

4. Our people

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

4.1 Employee provisions

	2024 \$'000	2023 \$'000
Current employee provisions		
Employee benefits		
Recreation leave	67,273	57,624
Long service leave	145,445	132,198
Separations and redundancies	4,435	2,271
Pre-Comcare workers compensation	184	163
Total current employee provisions	217,337	192,256
Non-current employee provisions		
Employee benefits		
Long service leave	26,469	27,833
Separations and redundancies	2,730	3,334
Pre-Comcare workers compensation	1,554	1,534
Total non-current employee provisions	30,753	32,701

Description of provisions

Employee benefits

Workers compensation

These provisions represent Airservices' self-insured liability for workers compensation prior to 1 July 1989, which is calculated annually by an independent actuary.

Separations and redundancies

This includes \$7.2m (2023: \$5.6m) in early retirement benefits which have been elected to be taken by employees as a lump sum on retirement, and \$2.5m (2023: \$0.7m) for redundancy provisions.

The provision for early retirement benefits includes \$4.7m (2023: \$4.9m) for ATC employees who were employed by Airservices on 1 July 1998 and continue to meet the eligibility requirements under the relevant enterprise agreement.

Accounting Policy

Employee benefits

Salaries, wages, and termination benefits

Liabilities for short-term employee benefits and termination benefits expected to be wholly settled within 12 months of the end of the reporting period are measured at their nominal amounts. Liabilities for salary and wages are recognised and are measured as the amount unpaid at the reporting date at pay rates which will be applicable when paid, in respect of employees' services up to that date.

Recreation leave

The provision for recreation leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Accordingly, the employee benefit provision is measured as a long-term benefit by calculating the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Long service leave and early retirement benefit

Employee benefit provisions for long service leave and early retirement benefits are assessed by qualified actuaries on an annual basis. Various actuarial assumptions are required when determining Airservices' obligations and these are discussed below.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. A liability for early retirement benefit is recognised within the provision for separations and redundancies in accordance with the applicable Enterprise Agreement and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds (AA and AAA rated bonds only) with terms to maturity that match, as closely as possible, the estimated future cash outflows.

On-costs associated with recreation leave and long service leave are classified as separate provisions from employee benefits, in accordance with section 24 of the FRR and is recognised in Other Provisions, Note 2.5.

4.2 Defined benefit fund asset

Superannuation plan

Previously, Airservices was the principal sponsor of the superannuation fund, AvSuper, however during 2023-24 AvSuper merged with the Australian Retirement Trust (ART). The Successor Fund Transfer of the AvSuper Fund took place on 1 May 2024 and is now referred to as Aviation Super.

Aviation Super is a corporate plan of ART and retains the defined benefit members of the AvSuper Fund who remain employees of Airservices.

The plan has a defined benefit section and a defined contribution section. The defined benefit section provides benefits based on the length of service and final average salary. The defined contribution section receives fixed contributions and Airservices legal or constructive obligation is limited to these contributions.

The following sections set out details relating only to the defined benefits section of the Plan. Note that the defined benefits section is closed to new members. The valuation uses estimated 30 June 2024 membership and asset data.

Defined Benefit Surplus Assets repatriation

There was no repatriation of surplus assets to Airservices or the Civil Aviation Safety Authority (CASA) this financial year. In 2023, \$77,506,352 and \$1,500,000 respectively was repatriated.

	2024 \$'000	2023 \$'000
Benefit asset		
The amounts recognised in the statement of financial position are determined as follows:		
Present value of the defined benefit obligation	(452,095)	(466,809)
Fair value of defined benefit plan assets	598,884	581,591
Net benefit asset - non-current	146,789	114,782

Categories of plan assets

The major categories of plan assets are as follows:

Cash	41,922	47,706
Equity instruments	244,045	255,298
Debt instruments	202,123	85,235
Other assets	110,794	193,352
	598,884	581,591

