

# 22 | 23 Annual Report





Artwork from Luke Duffy

We acknowledge and embrace a culture that celebrates diversity, inclusion, and equality for all. In making this statement we acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Owners and Custodians of the country on which we live and work, now called Australia.

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### Annual performance statement

Airservices Australia, as a corporate Commonwealth entity, presents its 2022-23 annual performance statement as prepared in accordance with section 39 of the *Public Governance Performance and Accountability Act 2013* (Cth) (PGPA Act).

In accordance with section 16F of the *Public Governance Performance and Accountability Rule 2014* (Cth) (PGPA Rule), the annual performance statement accurately presents how we have performed against our strategic initiatives and key performance areas in meeting our purpose, as outlined in our 2022-23 Corporate Plan.

### Publication contact

Enquiries concerning reproduction rights should be addressed to:

Business Reporting Manager Airservices Australia  
GPO Box 367  
Canberra City ACT 2601

**Telephone:** (02) 6268 4374  
**Email:** [EnterpriseReporting2@airservicesaustralia.com](mailto:EnterpriseReporting2@airservicesaustralia.com)  
**Web:** [www.airservicesaustralia.com](http://www.airservicesaustralia.com)

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# Letter of transmittal



The Hon Catherine King MP  
Minister for Infrastructure, Transport,  
Regional Development and Local Government  
Parliament House  
CANBERRA ACT 2600

Dear Minister,

## **Airservices Australia Annual Report 2022-23**

On behalf of the Board of Airservices Australia, I am pleased to submit to you the Airservices Australia Annual Report for the financial year 2022-23 as required under section 46 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

During 2022-23 we were accountable to the Australian Parliament and to the Australian Government through your portfolio as the Minister for Infrastructure, Transport, Regional Development and Local Government. The Board, as the accountable authority of Airservices Australia, is responsible for preparing and submitting this report to you. The Board endorsed the report at our meeting on 20 September 2023.

The report has been prepared in accordance with the requirements of the Air Services Act 1995, the PGPA Act, the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) and other relevant legislation.

This report outlines the achievements and milestones met by Airservices and includes a review of operations and financial statements for the year ending 30 June 2023.

The performance statement has been prepared to demonstrate our performance over the 2022-23 period against the Airservices Corporate Plan. It reports against our key performance measures and initiatives articulated within the Plan. The appropriateness of the performance statement was reviewed by the Airservices Board Audit and Risk Committee at its meeting on 6 September 2023.

In the Board's opinion, the annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act and section 16F of the PGPA Rule.

Yours sincerely

A handwritten signature in blue ink that reads "John Weber".

**John Weber**  
Chairman  
20 September 2023

Phone: +61 2 6268 4111  
Local call (SYD): 1300 301 120  
Email: [info@airservicesaustralia.com](mailto:info@airservicesaustralia.com)  
[www.airservicesaustralia.com](http://www.airservicesaustralia.com)

Alan Woods Building, 25 Constitution Ave  
Canberra ACT 2600, Australia  
GPO Box 367, Canberra ACT 2601  
ABN: 59 698 720 886



# About us

**We're Australia's air traffic management and aviation rescue fire fighting service provider operating at 29 of Australia's major airports.**

In our vital role, we manage 11 per cent of the world's airspace, including the upper airspace for Nauru and the Solomon Islands.

Our people go above and beyond every single day to safeguard lives and livelihoods, while we continue to build the future of Australia's skies - the very infrastructure relied upon to secure our place in the world.

**We connect people with their world safely** through our world-class services - linking family and friends, generating economic activity, creating jobs, and facilitating trade and tourism.

*Our values reflect what is important to us at Airservices Australia. Embedded and shared, they guide our daily interactions with our customers, community and each other.*



## Our values



Safe skies  
Safe people  
Focused  
Inclusive  
Caring



Serving our customers  
Serving our people



Purpose driven  
Capable  
Valued



Trusting  
Respectful  
Collaborative



Outcome focused  
Accountable  
Empowered



## Legend

- Air traffic towers 29 locations
- ▲ Aviation rescue fire fighting stations 27 locations
- Air traffic services centres 4 locations

# Our role

**We are a government-owned organisation established by the *Air Services Act 1995* (the Act). We are a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).**

Our primary role, as defined under the Act, is to:

- provide facilities and services for the safety, regularity and efficiency of air navigation within Australian-administered airspace. This includes providing air traffic services, aviation rescue fire fighting services, aeronautical information, radio navigation and telecommunications services
- promote and foster civil aviation in Australia and overseas.

We operate in accordance with the Act, the Australian Airspace Policy Statement 2018, the PGPA Act and the minister's statement of expectations. In addition, a range of other legislation applies to our operations.

We are funded through customer charges for our services and by capital raised from debt markets. Our Board set our prices after extensive consultation with industry and oversight by the Australian Competition and Consumer Commission.

The additional equity from government we received during the financial year ensured that we continue to provide our services despite challenges faced by the recovering aviation industry, and to invest in our future services and capabilities.

In undertaking our functions, we regard the safety of air navigation as our most important consideration, and we endeavour to protect the environment from the effects of aircraft operations.

More information is available at [www.airservicesaustralia.com/about-us/our-governance](http://www.airservicesaustralia.com/about-us/our-governance)







# Board Chair and CEO's report

## **Our purpose to connect people with their world safely has never been more important, as domestic and international aviation volumes gradually reverse the sharp declines of the COVID-19 pandemic.**

The past year was one of recovery for the Australian aviation sector, as the significant disruption associated with the pandemic progressively eased and the travelling public returned to the skies in increasing numbers. Total movements increased by 22% including a 29% increase in domestic traffic, which averaged 90% of pre-pandemic levels over the 12-month period and ended the year in line with pre-pandemic levels.

Regional airports that service domestic leisure demand, interstate migration and mining regions experienced strong growth through the year, while international operations, which have historically accounted for around half our revenue, more than doubled off a very low base. International volumes averaged 70% of pre-pandemic levels over the full year and finished the period 28% below pre-pandemic levels at our busiest capital-city airports, signifying that the recovery still has some way to go.

We are operating in a different environment than before the pandemic, with less predictability in traffic patterns and the rate of recovery varying widely across the Australian network. As the aviation industry continued to recover, our airways revenue grew by 57% year-on-year. Because we continued to deliver our full services across the same airspace, with lower than pre-COVID levels of traffic, our costs outweighed revenue for the financial year. Noting that the industry was still recovering, we continued to share their pain and have sustained and built on our cost efficiency practices, and our balance sheet was further strengthened by an equity injection of \$495 million from the government in December 2022. For the year, we recorded a \$205.8 million underlying net loss after tax, which, together with continued progress on our cost effectiveness programs, was a 41% improvement in our bottom line over the prior year.

We maintain our focus on delivering safe, efficient and sustainable services, while at the same time transforming and repositioning our organisation to meet both the current and future needs of the industry and all those who use our skies.

Our focus on the provision of our services delivered another year with zero significant attributable safety occurrences, and our Aviation Rescue Fire Fighting (ARFF) crews saved 15 lives and responded to 398 aviation-related incidents among the 4428 callouts they received.

We always prioritise the safety of our skies and our people – a commitment that grows in importance as the upward traffic trend continues, with July recording the 2 busiest days in commercial aviation history by number of flights globally.

We acknowledge that in navigating the challenges and uncertainties of the return to industry growth, the efficiency and consistency of our services have at times fallen short of the standards expected by ourselves, our customers and the community. We are working hard to build greater capacity to address this issue.

We continue to work closely with our customers and stakeholders to support the recovery and sustainable growth of aviation, and we are holding ourselves to high standards of transparency and accountability for our ongoing performance to ensure we effectively serve our customers and the travelling public.

This includes our Performance and Customer Experience (PACE) program, comprising 30 projects designed to increase network capacity by improving the utilisation and numbers of our operational staff and accelerating their competency acquisition.

In May we initiated quarterly Aviation Network Roundtable meetings connecting senior aviation leaders to collaboratively review and improve the Australian air transport network performance. We recently launched the Aviation Network Overview report, which will continue to be published monthly to outline the factors shaping our operating environment as well as key aspects of the national network performance. These engagement efforts will continue to foster and shape opportunities to improve outcomes for the aviation industry and the travelling public.

As part of the ongoing transformation of our business, over the past year we have continued to make progress against our organisational improvement and strategic change programs.

Our OneSKY partnership with the Department of Defence to deliver a world-first harmonised civil and military air traffic management system for Australian airspace is making significant progress on construction and installation activities. This includes the completion of the new Air Traffic Services Centres and support facilities in Brisbane, Perth and Melbourne; hardware deployment nearing completion at several civil and military sites; and the successful demonstration of initial software development and integration.

