

APPENDIX B: AIRSERVICES REMUNERATION REPORT 2019-20

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 \$225,000 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 strategic organisational 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 objectives, strategies and policies, and ensuring that we perform our functions in a proper, efficient and effective manner.

Table 1: Board Members

Name	Status	Commenced	Finished
Chair			
John Weber ¹	Ongoing	6 April 2017	Current
Deputy Chair			
Mark Binskin ²	Ongoing	13 September 2018	Current
Board Members			
Fiona Balfour ³	Ongoing	3 June 2013	Current
Samantha Betzien	Ceased	4 June 2012	3 September 2019
Anne Brown	Ongoing	4 December 2019	Current
Sue-Ellen Bussell	Ongoing	4 December 2019	Current
Marlene Kanga	Ongoing	4 September 2017	Current
David Marchant	Ongoing	21 July 2014	Current
John McGee	Ceased	4 September 2015	3 December 2019
Tim Rothwell	Ongoing	21 July 2014	Current
Chief Executive Officer			
Jason Harfield	Ongoing	11 August 2015	Current

Notes:

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.
2. Absent on extended leave from February 2020 to Chair the Royal Commission into National Natural Disaster Arrangements.
3. Board Member's term finished on 2 September 2020, post reporting period, prior to publishing this report.

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Executives

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

Table 2: Executive General Managers

Name	Status	Commenced	Finished
Michelle Bennetts	EGM Customer Service Enhancement	25 January 2013	Current
Peter Curran	EGM Air Navigation Services	6 May 2019	Current
Lucinda Gemmell	Chief People and Culture Officer	1 June 2020	Current
Mark Hind	Acting Chief Information Officer	25 April 2020	Current
Paul Logan	Chief Financial Officer	2 July 2015	Current
Claire Marrison	EGM Safety and Assurance	3 November 2018	Current
Robert Porter ¹	EGM Aviation Rescue Fire Fighting Service	7 January 2019	Current
Christopher Seller	Chief Information Officer	1 July 2016	24 April 2020
Jason Harfield	Chief Executive Officer	11 August 2015	Current

1. Appointment ended on 31 August 2020, post reporting period, prior to publishing this report.

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 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 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.

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 Payments (STI)

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

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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 2019–20 the Committee Chair was Samantha Betzien (from 1 July 2019 to 3 September 2019), Mark Binskin (from 4 September 2019 to 3 December 2019) and Sue-Ellen Bussell (from 4 December 2019). The non-executive Board Members were Marlene Kanga, David Marchant and Tim Rothwell.

CHIEF EXECUTIVE OFFICER



Determine package principles for EGMs

Determine performance metrics and performance outcomes for EGMs

BOARD AND HUMAN RESOURCES COMMITTEE



Propose CEO package, performance metrics and performance outcomes

Review CEO recommendations on EGM, performance metrics and performance outcomes

BOARD



Review and approve CEO package, performance metrics and performance outcomes (noting Board Remuneration and Human Resources Committee recommendations)

Review and approve CEO decisions on performance metrics and performance outcomes (noting Board and Human Resources Committee recommendations)

ANNUAL FEES AND ALLOWANCES FOR BOARD MEMBERS

The Commonwealth Remuneration Tribunal determines the annual fees and allowances for our part-time Chair and Board Members. 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.

Given the impact of the COVID-19 pandemic on Airservices revenue, all non-Executive Board members voluntarily agreed to forego 20 per cent of their annual fees payable during 1 April to 30 June 2020.

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CORPORATE PERFORMANCE OUTCOMES 2019-20

The scorecard comprised key corporate performance metrics/indicators, initiatives under the pillars of our Corporate Plan and OneSKY Program milestones.

Table 3: Corporate Performance Scorecard

Corporate Metrics	Weighting 60%			
Outcomes	Key Performance Indicators	2019-20 Target	2019-20 Actual	Assessment
Safety	Significant attributable safety incidents – ATM and ARFFS	0	0	Met
	Total lost time injury frequency rate	< 1.5	2.3	Not Met
Financial stewardship	Manage costs within allocated budget	Meet budget	Met budget	Met
	Return on assets	5.9%	-1.3%	Not Met
Business operations/ efficiency	Total operating cost per instrument flight rules flight hour (\$/hr)	\$347	\$367	Not Met
Industry outcomes	Arrival airborne delay – median (high volume operations)	0.6 mins	0.9 mins	Not Met
	Arrival airborne delay – 75th percentile (high volume operations)	3.3 mins	4.3 mins	Not Met
	Customer satisfaction	≥ 70%	On Hold	
Organisational capacity	People engagement index	> 2018-19 result	Independent Review	
	Diversity and inclusion index	> 2018-19 result	Independent Review	

Corporate Metrics	Weighting 60%	
Deliverable	Assessment	
Initiatives under Service Excellence pillar	Met	
Initiatives under Service Innovation pillar	Met	
Initiatives under Industry Leadership pillar	Met	
Initiatives under Organisational Agility pillar	Met	

Corporate Metrics	Weighting 60%	
Deliverable	Assessment	
Initiatives under OneSKY Program		
Preliminary Design Review completed	Met	
Critical Design Review completed	Partially Met	
Melbourne Air Traffic Services Centre ready for installation	Met	

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In May 2019 the Board determined that, due to the impact of the COVID-19 pandemic and the prevailing business and economic climate, no STI payments for 2019-20 would be paid to Airservices leaders.

BOARD MEMBER REMUNERATION

The following table outlines the remuneration earned and accrued by Board Members throughout 2019-20.

