 2023 |
| Mr Lawrence Turner | Board member | 3 months | 2 March 2024 |

* includes periods as a Board member and Deputy Chair, before appointment as Chairman from 3 June 2018.

** resignation with effect from this date.

Note: Mr Gregory Hood was appointed to the position of Deputy Chair by our Minister on 8 September 2021 for a term of 3 years.

BOARD MEMBER SKILLS AND EXPERIENCE

Our Board members possess a range of professional skills and experience. Our Board maintains a 'Skills Matrix', which is reviewed at least annually. It is used to inform succession planning and advice to our Minister on non-executive appointments. During the most recent round of Board appointments, the Board recommended to the Minister that new appointees should have skills from the areas of major business transformation, information technology and cultural reform.

BOARD COMMITTEES

Our Board has established five standing committees to assist it in its oversight role. Each Board committee has a non-executive Board member as its chair and comprises at least two non-executive Board members, plus our Board Chairman and Chief Executive Officer as ex officio members (our Board Chairman and Chief Executive Officer are not permitted to be members of the Board Audit and Risk Committee). The charter of each Board committee is available on the Airservices website.

Overview of Board Committees

| SAFETY | AUDIT AND RISK | ENVIRONMENT & COMMUNITY | PEOPLE, CULTURE & REMUNERATION | TECHNOLOGY & INVESTMENT |
|--|--|---|---|--|
| Responsibilities | | | | |
| Assists our Board to ensure that Airservices is meeting its operational safety, and work, health and safety obligations. It also monitors organisational preparedness to counter security threats. | Assists our Board in maintaining objective and reliable financial and performance reporting, and effective systems for risk management and internal control. It also monitors organisational compliance with all legal and regulatory obligations. | Assist our Board in overseeing environmental compliance and community engagement initiatives; implementation of recommendations made by the Aircraft Noise Ombudsman; and organisational strategy to address the impact of operations on the environment and the community. | Assists our Board in overseeing strategy, policies and practices relating to the management of our people and culture. It also reviews the performance, remuneration and succession plans for our CEO and Executive team. | Assists our Board in overseeing technology, systems engineering and IT strategies and policies; the strategic direction and policies of business systems, operational technology and IT security; and monitors development and delivery of the capital investment program. |
| Number of scheduled meetings annually | | | | |
| 6 | 4 | 4 | 5 | 5 |

KEY BOARD ROLES

Role of our Chairman

Our Chairman's principal responsibilities are to provide appropriate leadership to our Board and to ensure it fulfils its role. The Chairman has specific responsibilities to:

- Convene and preside over Board meetings, and to facilitate discussion within each meeting.
- Represent the views of our Board to Airservices stakeholders.
- Be the principal point of contact between Airservices and the Minister and Finance Minister.
- Maintain a regular dialogue with the Chief Executive Officer, serving as a primary link between our Board and management and providing continuity between Board meetings.
- Work with our Chief Executive Officer in relation to our Board's requirements for information.
- Approve expenses and allowances for Board members and the Chief Executive Officer.

Role of our Chief Executive Officer

The delivery and achievement of the Corporate Plan, and the management and administration of Airservices are the accountability of our Chief Executive Officer, in accordance with the Air Services Act and subject to any resolution of our Board.

Under the Air Services Act, our Chief Executive Officer has the power to undertake any action on behalf of Airservices that is within Airservices' legal authority to do, except where our Board has expressly limited that authority. Our Board has determined the limits of the financial or other authority of our Chief Executive Officer. Matters which are reserved for decision or consideration by the Board are listed in the Board Charter.