Airservices is now working with Defence and Thales to implement a streamlined delivery strategy, which will simplify the program and provide greater certainty for successful implementation.

To enable OneSKY's success, we have continued to replace end-of-life communications infrastructure, including copper-based services. Airservices is developing our next-generation telecommunications network architecture to deliver greater resilience and reliability as part of our Enterprise Network Modernisation Program.

As the use of uncrewed aircraft systems continues to grow in Australian airspace, we have developed and conducted successful in-field trials of a Flight Information Management System with industry partners to support the safe integration of uncrewed aircraft into shared airspace. We have also trialled an Integrated Drone Surveillance System at Sydney's Kingsford Smith International Airport using radio frequency, radar and optical cameras to detect and identify drones.

Airservices is preparing to introduce Digital Aerodrome Services (DAS) technology at Canberra Airport in late 2025 and Western Sydney International Airport in mid-2026. DAS uses cameras positioned around the airfield to enable the operation of a digital automatic detection and alerting capability, assisting air traffic controllers to standardise and evolve the way we monitor and manage airfield activity.

As part of our uplift of our ARFF capability we are leveraging new technology to enhance our service delivery and have begun modernising our Aviation Rescue Fire Fighting services fleet. This includes the procurement of plug-in hybrid electric vehicles equipped with high reach extendable turret technology for Western Sydney International Airport.

We are working with our industry partners to deliver Airport Collaborative Decision Making (A-CDM) capability to our 4 major airports of Sydney, Melbourne, Brisbane and Perth. By sharing accurate, real-time data and insights, A-CDM will make it faster and simpler to manage aircraft movements and save around \$120 million worth of fuel over a 10-year period. The platform will be available to our partners by October 2023 and implementation is expected to commence by July 2024.

During the year we commenced implementation of our Noise Action Plan for Brisbane, which aims to reduce the impact of Brisbane Airport aircraft operations on communities. We are continuing to engage with Brisbane communities on options to improve noise outcomes, including greater operations over water and noise sharing options.

We are also working with our airport customers in Melbourne and Perth as they progress plans to deliver new runway projects in coming years,

and we have supported the development of the preliminary flight path design for the new Western Sydney International Airport, which will be subject to Environmental Impact Statement community engagement in late 2023.

Airservices' obligations when planning and implementing changes to flight paths include minimising the impact of aircraft operations on communities, effective community engagement and informing the community of the development and implementation of significant changes to air navigation. We take these obligations seriously and have implemented improvements to our flight path design and community engagement practice to enable 'community-by-design' thinking in flight path planning, and more effective engagement and interaction with the community.

To enhance our processes around community engagement on flight path and airspace changes, during the year we worked closely with the community to finalise a new national engagement approach for the development and implementation of flight path changes. The recently completed national Community Engagement Standard defines the best-practice process we will apply to all future changes.

We remain focused on developing a culture that is inclusive, diverse and respectful. During the year programs such as Safe Place continued to deliver essential psychological, wellbeing and investigative support to all Airservices people. Propel, a new leadership program focused on leading with courage and inclusivity, was rolled out to our service delivery leaders. We also established a Peer Assistance Network, which gives Airservices people the chance to speak informally and confidentially to a trained colleague who understands the aviation safety industry.

Over the course of the year, we also completed several initiatives aimed at fostering diversity and inclusion. We conducted ARFF recruitment drives aimed at attracting female and Indigenous candidates, and we created our first Indigenous Career Pathway ATC traineeship program. We strengthened our Elevate network for LGBTIQ+ employees and allies, and relaunched Yakka Bunji, a network for Aboriginal and Torres Strait Islander staff.

On behalf of the Board and Executive, we thank the entire Airservices team for their ongoing efforts in delivering safe, efficient and sustainable services for the aviation industry and our communities.



**John Weber**  
Board Chair



**Jason Harfield**  
Chief Executive Officer



01

## Our year in review


We have continued to keep our skies safe and deliver efficient services.

# Total movements

3.0M  
2020-21

3.1M  
2021-22

3.8M  
2022-23


 Total movements  
**22%**  
to 3.78 million  
compared to 2021-22

Top 4 airports combined increased by **57.7%** comprising:


**73.3%** increase in Melbourne  
**76.2%** increase in Sydney  
(Kingsford Smith)

**42.2%** increase in Brisbane  
**28.9%** increase in Perth

## Change from 2021-22

 **29%**  
Domestic aviation traffic

 **105%**  
International aviation traffic

 **11%**  
General aviation

**1% increase**  
From pre-pandemic (2018-19)

**28% reduction**  
From pre-pandemic (2018-19)

**8% reduction**  
From pre-pandemic (2018-19)

  
**4428**  
Total ARFF callouts

  
**398**  
Aviation-related incidents  
responded to by ARFF

  
**15**  
Lives saved



0

**Significant attributable  
safety occurrences**

**ATM** – since 2010-11  
**ARFF** – since 2015-16

# Reducing the cost to serve

Like other organisations with the aviation sector ecosystem, our financial performance continues to remain challenging with some volatility in traffic recovery during the year.

**-13.2%**

Return on assets

**\$205.8M**

Underlying net loss after tax

(40.8% improvement compared to 2021-22)

**\$413**

Cost per instrument flight rules flight hour

Implemented **\$8.7M** cost savings, with additional **\$12.7M** delivered as increased capacity benefits from Support Services

# Transforming the customer journey

We support a range of customers who derive value from our services.

**69%**

Customer satisfaction score

**\$306M**

Capital investment for 2022-23

**99.4%** published ATS services to industry

**99.1%** ARFF services to industry at the correct service levels

**82%** planned capacity



Plug-in hybrid electric vehicles (PHEV) contract finalised for procurement

Equipped with high reach extendable turret (HRET) technology for Western Sydney International Airport.



Aeronautical Data Originator (ADO) portal commissioned

With the roll out to 700 aerodromes completed by August 2023.



Integrated Drone Surveillance System (IDSS) trial completed at Sydney Airport

Multiple detection sensor types (radiofrequency, radar and optical cameras) utilised concurrently to detect and identify drones, and to synthesise the information into a single common operating picture.

Successfully completed in-field trials with industry partners for the Flight Information Management System (FIMS) to support the safe integration of uncrewed aircraft into shared airspace

# Fostering a high performing culture

We are continuing our culture transformation journey to build a safe and inclusive workplace for all.

70 

Service delivery leaders completing the Propel Leadership Program

With an additional 300 underway.

21 

Endorsed air traffic controllers

48 

New aviation rescue fire fighters

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# Facilitating sustainable aviation



Released our draft Community Engagement Standard across Australia



Working towards net zero by 2050



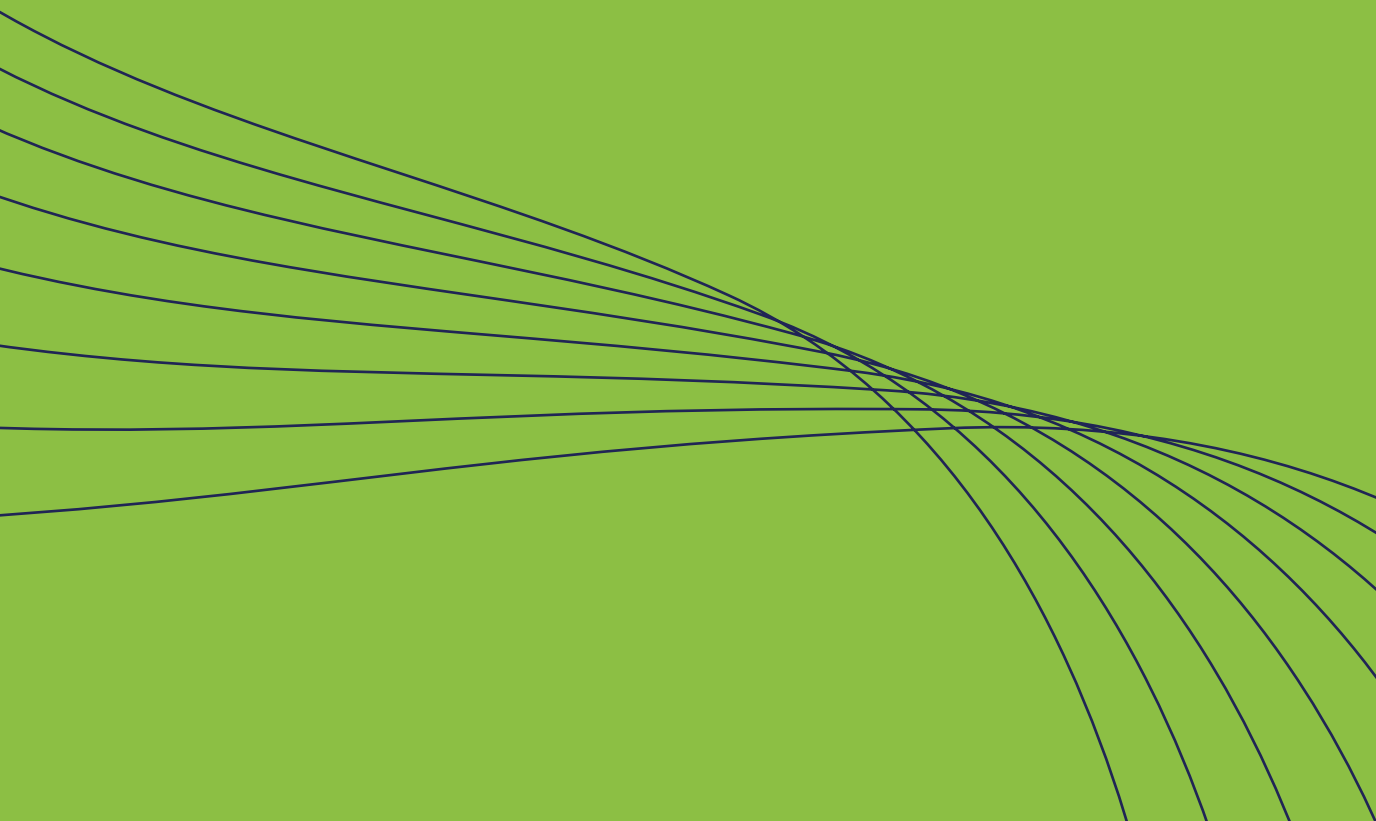
Established and commenced implementation of our Noise Action Plan for Brisbane Airport