Table 4: Board Remuneration

Name	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	Total Remuneration
	BASE SALARY	OTHER BENEFITS / ALLOWANCES ³	SUPERANNUATION CONTRIBUTIONS	
	\$	\$	\$	\$
John Weber	152,386	12,089	14,779	179,254
Mark Binskin	75,780	727	7,199	83,706
Fiona Balfour	71,242	3,424	6,919	81,586
Samantha Betzien	11,948	378	1,135	13,461
Anne Brown	43,528	1,268	4,135	48,931
Sue-Ellen Bussell	43,528	994	4,135	48,657
Marlene Kanga	76,197	3,090	7,390	86,677
David Marchant	76,197	4,931	7,390	88,518
John McGee	32,669	1,873	3,255	37,797
Tim Rothwell	76,197	4,718	7,541	88,456

3. Includes Board Committee membership and travel allowances.

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EXECUTIVE REMUNERATION

The following table outlines the remuneration earned and accrued by the Executive in 2019-20.

Table 5: Executive Remuneration

Name	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TOTAL REMUNERATION \$
	Base Salary ⁵ \$	Bonuses \$	Other benefits/ allowances ⁴ \$	Superannuation contributions \$	Long service leave \$	
Jason Harfield	730,813	0	8,000	73,738 ⁶	23,847	836,399
Michelle Bennetts	399,746	0	8,000	39,132	11,709	458,587
Peter Curran	430,340	0	56,390	41,933	8,977	537,639
Lucinda Gemmell	28,865	0	30,000	0	709	59,574
Mark Hind	41,863	0	738	4,605	1,059	48,265
Paul Logan	365,013	0	8,000	38,179 ⁶	11,811	423,002
Claire Marrison	299,799	0	0	28,643	9,263	337,704
Robert Porter	370,338	0	0	35,725	7,462	413,525
Christopher Seller	310,082	0	8,005	31,755	-32,005	317,837

Notes:

4. Includes motor vehicle and relocation allowances and associated Fringe Benefits Tax.

5. Base Salary includes annual leave paid and the net movement in annual leave balance.

6. Member of AvSuper defined benefit superannuation scheme.

LEADERSHIP ROLES (OTHER THAN EXECUTIVE) REMUNERATION⁷

The following table outlines the average remuneration earned and accrued by non-Executive leaders in 2019-20.

Table 6: Other Leaders Remuneration

Remuneration Band \$'000	Number of Staff	AVERAGE SHORT-TERM BENEFITS			AVERAGE POST-EMPLOYMENT BENEFITS	Average Long-Term Benefits	Average Termination Benefits \$'000	Average Total Remuneration \$'000
		Base salary \$'000	Bonuses \$'000	Other benefits/ allowances ⁸ \$'000	Superannuation contributions \$'000	Long service leave \$'000		
0 – 225,000	161	136,957	0	489	14,757	-350	5,234	157,087
225,001 – 250,000	34	201,252	0	244	21,632	5,664	8,538	237,330
250,001 – 275,000	16	228,238	0	1,122	23,828	7,203	0	260,390
275,001 – 300,000	8	198,644	0	2,133	25,349	5,373	53,673	285,171
300,001 – 325,000	7	245,645	0	3,129	24,983	6,754	29,516	310,026
325,001 – 350,000	1	229,134	0	71,293	24,288	6,412	0	331,128
350,000 – 375,000	1	122,537	0	5,983	25,089	3,286	198,071	354,965
375,001 – 400,000	1	344,699	0	\$0	31,405	6,733	0	382,836
	229							

Notes:

7. Incorporates leadership roles on employment contracts below Executive General Manager.

8. Includes early retirement benefit payments and fly in fly out, living away from home and home purchase/sale allowances to eligible employees.

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OTHER HIGHLY PAID STAFF REMUNERATION⁹

The following table outlines the average remuneration earned and accrued by other highly paid staff in 2019-20.

Table 7: Other Highly Paid Staff Remuneration

Remuneration Band \$	Number of Staff ⁹	AVERAGE SHORT-TERM BENEFITS		AVERAGE POST- EMPLOYMENT BENEFITS	Average Long-Term Benefits		Average Total remuneration \$
		Base salary \$	Other benefits/ allowances ¹⁰ \$	Superannuation contributions \$	Long service leave \$	Average Termination Benefits \$	
225,001 – 250,000	324	202,640	1,468	26,308	6,058	805	237,278
250,001 – 275,000	200	225,225	1,855	28,409	5,776	0	261,266
275,001 – 300,000	72	245,505	3,030	29,597	5,481	0	283,613
300,001 – 325,000	22	225,958	34,492	29,481	5,447	16,051	311,429
325,001 – 350,000	14	226,540	44,394	31,134	5,214	27,855	335,138
350,001 – 375,000	7	258,472	57,808	36,025	5,888	0	358,194
375,001 – 400,000	2	215,989	42,205	26,893	4,260	98,189	387,533
400,001 – 425,000	1	164,724	5,983	25,775	4,433	203,486	404,400
425,001 – 450,000	1	301,618	97,242	29,575	5,771	0	434,206
475,001 – 500,000	1	253,173	242,970	0	0	0	496,143
500,001 – 525,000	1	86,860	196,108	20,141	2,572	196,108	501,789
525,001 – 550,000	1	91,599	217,974	16,593	2,572	217,974	546,713
550,001 – 575,000	1	306,750	195,304	47,438	3,643	0	553,135
625,001 – 650,000	1	377,484	225,717	22,764	5,246	0	631,212
Grand Total	648	216,579	6,351	27,607	5,833	2,805	259,174

Notes:

9. Includes 597 staff employed under the Air Traffic Control and Supporting Air Traffic Services Enterprise Agreement, 27 staff employed under the Air Traffic Control Line Manager Enterprise Agreement and 6 staff employed under the Aviation Rescue Fire Fighting Enterprise Agreement.

10. Includes early retirement benefit payments and fly in fly out, living away from home and home purchase/sale allowances to eligible employees.