Expectations for Leadership, Decision-Making and Culture

The Board Charter includes a statement which requires that in leading and making decisions for Airservices, and in shaping its culture, it is expected that our Chief Executive Officer and executive management, exemplify, promote and ensure that:

- Staff and contractors conduct themselves in a manner that reflects commonly accepted standards of professional or business practice and ethics, including acting with honesty and integrity, with respect and dignity in relationships amongst those involved in, or affected by, our activities.
- Resource allocation decisions, capital and operating expenditure, or investment decisions, are made with due reference to their impact on the financial condition of Airservices, and the associated impact on the achievement of our Corporate Plan.
- Decisions or actions are taken with due reference to their impact on the workplace health and safety outcomes, and the associated impact on the achievement of our Corporate Plan.
- Decisions or actions are taken with due reference to their effect on our reputation and the associated impact on the achievement of our Corporate Plan.
- Risks that are material to our functions are identified and managed in accordance with our Board's Risk Appetite Statement and within appropriate systems of control.
- The provision of information to our Board is frank, consistent, coherent and complete.
- Our Board is promptly advised if plans or budgets will not be achieved, and that the role of our Board in dealing with the matters that it has reserved for its own attention is respected.

Role of our Board Secretariat

The Board is supported by the Board Secretariat, which is led by the Board Secretary. Appointing and, should it be necessary, terminating the employment of our Board Secretary is a decision reserved for our Board. The Board Secretary is accountable directly to our Board through our Chairman on matters relating to the proper functioning of our Board. The responsibilities of our Board Secretariat are detailed the Board Charter.

MEETINGS

Our Board holds as many meetings as it considers necessary for the efficient and effective performance of its functions. It agrees the timing and number of Board meetings for each calendar year in advance. Currently, our Board meets at least six times per year.

Under the direction of our Chairperson, our Board Secretariat maintains an Annual Agenda Plan for meetings of the Board and Board Committees. The preparation of agendas for individual meetings is coordinated by the Board Secretariat, under the direction of the Chairperson/Committee Chair, and in consultation with our Chief Executive Officer.

The quorum at Board meetings is five Board members. Members of the Executive, and other senior officers, are usually invited to attend Board meetings for discussion of matters relevant to their responsibilities. Our Board from time to time invites external experts to attend its meetings to brief them on strategic issues.

CONDUCT

Each Board member is expected to observe the highest standards of ethical behaviour at all times. A Code of Conduct is included in the Board Charter and is periodically reviewed by the Board to ensure that it remains fit for purpose.

Each Board member must declare to our Board all material personal interests that could in any way relate to our affairs. This is a legal obligation under the PGPA Act. Our Board Secretariat maintains a register of the declarations of interests provided by Board members. The register is updated and circulated to Board members at each Board meeting.

INDEPENDENT ADVICE

Board members may, when they judge such advice necessary for them to discharge their responsibilities as Board members, request that they be provided with independent legal, accounting or technical advice on relevant matters. Any independent advice obtained at the request of a Board member is tabled at the Board meeting following the receipt of the advice.

STAKEHOLDER ENGAGEMENT

Board members participate in an annual stakeholder engagement program, which enables them to meet with our customers and staff and to visit our operational and corporate facilities. During 2020/21, due to COVID-19 restrictions, some stakeholder engagement activities were constrained. The Board hopes this can be rectified in the coming year. The Board also engages with Trustees of the superfund, for which we are Principal Employer, to promote and facilitate the best interests of our employees.

5. BOARD REMUNERATION AND PERFORMANCE

BOARD REMUNERATION

The annual fees and allowances for our Chairman, Deputy Chair and Board members are independently 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. Further information is available at www.remtribunal.gov.au.

BOARD MEMBER INDUCTION AND PROFESSIONAL DEVELOPMENT

New Board members are offered a formal induction program. The content of the program is determined by our Chairperson and our Chief Executive Officer, and is tailored to suit the skills, knowledge and experience of the inductee. During 2020/21, due to COVID-19 restrictions, the induction program of Board members has not included operational site visits. The Board hopes this can be rectified in the coming year.

Board members have the opportunity to undertake professional development activities in order for them to develop and maintain the skills and knowledge needed to perform their roles effectively. Our Board periodically assesses whether the Board members as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues.