# 02

## Annual performance statement

As the world transitions away from restricted movements brought about by the COVID-19 pandemic, Airservices continues to support the ongoing recovery of the aviation industry.







On behalf of the Airservices Board, I present Airservices' 2022–23 Annual Performance Statement, prepared in accordance with section 39(1)(a) of the *Public Governance Performance and Accountability Act 2013* (PGPA Act). It is our opinion that the statement accurately presents Airservices' performance in the reporting period and complies with subsection 39(2) of the PGPA Act.

A handwritten signature in green ink that reads "John Weber". The signature is fluid and cursive, with a large loop at the end.

**John Weber**  
Airservices Australia Board Chair

# Our performance

**We continue to support the industry's recovery through the delivery of efficient services, while fulfilling our purpose to connect people with their world safely. At the same time, we are investing in new and innovative services to deliver the future of aerospace and aviation rescue fire fighting services and ensure we meet the evolving nature of our customers, the community and shareholders' expectations.**

We are committed to the following objectives:

- Optimised, safe and efficient use of Australian airspace through a single national air traffic system.
- Optimised, resilient and efficient aerodrome services through scalable and flexible delivery.
- Sustainable capacity growth with balanced community and customer outcomes.
- Sustainable and scalable Aviation Rescue Fire Fighting services delivering improved safety for our people and customer through evolved fleet and people capabilities.
- Safe and sustainable integration of the Uncrewed Aircraft Systems (UAS) market.
- Delivering valued insights by leveraging our unique air navigation and network capabilities.
- A thriving purpose- and values-led organisation, aligning people capabilities to need.
- Faster, greener, quieter outcomes for our communities and customers enabled by our commitment to sustainable aviation.
- Safe, inclusive, engaging and sustainable workplaces, enabling delivery of our valued services.
- Effective, engaging and efficient ways of working enabled by 'next generation' digital business tools and automation.

## To deliver:

- Transformed end-to-end experience for all those who use our skies.
- Reduced transaction costs to deliver greater value from our services.
- A high performing culture by creating a workplace of highly engaged people that live our values.
- Sustainable aviation by balancing community and environmental interests with industry performance, setting us on the path to align with the Government's 2050 net zero emissions targets.

This section provides a detailed assessment of our 2022–23 performance against our key performance indicators (KPIs) across our 4 performance domains and initiatives supporting the delivery of our transformation outcomes.



# Connecting people

Line of business

## Aviation Rescue Fire Fighting Services The valued first responder at Australian aerodromes

Enabling

Digitally enabled business powering

Frameworks and processes

Information services and shared technology

Transformation investment outcomes



### ARFF services

Sustainable and scalable ARFF services delivering improved safety for our people and customers through evolved fleet and people capabilities.

Fleet renewal



### Aerodrome services

Optimised, resilient and efficient aerodrome services through scalable and flexible delivery.

Digital aerodrome services  
Western Sydney International Airport

Digital aerodrome services Canberra

Airport collaborative decision making



### Aerodrome expansion

Sustainable capacity growth with balanced community and customer outcomes.

Western Sydney International Airport

Melbourne runway

Perth runway



### Airspace services

Optimised, safe and efficient use of Australian airspace through a single national air traffic system.

OneSKY

Airspace modernisation



### Uncrewed services

Safe and sustainable integration of the Uncrewed Aircraft System (UAS) market.

Flight information management system

Drone detection

Performance domains and headline KPIs



### Transforming the customer journey

Transform the end-to-end experience for all those who use our skies

- Significant safety occurrences
- Planned capacity delivered as a % of time
- Customer satisfaction score



### Reducing the cost to serve

Reduce our transaction costs to deliver greater value from our services

- Real price growth (5-year trend)
- Return on assets

with their world safely

## Aerospace Services

Safely and sustainably delivering customer and community needs in our airspace

### Services

internal outcomes and customer performance

Shared infrastructure

Culture, people and partners



#### People and culture

A thriving purpose and values-led organisation, aligning people capabilities to need.

Culture reform program



#### Data and information services

Delivering valued insights by leveraging our unique air navigation and network capabilities.

Digital twin

Aero. Info. Management

Enterprise network modernisation program



#### Support services

Effective, engaging and efficient ways of working enabled by 'next generation' digital business tools and automation.

Enterprise resource planning



#### Infrastructure and facilities

Safe, inclusive, engaging and sustainable workplaces, enabling delivery of our valued services.

Inclusive facilities



#### Environment, community and sustainability

Faster, greener, quieter outcomes for our communities and customers enabled by our commitment to sustainable aviation.

Aircraft noise management

Per- and poly-fluoroalkyl substances

Environment strategy



#### Fostering a high performing culture

Creating a workplace of highly engaged people living our values

- People engagement
- Total recordable injury frequency rate



#### Facilitating sustainable aviation

Balance community and environmental interests with industry performance

- Total environmental footprint

# Performance domains and KPIs

## Transforming the customer journey

Transform the end-to-end experience for all those who use Australia's skies

KPI results	2020-21 Result	2021-22 Result	2022-23 Target <sup>1</sup>	Result
<b>Significant attributable safety occurrences</b>				
Number of Loss of Separation or Runway Incursion occurrences where the Risk Assessment Tool score is Category A.	0	0	0	0
Number of occurrences where the response to an aircraft did not meet the regulated response time.	0	0	0	0
<b>Planned capacity delivered as percentage of time (%)</b>				
Achieved capacity (throughput) on day of operations in comparison to what was planned the previous day, measured for our top 4 airports (Sydney Kingsford Smith, Melbourne, Brisbane and Perth).	Measure transitioned from On Time Performance	Measure transitioned from On Time Performance	>75%	82%
<b>Customer satisfaction*</b>				
Expressed as a percentage of satisfaction with our services. <i>*Prior to 2019-20 we measured our customer advocacy as determined by the net promoter score.</i>	71%	81%	>81%	69%

<sup>1</sup> Source: Airservices 2022-23 Corporate Plan, page 21

## Analysis

We embrace the value 'safe always' and delivered safe, efficient and reliable services throughout the financial year with no significant attributable safety occurrences recorded for our aerospace and aviation rescue fire fighting services.

The aviation industry continued to recover from the effects of COVID-19 throughout the year, resulting in traffic patterns and the rate of recovery being volatile across the Australian network. Against the backdrop of this recovery, we have not consistently delivered the service to the standard we expect of ourselves and that is relied upon by our customers and stakeholders. While we delivered on our planned capacity promise for the year, with the result exceeding our target, the efficiency and consistency of the network, at times, was impacted and constrained by our operational challenges, hampering the overall industry recovery.

In supporting our service delivery, we welcomed 21 new operational air traffic controllers and 48 fire fighters during the year.

**As the industry recovery continues through the return of international traffic and the reopening of Asian hubs, we are working closely with our customers to strengthen resilience and deliver increased service performance outcomes.**

Our annual Customer Satisfaction Survey result for 2022-23 was below target at 69%. This is reflective of the challenges the industry has faced in recovery. Feedback was generally positive overall with a small number of operators concerned with service variations that impact their network and operational efficiency.