Notes to and forming part of the financial statements

	2024 \$'000	2023 \$'000
Reconciliations		
Reconciliation of the present value of defined benefit obligation:		
Balance at the beginning of the year	466,809	462,122
Current service cost	14,053	15,994
Contribution by members	6,003	7,052
Interest cost	25,625	23,510
Remeasurements		
Effect of changes in financial assumptions	(9,242)	(5,391)
Effect of experience adjustments	(21,174)	68,689
Benefits paid	(29,979)	(105,167)
Balance at the end of the year	452,095	466,809
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	581,591	725,015
Interest Income	32,350	37,620
Remeasurements		
Return on plan assets (excluding interest income)	8,918	(6,949)
Contribution by Airservices	27	(75,980)
Contribution by members	5,977	7,052
Benefits paid	(29,979)	(105,167)
Balance at the end of the year	598,884	581,591
Net amount recognised in the Statement of Comprehensive Income		
The amounts recognised in the Statement of Comprehensive Income are as follows:		
i. Defined benefit cost recognised in profit or loss		
Current service cost	14,053	15,994
Interest on the net defined benefit asset	(6,725)	(14,110)
Total included in employee benefits expense	7,328	1,884
ii. Remeasurements (recognised in Other Comprehensive Income)		
Effect of changes in financial assumptions	(9,242)	(5,391)
Effect of experience adjustments	(21,174)	68,689
Return on plan assets (excluding interest income)	(8,918)	6,949
Total remeasurements included in Other Comprehensive Income - (gain)/ loss	(39,334)	70,247
iii. Total defined benefit (gain)/ loss recognised in the Statement of Comprehensive Income	(32,006)	72,131
Actual return on plan assets	40,060	39,809

4.2 Defined benefit fund asset (continued)

Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	2024	2023
Discount rate	5.50%	5.70%
Future salary increases - short term	6.30%	5.70%
Future salary increases - long term	4.90%	5.00%

The economic assumptions used by the actuary to make the funding arrangements were:

- a discount rate of 5.50% p.a. (2023: 5.70% p.a.) derived by applying the yield curve reported by Milliman to the expected cash flows of Aviation Super and equating this to a single equivalent rate.
- the salary increase rate assumption is equivalent to a liability weighted single rate assumption of 5.00% p.a. (2023: 5.10% p.a.).

Sensitivity analysis

A sensitivity analysis for the key actuarial assumptions, holding other assumptions constant, and their potential impact on the defined benefit obligation are shown below.

2024	Increase \$'000	Decrease \$'000
Discount rate (0.5% movement)	(20,853)	18,850
Future salary increases (0.5% movement)	22,199	(17,922)

2023	Increase \$'000	Decrease \$'000
Discount rate (0.5% movement)	(21,231)	25,616
Future salary increases (0.5% movement)	24,333	(20,248)

Maturity profile

The following payments are expected to be made in future years out of the defined benefit plan obligation.

	2024 \$'000	2023 \$'000
Undiscounted benefit payments		
1 year or less	35,908	32,071
2 to 5 years	180,708	163,955
5 to 10 years	231,310	225,732
Greater than 10 years	565,690	712,251
Total expected payments	1,013,616	1,134,009

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (2023: 9 years).

Employer contributions

Employer contribution rates are reviewed by the Employer as required under the Trust Deed. The Trustee receives advice on contribution rates with each actuarial investigation of the Plan undertaken for the Trustee. The Employer also reviews contributions rates as required if the financial position of the plan deteriorates. An actuarial investigation of the Plan is made each year (current practice), and the last such assessment was made as at 30 June 2023. This disclosed a surplus of \$118.6m (2022: \$214m). An actuarial investigation meeting requirements of the *Superannuation Industry (Supervision) Act 1993* is undertaken every 3 years.

For the year ended 30 June 2024 the employer contribution rate was:

- 3% of gross salary for those employees who remain members of the Commonwealth Superannuation Scheme (CSS category) (2023: 3%);
- From 1 July 2018, a contribution holiday was applied for other Airservices employees who are full members accruing a defined benefit under Division 2 of the Trust Deed.

The Employer and Trustee have an agreement regarding contributions required, should the Fund's financial position become unsatisfactory.

The objectives in setting the contribution rate are to ensure:

- the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable; and;
- there is a low probability that the assets are insufficient to meet the minimum benefit liabilities of the Fund should it terminate.

To achieve the first objective, the actuary has adopted a method of funding benefits known as the Attained Age Normal funding method. This funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of members' salaries over their remaining working lifetimes. To achieve the second objective, the actuary undertakes scenario testing of the short-term financial position of the Plan.

Employer contributions expected to be paid by Airservices for the year ending 30 June 2024 are \$0.027m due to the contribution holiday for full members, not including any additional contributions required (2023: \$0.025m).