BOARD PERFORMANCE EVALUATION AND CHARTER REVIEW

Our Board subjects itself and its governance arrangements and processes to a performance evaluation conducted by a qualified independent external assessor at least once every three years. Every other year our Board conducts a self-evaluation of its performance. Our Board also reviews the Board Charter on an annual basis.

6. GOVERNING POLICIES

The policies which have been set by our Board are set out in **Figure 1**. Our policies are reviewed on an annual basis.

Governance, Risk and Compliance Policy

Airservices is committed to maintaining the highest standards of corporate governance, risk management and compliance in accordance with appropriate systems of risk oversight, risk management and internal control.

Safety Policy

Airservices is committed to providing the highest reasonable standard of safety for all the services that we provide and a safe and healthy working environment for workers and visitors. All workers are responsible for both operational and work health and safety, and all managers are accountable for safety performance in their areas of responsibility.

Risk Appetite Statement

Airservices operates in an inherently complex, varied and challenging environment. Risk management is central to everything we do. This statement supports effective risk management, of both positive and negative risks, through better understanding of the level of risk that Airservices is willing to accept to achieve its strategic objectives.

Code of Conduct Policy

Airservices is committed to setting clear conduct expectations for our employees, Board members, contractors and consultants, and not tolerating inappropriate workplace behaviour including bullying and harassment (including sexual harassment), discrimination, fraud, corruption, violence and other misconduct.

Just Culture Policy

Airservices recognises that a workplace culture of trust and learning relies on uninhibited reporting of all occurrences that compromise or have the potential to compromise the provision of our services or performance of our functions. This approach to reporting allows Airservices to learn from errors and failures when they are made.

People Policy

Airservices people are critical to our ability to deliver safe, valued, efficient and innovative services that promote and foster aviation. We will source, develop and engage a diverse and motivated workforce with the capabilities required to deliver on our business strategy.

Finance Policy

As a customer centric organisation, Airservices recognises the need to be agile and innovative, ensuring long-term sustainability and benefit to industry. We seek to maintain Airservices' long-term financial viability and optimise the value delivered to industry.

Ethics and Fraud Control Policy

Airservices is committed to establishing and maintaining strong and effective control arrangements which promote ethical conduct and prevent bribery and corruption, fraud and modern slavery. We also provide protections for whistleblowing, in accordance with the Public Interest Disclosure Act 2013.

Bullying, Harassment and Discrimination Policy

Airservices strives to create and maintain a work environment in which people are treated with dignity, decency and respect, and setting clear behaviour expectations in relation to bullying, sexual harassment, harassment and discrimination matters for our employees, Board members, contractors and consultants. Airservices is committed to providing a workplace that is psychologically safe, respectful and free from unacceptable behaviour. No form of bullying, sexual harassment, harassment or discrimination is tolerated.

Environmental Policy

Airservices is a provider of safe, secure, efficient and environmentally responsible services to the aviation industry. We are committed to the principles and practices of sustainability, and strive to continuously improve our organisational environmental performance to achieve positive outcomes for our customers, stakeholders and the community.

Information Management Policy

Airservices recognises that information management is critical to the delivery of our services, effective governance, risk management and compliance. Information is to be managed as a valued asset across its lifecycle in accordance with respective obligations.

Security Policy

To be safe we must be secure. We protect our personnel, information and assets so our customers have confidence in our capability to respond effectively against security threats.

Figure 1

7. SAFETY

We are committed to providing the highest reasonable standard of safety for all the services we provide and a safe and healthy working environment for our workers and visitors. The Air Services Act mandates that in exercising our powers and performing our functions, we must regard the safety of air navigation as the most important consideration. All workers are responsible for both operational and work health and safety, and all managers are accountable for safety performance in their areas of responsibility. Our Board Safety Committee assists the Board to ensure that we meet our operational safety and work, health and safety obligations.

8. ENVIRONMENT

We are a provider of environmentally responsible services to the aviation industry. We are committed to the principles and practices of sustainability, and strive, through our Environmental Sustainability Strategy, to continuously improve organisational environmental performance to achieve positive outcomes for our customers, stakeholders and the community. The Air Services Act mandates that we must exercise our powers and perform our functions in a manner that ensures that, as far as is practicable, the environment is protected from the effects of, and associated with, the operation and use of aircraft.