## ARFF services

**Sustainable and scalable ARFF services delivering improved safety for our people and customers through evolved fleet and people capabilities.**

### Key initiatives

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#### Fleet renewal

A transformation of our vehicle capabilities that drives both efficiencies in operations and safety for our people, includes trials to test, pilot and prove feasibility of new technologies, including remote and/or autonomous vehicle technology, electric vehicles, innovative fire fighting consumables, and digital systems. This ensures sustainability and long-term growth of ARFF services, through strong focus on matching services to our customer's needs.

#### Achievements

We are continuing our National Fleet acquisition and formalised an agreement to procure plug-in hybrid electric vehicles (PHEV) at the new Western Sydney International Airport. The benefits of PHEV include reduced CO<sub>2</sub> and diesel particulates emissions, and 28% faster response times than comparable internal combustion engine vehicles. These new vehicles will also be equipped with High Reach Extendable Turret (HRET) technology to enhance the safety of our people by keeping our personnel out of hazardous situations, while improving incident response outcomes for the industry and our customers.



## Aerodrome services

**Optimised, resilient and efficient aerodrome services through scalable and flexible delivery.**

### Key initiatives

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#### Digital Aerodrome Services (DAS)

The introduction of digital air traffic operations at both Canberra and Western Sydney International Airports.

#### Achievements

The Early Test and Evaluation Platform (ETEP) at Canberra Airport was installed in February 2023. It will enable us to develop human factor assessments, and change management activities with our controllers and engagement with our regulator. We are incorporating the new Air Traffic Management (ATM) system into the ETEP with expected completion in the first half of the 2023-24 financial year.

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#### Airport Collaborative Decision Making (A-CDM)

Optimise airport operations through enhanced collaboration with customers by sharing real-time data and insights.

#### Achievements

Airport Collaborative Decision Making (A-CDM) is designed to facilitate the sharing of accurate and timely information between airports, airlines, aircraft operators, ground handling agents and air traffic control. A-CDM will ensure a common operation picture to improve operation planning and provide a more collaborative approach to decisions that impact day-to-day operations for all stakeholders.

We achieved in-principle agreement from all 8 industry partners, enabling the program to be on track to have the A-CDM platform available by early 2023-24. The implementation of the Arrival Predictability and Surface Situational Awareness (Stage 1) capability will provide industry partners real-time access to Airservices data. This will also see the automation of aircraft cap monitoring at Sydney Kingsford Smith Airport, contributing to an increase in the current throughput.



## Aerodrome expansion

**Sustainable capacity growth with balanced community and customer outcomes.**

### Key initiatives

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#### Aerodrome expansion

Deliver a balanced outcome for all stakeholders while supporting industry expansion and infrastructure investment at Melbourne and Perth airports and the new Western Sydney International Airport.

#### Achievements

We are continuing to work with Western Sydney Airport (WSA Co) and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) on the scope of joint works and priorities for airport infrastructure and future service provision at Western Sydney International Airport.

We supported the Department in releasing the preliminary flight paths along with an aircraft overflight noise tool to the community. We continue to work with the Department on the development of the Environmental Impact Study, which will be released to the community later in calendar year 2023.



## Airspace services

**Optimised, safe and efficient use of Australian airspace through a single national air traffic system.**

### Key initiatives

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#### OneSKY Program

Deliver a harmonised civil and military air traffic management system that enables us to meet Australia's air traffic management needs into the future, maintain Defence capability, and meet national security imperatives.

#### Achievements

The Melbourne Air Traffic Services Centre is now complete and CMATS installation is at an advanced stage in Brisbane, Melbourne and a number of Defence sites.

We continue to prioritise OneSKY and, along with Defence and Thales, agreed on a Remediation Action Plan in March 2023 to streamline the delivery of OneSKY/CMATS, with the aim to prioritise national benefits and simplify the system's deployment for greater efficiencies.

#### Airspace modernisation

Improve aviation safety and efficiency through national standardisation and leveraging the benefits of increased surveillance coverage.

#### Achievements

We have completed 3 key activities realising safety and efficiency for our customers.

- We enhanced safety at 4 aerodromes by implementing surveillance approach services at Hobart, Launceston, Mackay and Rockhampton.
- We successfully completed the first trial of a new continuous descent operations procedure at Melbourne. This capability will allow us to improve delay management, increase the accuracy of arrival times and enhance predictability of aircraft arriving from close regional airports.
- The permanent replacement of Flex Tracks with continental User Preferred Routes within Class A airspace will enable our customers to optimise and generate savings in fuel burn and CO<sub>2</sub> emissions.



## Plug-in hybrid electric vehicles (PHEV) for Western Sydney International (WSI) Airport

**We will be operating plug-in hybrid electric vehicles (PHEV) for the new WSI Airport. With a combination of an electric motor and a conventional internal diesel engine, it will be the first of its kind at an airport in Australia. The vehicles were selected for their advanced safety and environmental sustainability features.**

The new PHEV will improve service outcomes and enhance the safety of our people both at the point of responding to an emergency incident and during training and day-to-day operations. They will also improve our environmental outcomes. Specifically:

- Improvement to our incident response for customers by leveraging new electric capabilities that result in 28% faster response times and vehicle acceleration that is 23% faster compared to our current diesel-based fleet.
- Improvement to safety outcomes for fire crews by minimising exposure to hazards, through the inclusion of a High Reach Extendable Turret (HRET) which enables fire fighting without crew members having to exit the vehicle as well as the reduction of hazards from exhaust fumes with day-to-day operations.
- Reducing our carbon emissions through a lower fuel consumption, aligning with our broader commitment to reach net zero by 2050.

*As the aviation industry continues to evolve, this investment sets a new benchmark for safety, efficiency, and environmental consciousness in airport operations.*





## Uncrewed services

**Optimised, safe and efficient use of Australian Safe and sustainable integration of the Uncrewed Aircraft System (UAS) market.**

### Key initiatives

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#### Flight Information Management System (FIMS)

Testing, piloting and proving technical feasibility to safely integrate uncrewed services into our existing operations servicing the aviation industry. We are advocating for Australia's requirements in this emerging market through active engagement with standards and international harmonisation forums.

##### Achievements

We completed our evaluations from the FIMS prototyping activities and in-field trials with industry partners, establishing the platform for the delivery of an operational FIMS in 2025 – the backbone of safe integration of uncrewed aircraft into shared airspace.

To provide easier and safe access for Uncrewed Aircraft System (UAS) and foster growth of the uncrewed market, we have progressed plans for the delivery of UAS geospatial data management. This will enable Airservices to be one of several UAS Service Suppliers (USS) in the competitive and open market. We are also progressing delivery of an operational capability at all 29 civil controlled aerodromes that builds on our Automated Airspace Authorisations trial currently being conducted in partnership with the Civil Aviation Safety Authority (CASA). This capability will reduce airspace authorisation processing request times from several weeks to seconds.

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#### Drone detection

Increasing the safety and efficiency of our industry by building the foundations for drone surveillance around Australian airports.

##### Achievements

We have completed our Integrated Drone Surveillance System (IDSS) trial at Sydney Airport that saw multiple detection sensor types (radiofrequency, radar and optical cameras) utilised concurrently to detect and identify drones and to synthesise the information into a single common operating picture. We conducted stakeholder engagement days, including representatives from the Department, CASA and Sydney Airport attending. We are assessing the data and learnings from the trial to inform the kinds of surveillance required at our airports to enhance safe airspace integration.

## FIMS trials

Partnerships with industry are key for Airservices, allowing access to the latest generation of capabilities and innovations and enabling our industry colleagues to leverage our know-how in air traffic management. We are developing cutting-edge capabilities that will drive Uncrewed Aircraft System (UAS) growth, enhance safety, and deliver automated capabilities for our services into the future.

We partnered with world-leading, innovative high-tech organisations to prototype a Flight Information Management System (FIMS), which is the backbone of the new UAS Traffic Management (UTM) in Australia to provide digital and automated capabilities to support growth of the UAS market and to enhance safety for all airspace users and the community.

The FIMS prototype activities culminated in in-field trials at Bunyan airfield, south of Canberra. The intent of these trials was to test technology and vendor maturity, to deliver future operational FIMS capabilities. Developers tested their capabilities against our outcomes-based requirements in a hybrid live and virtual environment. This included the simulation of a complex airspace environment and simulated regular passenger transport operations, alongside live operations of UAS in the confined test area.

We worked through several scenarios during these trials, each with a focus on providing new capabilities to emerging entrants and the safe integration of UAS with traditional air traffic. Airservices partnerships and collaboration with industry means we leverage each other's strengths, to deliver capabilities to the required fidelity and robustness that the community demands to keep them safe.



*Airservices'  
partnerships with  
industry mean  
we leverage each  
other's strengths.*



## Data and information services

Delivering valued insights by leveraging our unique air navigation and network capabilities.