Net financial position of the plan

In accordance with AASB 1056 Superannuation Entities, the Plan's net financial position is determined as the difference between the present value of the accrued benefits and the fair value of Plan assets. This was determined as at the date of the most recent financial report of AvSuper (2023), when a surplus of \$118.6m was reported (2022: \$214.4m). Last year in these financial statements, Airservices recognised a defined benefit asset of \$114.8m at 30 June 2023. The difference between the amounts is due to the different accounting treatment of the net financial position for the employer under AASB 119, and the Plan under AASB 1056.

As at 30 June 2024 these financial statements disclose a defined benefit asset of \$146.8m (2023: \$114.8m). Aviation Super's net financial position for the Plan under AASB 1056 will not be available until after these financial statements have been signed.

Accounting Policy

Superannuation

Contributions are made predominantly to Aviation Super (sponsored by Airservices) and Commonwealth Superannuation Corporation (ComSuper) which administers the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) funds. Aviation Super has a defined benefit section and an accumulation section within its fund. Contributions to the Aviation Super defined benefit fund are made in accordance with advice received from the fund's actuary. Contributions to accumulation funds are in accordance with the organisation's Enterprise Agreement(s) and other employee contracts, in line with legislative requirements. Contributions to ComSuper for the PSS and CSS funds are in accordance with actuarial reports as notified by the Department of Finance.

Contributions to all funds except the Aviation Super defined benefit fund are recognised as an expense as they become payable. With respect to the Aviation Super defined benefit fund, the net interest on the net defined benefit asset is recognised in the profit before income tax, whereas actuarial gains and losses are recorded in other comprehensive income.

A liability or asset in respect of the Aviation Super defined benefit superannuation plan is recognised in the Statement of Financial Position and is measured as the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets as outlined above. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interpolation between the yield on high quality corporate bonds (AA and AAA rated bonds only) that have terms approximating to the terms of the related obligation. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Accounting Judgements and Estimates

Aviation Super defined benefit plan

Various actuarial assumptions are required when determining Airservices' obligations under the Aviation Super defined benefit plan. The assumptions relied on for the period to 30 June 2024 are discussed above.

Long service leave and early retirement benefits

Various actuarial assumptions are required when determining Airservices' obligations for long service leave and the early retirement benefit scheme. The long-term employee benefit assumptions relied on for the period to 30 June 2024 are based on enterprise agreements that were applicable during the financial year. These include a 6.3% annual salary increase for the first 2 years and 4.9% p.a. thereafter, staff turnover rates ranging from 7.0% to 19.0% (depending on period of service), and the rate at which long service leave is taken while an employee is assumed to be 0.246 months of leave per annum. The Discount Rate is derived from a yield curve based on interpolation of high-quality corporate bonds (AA and AAA rated bonds only) based on the durations that reflect the estimated mean term of the liabilities, as follows:

Liability	Mean term	Corporate bonds	Discount rate
Defined benefits	7 years	Discount rate derived by applying Milliman's yield curve to expected cash flows of Aviation Super and equating this to a single equivalent rate	5.5% p.a.
Long service leave	6.1 years	6 year and 7 year	5.4% p.a.
Early retirement benefit	2.1 years	2 year and 3 year	5.0% p.a.
Recreation leave	0.8 years	Discount rate is derived by considering the short term yield at 30 June 2024 as reported by Milliman	5.0% p.a.

4.3 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Airservices, directly or indirectly, including any Board member. Also included, are personnel acting in key management positions for periods of 30 consecutive days or more or acting arrangements required to be in place due to vacancy regardless of timeframe. Key management personnel remuneration is reported in the table below:

	2024 \$'000	2023 \$'000
Key executive remuneration expense for the reporting period		
Board		
Short-term employee benefits:		
Salary	819	748
Allowances and other benefits	58	29
Total short-term employee benefits	877	777
Post-employment benefits:		
Superannuation (post-employment benefits)	90	79
Total post-employment benefits	90	79
Total Board remuneration	967	856
The information about non-executive Board members included in the table above relates to 9 individuals (2023: 8 individuals)		
Key executive management		
Short-term employee benefits:		
Salary ¹	5,047	4,569
Allowances and other benefits	52	43
Total short-term employee benefits	5,099	4,612
Post-employment benefits:		
Superannuation (post-employment benefits)	408	379
Total post-employment benefits	408	379
Other long-term benefits:		
Long service leave	100	49
Total other long-term benefits	100	49
Termination benefits	998	-
Total key executive management remuneration	6,605	5,040
Total key management personnel remuneration²	7,572	5,896

1 Salary includes recreation leave paid and the net movement in recreation leave balance in the current reporting period.