The impact of aircraft noise on communities is a particularly significant environmental issue for us. Our Board has appointed an Aircraft Noise Ombudsman, who conducts independent reviews of complaints into our management of aircraft noise-related activities.

Our Board Environment and Community Committee assists the Board in overseeing organisational strategy to address the impact of operations on the environment and the community, environmental obligation compliance, community engagement, and implementation of the recommendations of the independent Aircraft Noise Ombudsman.

9. LAWFUL, ETHICAL AND RESPONSIBLE BEHAVIOUR

We rely on our employees, Board members, contractors and consultants behaving in a safe, professional and ethical manner at all times, and upholding appropriate standards of conduct. We are committed to setting clear conduct expectations for, and not tolerating, inappropriate workplace behaviour including bullying, sexual harassment, harassment, discrimination, fraud, bribery and corruption, violence and other misconduct. We also set clear expectations for managing modern slavery risk in our operations and supply chains.

To set expectations for lawful, ethical and responsible behaviour, we maintain a Code of Conduct Policy as well as specific policies on 'Bullying, Harassment and Discrimination' and 'Ethics and Fraud Control'. We also have a 'Just Culture' policy, which recognises that a workplace culture of trust and learning relies on uninhibited reporting of all occurrences that compromise or have the potential to compromise the provision of services or performance of functions. This approach to reporting allows us to learn from errors and failures when they are made.

We aim to promote a culture of acting lawfully, ethically and responsibly by enabling confidential reporting of suspected or actual misconduct, without fear of reprisal, victimisation or disadvantage. Accordingly, we have a number of reporting channels that enable eligible public officials, which includes our current and former staff and contractors, to report 'disclosable conduct' under the Public Interest Disclosure Act 2013 (Cth) (PID Act). The PID Act offers protection to disclosers from reprisal action and also protects their identity if requested. Suspected or actual misconduct can be reported internally through the relevant manager or to a PID Authorised Officer. In addition, an externally operated Ethics Hotline service for those who do not wish to report through internal channels is available.

We have also recently recognised shortcomings in our arrangements for the reporting and investigation of bullying, harassment, sexual harassment and discrimination in the workplace. We have implemented a number of initiatives to remediate this, including an independent unit called 'Safe Place', designed to provide our staff with a compassionate and human centred response to bullying, sexual harassment, harassment and discrimination in the workplace.

Our Board Audit and Risk Committee oversees fraud risks and the performance of our fraud control measures. Our Board People, Culture and Remuneration Committee oversees matters of organisational culture, including legal, ethical and responsible behaviour.

10. DIVERSITY AND INCLUSION

We are committed to having an inclusive workforce that fosters diversity and optimises the contribution of people with different genders, backgrounds, culture and work and life experiences. We also strive to create and maintain a work environment in which people are treated with dignity, decency and respect, and to set clear behaviour expectations for our employees, Board members, contractors and consultants.

Our Board has achieved gender parity amongst its eight non-executive members. In addition, of the five standing committees of our Board, three are chaired by women. While appointments to our Board are at the discretion of our Minister, our Board remains mindful of the need to maintain gender parity amongst its non-executive members.

Our Executive Committee has also achieved gender parity amongst its eight members. The Executive Committee is comprised of the Chief Executive Officer and all of his executive direct reports. Further information about our diversity profile and diversity and inclusion objectives is available in the Annual Report.

11. PLANNING, PERFORMANCE AND ACCOUNTABILITY

CORPORATE PLAN

We prepare a Corporate Plan each financial year in accordance with the requirements of the PGPA Act. Our Corporate Plan is the principal document that articulates our purpose, key activities, operating context and performance measures. The Air Services Act also requires a number of matters to be considered in the preparation of the Corporate Plan.