### Key initiatives

#### Digital twin

Ecosystem insights and decision support through artificial intelligence (AI) that simulates and evaluates real-time data to improve both the network capacity utilisation and recovery from disruption.

##### Achievements

We successfully completed the initial use case for a pre-tactical / day prior to operations network planning capability tool, proving the viability of the technology. As we progressively commission this capability, we will improve delay management planning in the day prior to operations. We have commenced the airport Meteorological Collaborative Decision Making (METCDM) process, which is the next logical extension of the capability.

#### Aeronautical information management

Customers will receive interoperable, real-time, intuitive data harnessing automation and digitalisation of our Aeronautical Information Service (AIS).

##### Achievements

We commissioned the Aeronautical Data Originator (ADO) portal to deliver a more efficient data collection process which will streamline our customers' interactions with Airservices. The roll out to 700 aerodromes will be completed by August 2023 with the remainder of the users expected to be transitioned by the end of the 2023 calendar year. This will include a series of webinars and training videos. The portal will streamline ADO interactions with Airservices, digitising the current manual processes.

#### Enterprise Network Modernisation Program (ENMP)

Developing a next generation telecommunications network architecture for service expansion to deliver greater network resilience and reliability for our industry. This is a key dependency for the OneSKY Program.

##### Achievements

We continued to replace end-of-life infrastructure including copper-based services, building resilience with the next generation telecommunications network. During the year, we continued to develop our core partnerships in readiness for the progressive implementation and operation of our modernised telecommunications and surveillance network, which is expected to commence in the first half of the 2023-24 financial year. The modernisation will deliver greater network resilience and reliability for our industry.

## Engaging with industry

**Airservices hosted key Australian aviation leaders and stakeholders at our first Aviation Network Roundtable to expand industry collaboration, held in Sydney in May 2023. The Roundtables will maintain a consistent and collaborative focus on network performance and drive continuous improvement for all industry participants.**

The focus areas discussed at this meeting were:

- 1. Connecting data and insights:** The need to gather and analyse data on whole-of-network performance outcomes and their underlying drivers. With these insights, industry stakeholders can collectively work towards enhancing the overall performance of the aviation network.
- 2. Coordinating plans:** To ensure a seamless experience for customers, it is imperative to coordinate plans across tactical, pre-tactical and strategic horizons. This approach will culminate in the development of a Network Operations Plan to enhance consistency and predictability in operations.
- 3. Establishing governance:** Transparency and accountability are crucial for driving system-wide improvements. Setting the right governance structures will increase transparency and facilitate ongoing enhancements in the overall performance of the aviation network.

*Industry leaders are working together to ensure sustainable growth and meet the evolving needs of the communities we serve.*

Leaders from the major airlines and experts from various aviation organisations attended, providing valuable insights that served as the cornerstone for building trust and fostering collaboration within the industry. These events will serve as a platform for senior aviation leaders to gain a comprehensive understanding of the current state of the network and identify opportunities for enhancement.

Special guest speaker Eamonn Brennan, former Director General of Eurocontrol and ex-CEO of the Irish Aviation Authority, emphasised the importance of stakeholder cooperation in the Australian context. Given the increased expectations surrounding the social impact of aviation, it has become crucial for industry leaders to work together to ensure sustainable growth and meet the evolving needs of the communities we serve.



# Fostering a high-performance culture

## Create a workplace of highly engaged people living our values

KPI results	2020-21 Result	2021-22 Result	2022-23 Target <sup>1</sup>	2022-23 Result
<b>Total Recordable Injury Frequency Rate (TRIFR)<sup>*</sup></b>				
Total Recordable Injury Frequency Rate is defined as occurrences per million hours worked, resulting in an injury that requires medical treatment from a legally qualified medical practitioner, or a person to be absent for any complete day or shift, after the day upon which the injury occurred, or both.	Measure transitioned from Lost Time Injury Frequency Rate	8.5	<7.0	10.4
<b>People Engagement</b>				
People Engagement score reflects employee satisfaction with the statement "I am happy working at Airservices".	60% <sup>2</sup>	68	>69	65

\*Rolling 12 month result

1 Source: Airservices 2022-23 Corporate Plan, page 21

2 Launch of new Continuous Feedback platform (Glint) in October 2020

## Analysis

Our total recordable injury frequency rate (TRIFR) was above target for 2022-23. Most injuries related to body stressing resulting from operational training of our aviation rescue fire fighters. Our injury reduction program for our aviation rescue fire fighters is targeting a reduction in injuries and risk factors that contribute to injuries and will continue into 2023-24. During the year, progress was made on activities underpinning the development of an ARFFS Physical Safety Standard and making adjustments to Physical Aptitude Tests under our ARFFS Health and Wellbeing Program. These activities, undertaken with our program partner Macquarie University, are contributing to the establishment of a scientifically validated and defensible test and standard that will ensure operational aviation firefighting staff are capable of performing the inherent physical requirements of their role. The new standard and test that will be developed is intended to reduce the frequency and severity of injuries sustained by our aviation fire fighters.

We established a National Health and Safety Committee for ARFF in June 2023, which will provide a forum for reviews and consultations on safety-related issues to ensure nationwide consistency and best practice. In addition, we continued the implementation of strategic and tactical work health and safety management plans, addressing injury management and early intervention initiatives and a psychosocial risk reduction plan. We are working towards improving our WHS performance by enhancing leadership capability, developing a critical control framework and improving our systems effectiveness.

Our People Engagement result was below target. While the overall result did not meet the target, we have seen an improvement in some areas, including employee well-being, safety being a top priority for staff across the organisation, and our employees understanding how they contribute to the success of Airservices. We have commenced the implementation of an Engagement and Participation Plan to improve people engagement through tangible, practical leader-led actions and more visible communications. These initiatives include Leader workshops, development of a Leader pack with key messaging, Organisational Effectiveness Workshops (OEW) and the Propel Leadership Program. The OEW, for our senior leaders of leaders, has a dual focus on 'what' we need to achieve (outcomes), and 'how' we need to achieve (behaviours). In parallel, the Propel Leadership Program, for leaders of our front-line service delivery staff, is tailored to equip front-line leaders with specific capabilities to lead through change. Overall, these initiatives are designed to build alignment around organisational priorities, including our culture change, and to enable all our leaders to work as 'one Airservices' across our broader business, while uplifting the capability of our leaders with a focus on supporting leaders to develop and implement action plans to address problem areas and improve people engagement.

During 2022-23, we welcomed back Elizabeth Broderick & Co to facilitate a progress review of the progress on our culture journey and the commitments we have made 2 years after their initial findings. We anticipate the results of this progress review will be available in early 2023-24.



## People and culture

**A thriving purpose- and values-led organisation, aligning people designs and other capabilities to need.**

### Key initiatives

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#### Culture Reform Program

We will be a leading place to work in Australia, through our 4 key initiatives: promoting a safe and inclusive place to work, embedding a culture of trust, care and accountability, cultivating courageous and authentic leadership, and strategically optimising our workforce and talent.

#### Achievements

We are striving towards transforming our culture to become a leading place to work in Australia. While this has been challenging, it will remain a specific focus for us. We continued to invest in creating a safe and engaging workplace, recognising our TRIFR and People Engagement KPIs remain a challenge.

We have focused on building a safe and inclusive place to work. We initiated a Workplace Health & Safety Improvement program to step change our safety performance, commencing in the first half of 2023-24. We also continued to invest in activities through our employee networks, elevating the focus on the value of diversity and inclusion in our organisation.

We continue to support the mental health and well-being of our people through implementing a Peer Assistance Network (PAN).

We have made a significant investment in building leadership capability to enable our frontline leaders to lead change by delivering the first phase of our Propel program.

Accountability and transparency for our progress is key to our cultural journey. The Elizabeth Broderick & Co review was conducted in June 2023. We anticipate the report will be available early in 2023-24.



## Infrastructure and facilities

**Safe, inclusive, engaging, and sustainable workplaces, enabling delivery of our valued services.**

### Key initiatives

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#### Inclusive facilities

Modernised facilities that improve the inclusiveness and safety for our people.

#### Achievements

We have improved the inclusiveness of 20 of our key sites across Australia this financial year. We added female and gender-neutral facilities for our people, facilities for parents to meet their physical needs in private spaces, as well as personal reflection rooms.

However, progress has been challenging as we balance the need to improve the inclusiveness of our facilities while responding to feedback from our people on the condition of facilities and priority modernisation plans.

A further 3 sites are being built with inclusiveness by design in our purpose-built Air Traffic Services Centres (ATSC) in Brisbane, Melbourne and Perth during calendar year 2023. We have progressed design at an additional 4 sites at Karratha, Adelaide, Rockhampton and Mackay and expect to commence construction over the course of financial year 2023-24.