2 The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

Airservices has determined the key management personnel to be the Board members, Chief Executive Officer, 7 Executive General Managers (positions of which were covered by 10 officers during the year) the Director of Safety, Security and Environment Assurance and the General Counsel & Board Secretary. The information about executives above relates to 9.85 full-time equivalents (FTEs) (2023: 9.84 FTEs).

4.4 Related party transactions

a. Board members

The names of persons who were Board members of Airservices during the financial year are as follows:

	Status	Commenced	Finished
Chairman			
John Weber	On-going	6 April 2017	Current
Deputy Chair			
Greg Hood	On-going	8 September 2021	7 September 2024
Board members			
Lawrence Turner ¹	On-going	3 March 2021	Current
Dr Eileen Doyle	On-going	21 April 2021	Current
Dr Marlene Kanga AM	On-going	4 September 2017	3 September 2024
David Marchant AM	Ceased	21 July 2014	21 July 2023
Anne Brown	On-going	4 December 2019	Current
Melvin Hupfeld	On-going	1 August 2023	Current
Nicolle Connelly	On-going	1 August 2023	Current
Chief Executive Officer²			
Jason Harfield	Ceased	11 August 2015 ³	08 June 2024
Peter Curran	Acting	09 June 2024	28 July 2024

b. Executives⁴

The names of persons who were Executives of Airservices during the financial year (excluding the CEO, included above) are as follows:

Executives	Title	Commenced	Finished
Peter Curran	Chief Customer and External Relations Officer	6 May 2019	08 June 2024 ⁵
Michelle Bennetts	Chief Service Delivery Officer	16 April 2018	31 July 2024
Paul Logan	Chief Financial and Performance Officer	2 July 2015	Current
Mark Hind	Chief Technology Enablement Officer	27 April 2020	Current
Christian Patten	Chief Strategy Execution Officer	13 June 2022	Current
Danielle Mesa	Chief Culture and Diversity Officer	30 October 2023	Current
Vivienne King	Chief Operating Officer	21 August 2023	Current
Craig Charker	A/g Chief Service Delivery Officer	14 May 2024	Current
Sarah Davis	A/g Chief People and Culture Officer	11 February 2023 ⁶	30 August 2023
Paul Stoddart	A/g Chief Customer and External Relations Officer	11 June 2024 ⁶	Current
Mark Scanlan	Director of Safety, Security and Environment Assurance	30 January 2023	Current
Elizabeth Grinston	General Counsel & Board Secretary	17 January 2022	5 August 2024

1 Not a member of the Board for the period 2 March 2023 to 10 May 2024.

2 Rob Sharp was announced as interim CEO 18 July 2024 and commenced with the organisation on 29 July 2024.

3 Acting until appointment date of 9 March 2016.

4 Two new Executive positions were created effective 8 July 2024 being Chief Aerodromes Officer and Chief Airspace and Network Officer These positions will be included as part of the KMP in 2024-25 financial year.

5 Acting Chief Executive Officer from 9 June 2024 until 28 July 2024 and then commenced as Deputy CEO.

6 Commencement of acting arrangement.

c. Transactions with related parties

Certain Board member-related entities have transactions with Airservices that occur within normal customer or supplier relationships on terms and conditions no more favourable than those which it is reasonable to expect Airservices would have adopted if dealing with the Board member-related entity at arm's length in similar circumstances. These transactions include the following entities and have been described below where the transactions are considered likely to be of interest to users of these financial statements:

2024

- Airservices provided payments to Dimeo Cleaning Services amounting to \$1,980.44 for the period 1 July 2023 to 30 June 2024 during which time John Weber was Chair of the Airservices Board and was a Director at Dimeo Group.
- Airservices provided payments to Australian Maritime Systems Group amounting to \$108,103.08 for the period 1 July 2023 to 30 June 2024 during which time John Weber was Chair of the Airservices Board and was a Director at Australian Maritime Systems Group.
- Airservices provided payments to the Civil Aviation and Safety Authority amounting to \$138,054.65 and received an amount of \$7,472.35 for the period 1 July 2023 to 30 June 2024 during which time Greg Hood was Deputy Chair of the Airservices Board and their domestic partner was an employee of the Civil Aviation and Safety Authority.
- Airservices provided payments to L3 Harris Communications Australia amounting to \$62,998,842.41 for the period 1 July 2023 to 30 June 2024 during which time Greg Hood was Deputy Chair of the Airservices Board and had a personal relationship with the Chief Executive Officer of L3 Harris Communications Australia.
- Airservices provided payments to Civil Aviation Historical Society Inc amounting to \$84,243.00 for the period 1 July 2023 to 30 June 2024 during which time Greg Hood was Deputy Chair of the Airservices Board and member of Civil Aviation Historical Society Inc.
- Airservices provided payments to NEXTDC Limited amounting to \$128,188.03 for the period 1 July 2023 to 30 June 2024 during which time Eileen Doyle was both a Board member of Airservices and Non-Executive Director at NEXTDC Limited.
- Airservices received amounts from Home Affairs amounting to \$4,567.97 for the period 1 July 2023 to 30 June 2024 during which time Melvin Hupfeld was a Board member of Airservices and member of Home Affairs to produce a recommended Australian National Cyber Security strategy.
- Airservices received amounts from the Royal Victorian Aero Club amounting to \$89,379.27 for the period 1 July 2023 to 30 June 2024 during which time Melvin Hupfeld was a Board member of Airservices and patron of Royal Victorian Aero Club.
- Airservices provided payments to Jigsaw Group AUS Limited amounting to \$35,579.41 for the period 1 July 2023 to 30 June 2024 during which time Lawrence Turner was a Board member of Airservices and his daughter attended Jigsaw as a workplace trainee funded by NDIS.
- Airservices received amounts from Virgin Australia amounting to \$171,372,701.67 for the period 1 July 2023 to 30 June 2024 during which time Lawrence Turner was a Board member of Airservices and his son-in-law was employed with Virgin Australia as 737 Captain.
- Airservices provided payments to Tractix Pty Ltd amounting to \$3,339,634.12 for the period 1 July 2023 to 30 June 2024 during which time Mark Hind was the Chief Technology Enablement Officer of Airservices and had a personal relationship with the business owner and his daughter was employed by Tractix Pty Ltd.

Notes to and forming part of the financial statements

2023

- Airservices provided payments to Dimeo Cleaning Services amounting to \$2,874.30 for the period 1 July 2022 to 30 June 2023 during which time John Weber was Chair of the Airservices Board and was a Director at Dimeo Group.
- Airservices provided payments to the Civil Aviation and Safety Authority amounting to \$1,614,856.01 for the period 1 July 2022 to 30 June 2023 during which time Greg Hood was Deputy Chair of the Airservices Board and their domestic partner was an employee of the Civil Aviation and Safety Authority.
- Airservices provided payments to Harris Communications Australia amounting to \$50,739,895.81 for the period 1 July 2022 to 30 June 2023 during which time Greg Hood was Deputy Chair of the Airservices Board and had a personal relationship with the Chief Executive Officer of Harris Communications Australia.
- Airservices provided payments to the Civil Aviation Historical Society amounting to \$80,000.00 for the period 1 July 2022 to 30 June 2023 during which time Greg Hood was Deputy Chair of the Airservices Board and was a member of the Society.
- Airservices provided payments to Santos Limited amounting to \$605.00 for the period 1 July 2022 to 30 June 2023 during which time Eileen Doyle was both a Board member of Airservices and Non-Executive Director at Santos Limited.
- Airservices provided rent payments to Queensland Rail Limited amounting to \$81,585.08 for the period 1 July 2022 to 30 June 2023 during which time David Marchant was both a Board member of Airservices and Chair of Queensland Rail Limited.
- Airservices provided rent and electricity payments to Port Authority of New South Wales amounting to \$16,753.80 for the period 1 July 2022 to 30 June 2023 during which time David Marchant was both a Board member of Airservices and Chair of the Port Authority of New South Wales.
- Airservices provided payments to Jigsaw Group (AUS) Limited amounting to \$11,935.00 for the period 1 July 2022 to 30 June 2023 during which time Lawrence Turner was both a Board member of Airservices and has a family member participate in training programs run by Jigsaw.
- Airservices provided payments to Tractix Pty Ltd amounting to \$3,094,780.71 for the period 1 July 2022 to 30 June 2023 during which time Mark Hind was both Chief Technology Enablement Officer of Airservices and has a family member employed by Tractix Pty Ltd.

To the extent permitted by law, Airservices provides indemnities to its Board members and officers to complement the insurance arrangements that it has in place.

The Board adheres to a strict Conflict of Interest Protocol which includes a review of Board members' personal interests at each Board meeting. The management of any conflict is dependent on its nature and severity and may include the exclusion of Board members from receiving related material or withdrawal from discussion or decision making.