Periodically our Minister also issues to our Board, as authorised by the Air Services Act, a Statement of Expectations, which sets out our Minister's views on the appropriate strategic direction for us and the manner in which we should perform our functions. Our Board responds to our Minister's expectations through a Statement of Intent. Our Corporate Plan is prepared to align with these statements.

PERFORMANCE REPORTING

We prepare an Annual Report each financial year, as required by the PGPA Act, to inform our Minister, Parliament and the public about our achievements, performance and financial position. In addition to the annual financial statements, our Annual Report includes an annual performance statement, which accounts for our actual performance against the performance measures articulated in our Corporate Plan. The annual financial statements and annual performance statement are also subject to external audit by the Australian National Audit Office. The Annual Report is tabled in Parliament by our Minister.

PUBLIC ACCOUNTABILITY

The Australian Government, as our owner, is kept informed of significant issues, decisions and on performance in a number of ways. In addition to the Annual Report, our Minister receives a quarterly progress report on execution of our Corporate Plan. Our Minister also receives a brief from us following each meeting of our Board, which articulates the significant matters discussed.

We are also held to public account through appearances by officials and evidence provided to various committees of Parliament, including the Senate Standing Committees on Rural and Regional Affairs and Transport and the Parliamentary Standing Committee on Public Works.

At the discretion of the Auditor-General, we are also subject periodically to performance audits on aspects of our governance, operations and/or projects by the Australian National Audit Office. The reports from those audits are tabled in Parliament.

12. EXECUTIVE REMUNERATION AND PERFORMANCE

A key objective of our Board People, Culture and Remuneration Committee is to review matters relating to the remuneration and performance of the Chief Executive Officer and members of the Executive.

Figure 2 provides an overview of the responsibilities in our Executive remuneration governance.



Figure 2

Our Board has adopted an Executive Remuneration Policy which establishes an industry-based remuneration model for our Chief Executive Officer and members of the Executive that directly aligns to our performance and the achievement of organisational strategic objectives and customer value. The responsibility of our Executive and other leaders is to create value for customers while maintaining and enhancing aviation safety, and building a workforce that is customer-oriented with an accountable performance culture. Executive remuneration is reported from year to year in a Remuneration Report within our Annual Report.

11. RISK MANAGEMENT AND ASSURANCE

RISK MANAGEMENT OVERSIGHT

We support a culture of proactive risk management by ensuring governance, risk and compliance practices are embedded in our business. Our risk management practices meet the requirements of section 16 of the PGPA Act and are aligned to *ISO31000:2018 Risk Management and the Commonwealth Risk Management Policy*. We also apply the *Airspace and Air Traffic Management Risk Management Policy Statement* that outlines the Australian Government's aviation agencies commitment to adopting a common approach to risk management in relation to the assessment of airspace and air traffic management.

Our Risk Appetite Statement drives effective risk management and decision making processes. It articulates the need to maintain the safety of air navigation as the most important consideration, while delivering value and innovative services for customers and the aviation industry.

To operationalise and embed risk management into the organisation, we utilise a top-down and bottom-up approach to risk management. A set of enterprise risks is owned by our Chief Executive Officer and is proactively managed by respective members of the Executive. A defined risk architecture is also established, to ensure that operational risks are able to be effectively aggregated or escalated up to the enterprise level for management oversight.

We have established a principles based compliance management program to minimise our compliance risk. Our approach is aligned to *ISO 19600:2015: Compliance Management Systems: Guidelines*.

We have adopted the Three Lines Model better-practice assurance model as a means to provide holistic assurance over key controls vital to our operations. Figure 3 highlights how we have operationalised the model.