We delivered a Workplace Experience Strategy as well as flexible office environments to support hybrid work and inclusivity.

## Propel

**The evolution of our culture continues to gain momentum, with new initiatives driving greater inclusivity, respect and diversity in our workplaces. At the forefront of initiatives to transform our culture, empower our people and prepare our leaders for the future has been the launch of the highly successful Propel Leadership Program.**

Propel is designed specifically by our people for our people. It is not only a commitment to the ongoing learning and development of our leaders, but also a valuable resource that our people can leverage to further build on their existing knowledge. The program is tailored to leaders who lead large cohorts of our daily front-line service delivery people, providing them with the critical skills they need to authentically lead their teams through the complexity of change. Since the roll out of the program, we have seen 100 of our service delivery leaders complete the program. A further 300 front-line operational leaders are currently participating in the program with expected completion in November 2023.

The tailored development of the program, in combination with utilisation of unique learning environments that foster connection and psychological safety, has visibly lifted cross-functional collaboration and enhanced leadership capabilities. Our organisation is well positioned for a future of cultural and operational success.

Feedback on the program has been overwhelmingly positive:

“This program is the best leadership program I’ve ever attended.”

“Learning how to identify when I’m at my best and worst is helping me lead more effectively.”

“Meeting my colleagues and networking across service delivery has been a highlight of this program. I believe we’re all in it together.”

*We are transforming our culture by investing in our leaders.*

propel

Preparing leaders  
for tomorrow



# Reducing our cost to serve

## Reduce our transaction costs to deliver greater value from our services

KPI results	2020-21 Result	2021-22 Result	2022-23 Target <sup>1</sup>	2022-23 Result
<b>Real Price Growth (5-year trend)</b>				
Cumulative annual weighted average price change less Consumer Price Index (CPI). Where price growth stays below inflation, we are providing customers with real savings.	<0%	<0%	<0%	<0%
<b>Return on Assets (RoA)</b>				
Our annual earnings as a percentage of our assets.	- 2.1%	- 26.3%	- 25.5%	- 13.2%

<sup>1</sup> Source: Airservices 2022-23 Corporate Plan, page 21

\* Calculated over the preceding 5 years



## Analysis

Our financial performance improved during the year, resulting in an above target Return on Assets (RoA) despite a slower than expected traffic recovery. This highlights the remaining volatility in the aviation industry and the imposing challenges we are still facing.

Domestic traffic has rebounded to 90% of pre-pandemic levels and is forecast to remain stable with potential expansion of domestic routes. International traffic accounted for 50% of our revenue last year and is still at only 70% of pre-pandemic levels. However, with the re-opening of China which has historically been our biggest inbound market, we expect Australian international air traffic to recover to pre-pandemic levels by 2024-25.

In late 2022 we received \$495m in equity funding from the Australian Government. This additional government support has allowed us to continue recovery from the pandemic and deliver frontline services to the aviation industry, while investing in transforming our business.

We have not increased our prices since July 2015, equating to a 21% price reduction in real terms for our customers to 2022-23. We are currently engaging with our customers and the Australian Competition & Consumer Commission on modest price changes which will allow us to continue to fund our ongoing transformational investment programs and invest for future growth.

## Support services

**Effective, engaging, and efficient ways of working enabled by 'next generation' digital business tools and automation.**

## Key initiatives

### Enterprise Resource Planning (ERP)

Deliver a digitally enabled set of core business processes supported by modern enterprise resource planning tools improving the efficiency and efficacy of our enabling functions.

### Achievements

We have made substantial progress on Enterprise Resource Planning (ERP), evaluating the commercial technology's fitness to improve the efficiency and efficacy of our enabling functions. Our high-level design is substantially complete and due to be finalised in August 2023. Our ambition to simplify and align our processes with industry best-practice remains a key benefit enabler. To date we have realised significant efficiency and efficacy benefits including reducing operating costs by \$8.7m and repositioned proximately 90 of our people to support our change programs, representing an additional \$12.7m.

# Facilitating sustainable aviation

## Balance community and environmental interests with industry performance

KPI results	2020-21 Result	2021-22 Result	2022-23 Target <sup>1</sup>	2022-23 Result
<b>Total Environmental Footprint</b>				
Environmental footprint refers to the use of natural resources across 5 categories: energy, water, land, materials, and waste. This includes reducing the use of resources through operations, procurement, and construction. (Measured annually).	n/a	241,510 tCO <sub>2</sub> e <sup>3</sup> Set baseline	241,510 tCO <sub>2</sub> e	221,746 tCO <sub>2</sub> e <sup>4</sup>

1 Source: Airservices 2022-23 Corporate Plan, page 21

2 Results are reported for the prior period due to the extensive time required to perform the calculation. For example, the calculation for the 2021-22 period was completed in December 2022 and is reported as the 2022-23 result.

3 The 2018-19 result reported in 2021-22 was set as baseline due to it being the most recent non-COVID impacted year of operations.

4 The 2021-22 result is the latest result available at the time of publication. The result for the 2022-23 period will be available in late 2023.

## Analysis

We are progressing our aspiration towards net zero by 2050 and proactively reviewing the Australian Public Service (APS) Net Zero 2030 policy. Our Environmental Footprint (energy, waste and emissions profiles) result was calculated at 221,746 tCO<sub>2</sub>e. This result is an 8.2% reduction from our 2019 baseline figure of 241,510 tCO<sub>2</sub>e, enabling us to be on track for our targeted 10% reduction by the end of 2025-26.

We have reduced emissions through a reduction in fuel use, reduced electricity consumption at our facilities through the installation of more efficient equipment and the installation of offsetting solar panels at some of our facilities. We have also implemented new procurement considerations that measure the environmental impact of third-party supply contracts to reduce emissions.

We have progressed initiatives to uplift our community engagement practices and capabilities to improve our ability to balance community and environmental interests with industry performance. We will introduce quantitative KPIs in financial year 2023-24 to transparently measure our performance in achieving this balance.



## Environment, community and sustainability

**Faster, greener, quieter outcomes for our communities and customers enabled by our commitment to sustainable aviation.**

### Key initiatives

---

#### Aircraft noise management

Minimise the impact of aviation noise on communities through safe and feasible options in consultation with community and industry.

##### Achievements

We continued to proactively manage and minimise aircraft noise across our communities and developed options to address community noise impacts from Brisbane Airport operations. We commenced the implementation of our Noise Action Plan in January 2023, in line with the recommendations released following the Post Implementation Review (PIR) for Brisbane's New Parallel Runway. Six design improvement options have been developed along with the baseline model, noise improvement trials and draft communication approach to the community.

We collaborated with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts in their engagement of communities in relation to the release of flight path and noise information for the Western Sydney International (WSI) Airport, which aims to balance the needs of communities and industry.

In addition, we released our draft Community Engagement Standard across Australia for community input in May 2023 and had more than 4,500 people engaging through surveys or submission, digitally and in-person. The final Community Engagement Standard was published in September 2023.

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#### PFAS management including wastewater management

Address the pollution legacy of our past use of fire fighting agents which included per- and poly-fluoroalkyl substances (PFAS).

##### Achievements

We continued to proactively engage with stakeholders to develop risk-based remediation strategies to address PFAS at our airport leased areas. We have progressed remedial planning at Launceston former fire training ground and Brisbane Satellite Fire Station. PFAS stockpile removals across targeted sites in Sydney, Melbourne, Launceston and Avalon are progressing, with finalisation expected by the end of 2023.

We are progressing with wastewater trials at Hobart, Canberra, Darwin and Melbourne. The trials will inform progression of wastewater management across our sites.

We managed a significant environmental event where PFAS was detected in the potable water at our Avalon air traffic and aviation rescue fire fighting facilities.

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#### Environment strategy

Reduced total environmental footprint by minimising our resource usage, reduced emissions and sustainable practices. Protection of our heritage sites.

##### Achievements

We have improved our waste management and redirected waste from landfill to recycling and upcycling, installed over 300 kilowatts of solar across our sites, committed to plug-in hybrid electric vehicles for our new services at Western Sydney International Airport, completed our comprehensive study of all our sites and understand our aviation heritage value.

## Noise Action Plan for Brisbane

**Brisbane Airport's new parallel runway commenced operation in July 2020. As with all flight path changes, we conducted a Post Implementation Review (PIR) 12 months after implementation of the new flight paths introduced to support the new runway.**

From July 2021 to December 2022, we investigated whether aircraft operations and noise outcomes from Brisbane Airport's new parallel runway were consistent with the forecasts provided in earlier environmental assessments, and if there were opportunities to improve these operations, particularly in relation to aircraft noise.

The PIR involved extensive community engagement, which included public meetings and a formal submissions process, a review of complaint data and engagement with key stakeholders, including members of Parliament and community representative groups. The recommendations of the PIR form the Noise Action Plan for Brisbane.

We started implementing the Noise Action Plan for Brisbane in January 2023. Four key packages of work will be delivered:

- covering flight path change governance
- increasing over water operations
- reducing the impact of night-time operations
- reducing the concentration of operations over some communities and reviewing the wider airspace system.

We are collaborating with communities to improve noise outcome – we continue to listen, consult and engage as we develop options to reduce noise impacts across Brisbane.

*We continue to listen, consult, and engage as we develop options to reduce noise impacts across Brisbane.*



## Community Engagement Standard

**We launched a new national Community Engagement Standard to improve how we engage with communities on aircraft noise, flight paths and airspace changes.**

Our Community Engagement Standard will help us boost our engagement across Australia, which will:



**improve our decision making**



**increase community satisfaction**



**lead to greater acceptance of final outcomes**



**build community networks and trust**

Our standard provides a clear and defined best-practice process for engaging with communities on flight path changes of varying scope, scale and complexity. It will help us deliver effective and inclusive engagement and will establish a benchmark to measure our performance for future community engagement activities across Australia.

There are 10 engagement principles underpinning our proposed Community Engagement Standard:

1. Transparent
2. Meaningful
3. Scalable
4. Outcomes focused
5. Options based
6. Inclusive
7. Balanced
8. Clear and concise
9. Tailored
10. Conscientious

We're building these principles into our daily engagement with the most important people to our business - our stakeholders. We're consulting early. We're giving adequate time for stakeholders to input to our decision making. We're engaging more widely. We're doing it better.

We engaged families, communities and industry across Australia inviting them to 'have a say' on the draft of our new national approach to engaging communities when developing and implementing flight path changes.

*We're changing the way we engage with communities.*



03

## Financial statements

For the year ended 30 June 2023

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## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Infrastructure, Transport, Regional Development and Local Government

#### Opinion

In my opinion, the financial statements of Airservices Australia (the Entity) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by Chairman, Chief Executive Officer and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Directors are responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Directors are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.



## Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Jeffrey Hobson

Audit Principal

Delegate of the Auditor-General

Canberra

21 September 2023

# Statement by Board Chair, Chief Executive Officer and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Airservices Australia will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board.



**John Weber**  
Board Chair



**Jason Harfield**  
Chief Executive Officer



**Paul Logan**  
Chief Financial Officer

Canberra, 20 September 2023





## Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Continuing operations</b>			
<b>Income</b>			
Airways revenues	1.1	862,629	550,791
Finance income	1.1	25,328	963
Reversal of previous asset write-down	1.1	2,570	18,138
Other business revenue		28,203	21,547
Other income		138	1,560
<b>Total income</b>		<b>918,868</b>	<b>592,999</b>
<b>Expenses</b>			
Employee benefits	1.2	681,767	688,100
Suppliers	1.2	357,116	236,741
Depreciation and amortisation	2.3	127,296	129,441
Finance costs	1.2	41,233	27,538
Impairment loss on financial instruments	1.2	4,047	80
Write-down and impairment of other assets	1.2	-	7,513
Net loss on disposal of non-current assets	1.2	498	190
<b>Total expenses</b>		<b>1,211,957</b>	<b>1,089,603</b>
<b>(Loss)/profit before income tax</b>		<b>(293,089)</b>	<b>(496,604)</b>
Income tax benefit	1.3	87,324	149,042
<b>(Loss)/profit after income tax</b>		<b>(205,765)</b>	<b>(347,562)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Changes in asset revaluation reserve		14,522	14,793
Actuarial gain/(loss) on defined benefit fund	4.2	(70,247)	95,323
Income tax on items that will not be reclassified to profit or loss		16,718	(33,035)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Gain/(loss) on foreign exchange hedges		3,349	2,673
Income tax on items that may be reclassified to profit or loss		(1,005)	(802)
<b>Total other comprehensive income net of tax</b>		<b>(36,663)</b>	<b>78,952</b>
<b>Total comprehensive (loss)/income</b>		<b>(242,428)</b>	<b>(268,610)</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents	3.1	516,610	257,837
Trade and other receivables	2.1	155,224	80,611
Prepayments		14,572	11,359
Inventories		2,639	2,734
Assets classified as held for sale	2.2	5	-
Other current financial assets	2.6	1,514	1,325
<b>Total current assets</b>		<b>690,564</b>	<b>353,866</b>
<b>Non-current assets</b>			
Prepayments		33,212	25,337
Property, plant and equipment	2.3	775,606	814,903
Intangible assets	2.3	52,093	64,647
Assets under construction	2.3	968,157	787,324
Deferred tax assets	1.3	231,675	130,926
Defined benefit fund asset	4.2	114,782	262,893
Other non-current financial assets	2.6	13,431	10,085
<b>Total non-current assets</b>		<b>2,188,956</b>	<b>2,096,115</b>
<b>Total assets</b>		<b>2,879,520</b>	<b>2,449,981</b>
<b>Current liabilities</b>			
Trade and other payables	2.5	180,953	115,474
Employee provisions	4.1	192,256	172,117
Income tax payable		-	139,466
Other provisions	2.5	91,474	46,089
Borrowings	3.3	284,388	384,348
Other current financial liabilities	2.6	192	1,702
Other current liabilities	2.7	13,167	16,062
<b>Total current liabilities</b>		<b>762,430</b>	<b>875,258</b>
<b>Non-current liabilities</b>			
Employee provisions	4.1	32,701	32,191
Other provisions	2.5	82,931	74,409
Borrowings	3.3	1,072,005	723,246
Other non-current financial liabilities	2.6	20,739	23,032
Other non-current liabilities	2.7	116,747	129,951
<b>Total non-current liabilities</b>		<b>1,325,123</b>	<b>982,829</b>
<b>Total liabilities</b>		<b>2,087,553</b>	<b>1,858,087</b>
<b>Net assets</b>		<b>791,967</b>	<b>591,894</b>
<b>Equity</b>			
Retained earnings		187,441	442,276
Reserves		139,837	127,428
Contributed equity		464,689	22,190
<b>Total equity</b>		<b>791,967</b>	<b>591,894</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the year ended 30 June 2023

	Retained earnings		Asset revaluation reserve	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Opening balance</b>				
Balance carried forward from previous period	442,276	722,623	128,406	118,408
Adjustment for changes in accounting policies	(1)	(1)	-	-
<b>Adjusted opening balance</b>	<b>442,275</b>	<b>722,622</b>	<b>128,406</b>	<b>118,408</b>
<b>Comprehensive income</b>				
Defined benefits actuarial gain/(loss)-gross	(70,247)	95,323	-	-
Defined benefits actuarial gain/(loss)-income tax effect	21,074	(28,597)	-	-
Net revaluation-gross	-	-	14,522	14,793
Net revaluation-income tax effect	-	-	(4,357)	(4,438)
Profit/(Loss) for the period	(205,765)	(347,562)	-	-
<b>Total comprehensive income</b>	<b>(254,938)</b>	<b>(280,836)</b>	<b>10,165</b>	<b>10,355</b>
<b>Transactions with owners</b>				
Capital distribution	-	-	-	-
Equity injection	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers between equity components</b>				
Revaluation reserve-disposals	144	510	(143)	(510)
Revaluation reserve-disposals (income tax effect)	(40)	(20)	43	153
<b>Closing balance</b>	<b>187,441</b>	<b>442,276</b>	<b>138,471</b>	<b>128,406</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Foreign exchange hedge reserve		Total reserves		Contributed equity		Total equity	
2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(978)	(2,849)	127,428	115,559	22,190	22,190	591,894	860,372
-	-	-	-	(1)	-	(2)	(1)
(978)	(2,849)	127,428	115,559	22,189	22,190	591,892	860,371
-	-	-	-	-	-	(70,247)	95,323
-	-	-	-	-	-	21,074	(28,597)
3,349	2,673	17,871	17,466	-	-	17,871	17,466
(1,005)	(802)	(5,362)	(5,240)	-	-	(5,362)	(5,240)
-	-	-	-	-	-	(205,765)	(347,562)
2,344	1,871	12,509	12,226	-	-	(242,429)	(268,610)
-	-	-	-	(52,500)	-	(52,500)	-
-	-	-	-	495,000	-	495,000	-
-	-	-	-	442,500	-	442,500	-
-	-	(143)	(510)	-	-	1	-
-	-	43	153	-	-	3	133
1,366	(978)	139,837	127,428	464,689	22,190	791,967	591,894