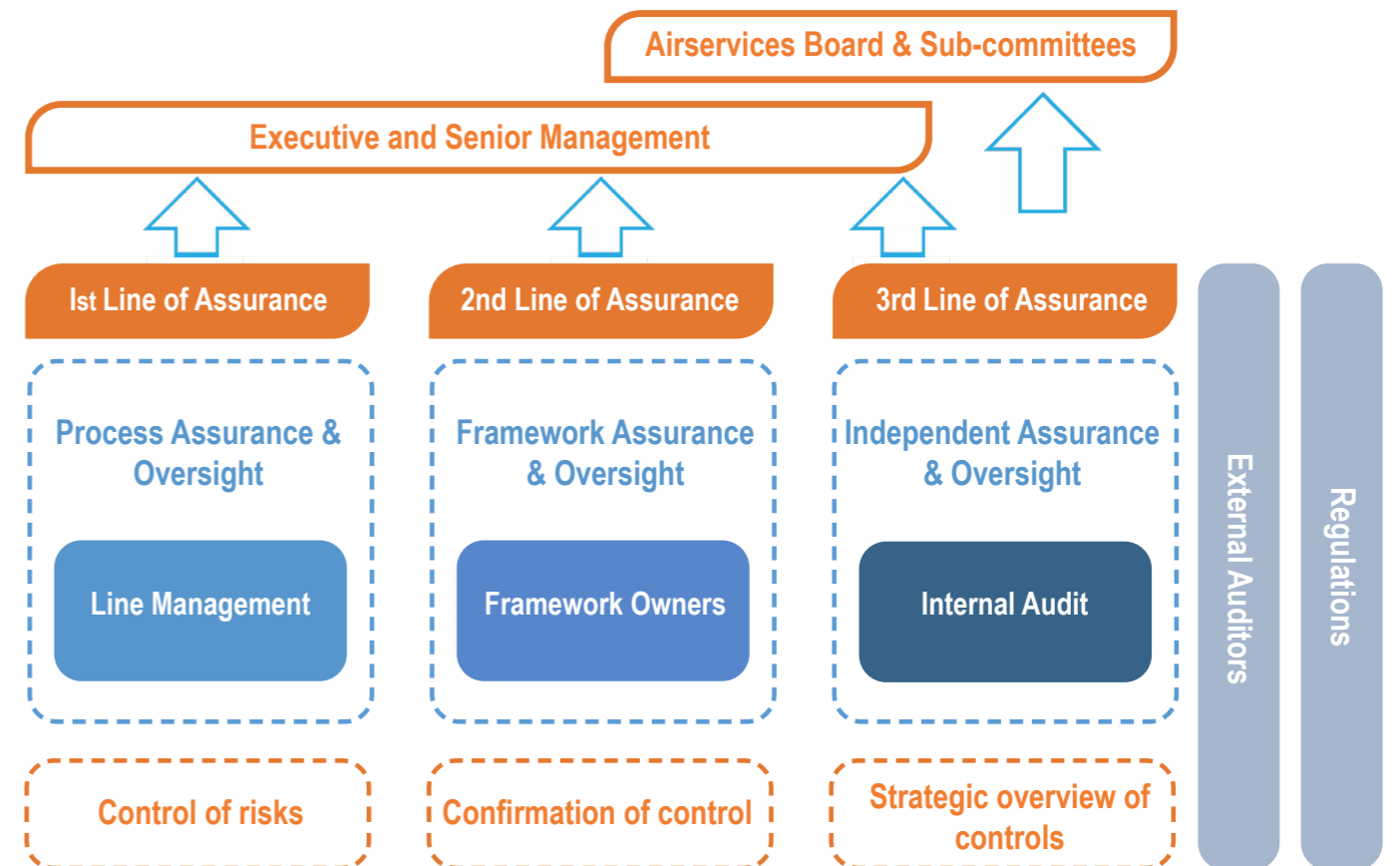


Figure 3

INTERNAL AUDIT

Internal audit has a unique role in our organisation and is a key part of our governance framework and key function of our assurance model. Our Internal Audit provides assurance that services are delivered in the best way they can be. It helps us accomplish our objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit team is governed by an Internal Audit Charter (which is authorised by the Board Audit and Risk Committee) and is led by our Chief Auditor, who reports to our Board Audit and Risk Committee and our Chief Executive Officer.



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