## Cash Flow Statement

for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash received</b>			
Receipts from customers (inclusive of GST)		923,805	636,635
Interest received		14,427	771
Defined benefit surplus asset repatriation		77,500	-
<b>Total cash received</b>		<b>1,015,732</b>	<b>637,406</b>
<b>Cash used</b>			
Payments to employees		(658,233)	(699,854)
Payments to suppliers (inclusive of GST)		(351,267)	(282,119)
Borrowing costs		(40,631)	(23,032)
Interest payments on lease liabilities		(1,589)	(1,582)
Defined benefit surplus payment to casa		(1,500)	-
Income tax paid		(136,033)	(15,961)
<b>Total cash used</b>		<b>(1,189,253)</b>	<b>(1,022,548)</b>
<b>Net cash flows from / (used by) operating activities</b>	<b>3.2</b>	<b>(173,521)</b>	<b>(385,142)</b>
<b>Cash flows from investing activities</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant, equipment and intangibles		14	401
Proceeds from sales of assets held for sale		-	45
<b>Total cash received</b>		<b>14</b>	<b>446</b>
<b>Cash used</b>			
Purchase of property, plant, equipment and intangibles		(242,071)	(181,170)
<b>Total cash used</b>		<b>(242,071)</b>	<b>(181,170)</b>
<b>Net cash flows from / (used by) investing activities</b>		<b>(242,057)</b>	<b>(180,724)</b>
<b>Cash flows from financing activities</b>			
<b>Cash received</b>			
Contributed equity		495,000	-
Proceeds from borrowings		830,000	90,000
<b>Total cash received</b>		<b>1,325,000</b>	<b>90,000</b>
<b>Cash used</b>			
Repayments of borrowings		(580,000)	(40,000)
Capital returns		(52,500)	-
Principal payments of lease liabilities		(18,149)	(17,853)
<b>Total cash used</b>		<b>(650,649)</b>	<b>(57,853)</b>
<b>Net cash flows from / (used by) financing activities</b>		<b>674,351</b>	<b>32,147</b>
Net (decrease) / increase in cash and cash equivalents		258,773	(533,719)
Cash and cash equivalents at the beginning of the reporting period		257,837	791,556
<b>Cash and cash equivalents at the end of period</b>	<b>3.1</b>	<b>516,610</b>	<b>257,837</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.



# Overview

Airservices is an Australian Government-owned for-profit entity. The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are general purpose financial statements for the year ended 30 June 2023.

The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and Financial Reporting Rules (FRR) made under the PGPA Act.

The financial statements were authorised for issue in accordance with a resolution of the Board on 20 September 2023.

## Significant matters in the current reporting period

### Going concern

The financial statements have been prepared on a going concern basis which assumes Airservices will be able to realise its assets and discharge its liabilities in the normal course of business. For the financial year ended 30 June 2023, Airservices reported a net loss of \$205.8m, working capital deficiency of \$71.8m and negative operating cashflow position of \$173.5m. Nevertheless, the Board consider Airservices to be a going concern and able to meet its debts and obligations as they fall due, on the following basis:

- Continued funding and support from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department). While no government grants were received in the current year, the Department provided a \$495m equity injection. This will enable Airservices to continue to provide safe and efficient air traffic management and aviation firefighting services and invest in key infrastructure vital to the recovery of the aviation industry and future growth.
- Cash and cash equivalents of \$516.6m and a positive net asset position of \$792.0m. In addition, Airservices has several short- and long-term debt facility arrangements which will provide the ability to balance our short- and long-term funding needs. Total unused debt facilities at 30 June 2023 were \$1,190m; refer to Note 3.4 'Standby arrangements and unused credit facilities' for further details.
- Relaxation of travel restrictions globally and an increase in passenger servicing capacities to pre-COVID levels.

No adjustments have been made to the financial statements relating to the recoverability and classification of the recorded asset amounts or the amounts and classification of liabilities that might be necessary should Airservices not continue as a going concern.

## Basis of preparation

### Historical cost convention

These financial statements have been prepared on an accrual basis and under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, and certain classes of property, plant and equipment.

### Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

## Foreign currency translation

### Functional and presentation currency

Items included in the financial statements of Airservices are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Airservices functional and presentation currency.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Translation differences on financial assets and liabilities carried at fair value, and non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

## Notes to and forming part of the financial statements

### Taxation

Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST) are applicable to Airservices. Refer to Note 1.3 'Taxation' for further information relating to income tax.

### Use of estimates, assumptions and judgements

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes:

Recoverability of trade and other receivables	Note 2.1
Valuation of property, plant, equipment and intangibles	Note 2.3
ARFFS decontamination provision	Note 2.5
Recoverable amount of other financial assets	Note 2.6
Measurement of lease liabilities	Note 2.7
Long Service Leave and Early Retirement Benefits	Note 4.1
AvSuper defined benefits	Note 4.2
ARFFS contingent liability	Note 5.1

### New Accounting Standards

#### Adoption of new Australian Accounting Standard requirements

There are no new standards that were issued prior to the sign-off date and are applicable to the current reporting period that had a material effect, nor any that are expected to have a future material effect on the entity's financial statements. No accounting standard has been adopted earlier than the application date as stated in the standard.

#### Comparative figures

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

# 1. Our financial performance

This section analyses the financial performance of Airservices Australia for the year ended 2023.

## 1.1 Revenue

	2023 \$'000	2022 \$'000
<b>Airways revenue</b>		
Gross Airways revenue	862,629	551,004
Fee waivers granted <sup>1</sup>	-	(45,541)
Recovery from government for fee waivers <sup>2</sup>	-	45,328
	<b>862,629</b>	<b>550,791</b>

1 No waivers were provided in 2023. Waivers were provided for domestic aviation charges of \$45.5m in 2022 under the Government's COVID-19 relief package that ceased at 31 December 2021.

2 No recoveries from government were received in 2023. In 2022, \$45.3m was received from the government that represented an almost 100% recovery of the fee waivers provided to domestic passenger and aeromedical operations for Airservices charges.

### Economic dependency

Airservices is dependent on airline activity in the Australian aviation industry, of which the Qantas and Virgin Groups are the dominant operators. Of the airways revenue earned during the year 40% (2022: 40%) related to the Qantas Group including the Jetstar Group and 17% (2022: 16%) related to Virgin.

### Accounting policy

#### Airways revenues

Revenue is recognised when services are rendered for both airways and other business revenue. The prices charged for regulated services are in accordance with the agreements negotiated with customers and endorsed by the Australian Competition and Consumer Commission. Underpinning this agreement are risk-sharing provisions which compensate parties where airways activity volumes exceed or do not achieve agreed levels, costs vary due to regulatory change, or capital expenditure levels vary substantially from agreed investment levels.

## Notes to and forming part of the financial statements

	2023 \$'000	2022 \$'000
<b>Finance income</b>		
Deposits	17,178	807
Cash at bank	4,015	136
Interest rate swap fair value gain	4,069	-
Other	66	20
<b>Total finance income</b>	<b>25,328</b>	<b>963</b>

### Accounting policy

#### Finance income

Finance income is recognised using the effective interest method as set out in AASB 9 *Financial Instruments*. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

	2023 \$'000	2022 \$'000
<b>Reversal of previous asset write-down</b>		
Reversal of doubtful debt provisions	1,861	17,143
Reversal of previous asset write-down	709	995
<b>Total reversal of previous asset write-down</b>	<b>2,570</b>	<b>18,138</b>

## Notes to and forming part of the financial statements

### 1.2 Expenses

	2023 \$'000	2022 \$'000
<b>Employee benefits</b>		
Wages and salaries	433,703	429,369
Superannuation (defined contribution funds)	55,465	51,593
Leave and other entitlements	185,616	129,796
Separation and redundancies - other	5,099	59,205
<b>Employee benefits (excluding defined benefit superannuation expense)</b>	<b>679,883</b>	<b>669,963</b>
<b>Net defined benefit superannuation expense recognised in employee benefits</b>		
Current service cost	15,994	23,641
Net interest expense	(14,110)	(5,504)
<b>Defined benefit superannuation expense</b>	<b>1,884</b>	<b>18,137</b>
<b>Total employee benefits</b>	<b>681,767</b>	<b>688,100</b>
<b>Supplier expenses</b>		
Goods and services supplied or rendered		
Contractor, consultancy and compliance costs	103,846	58,535
IT services	52,179	48,474
Infrastructure costs	85,765	37,567
Operational service costs	13,121	12,931
Other occupancy costs	17,137	21,271
Repairs and maintenance	24,961	17,639
Telecommunications	18,599	14,637
Travel	18,084	8,226
Other	18,086	12,286
<b>Total goods and services supplied or rendered</b>	<b>351,778</b>	<b>231,566</b>
<b>Other expenses</b>		
Operating lease rentals <sup>1</sup>	10	372
Short-term leases	389	6
Low value leases	4,651	4,443
Variable lease payments	288	354
<b>Total other supplier expenses</b>	<b>5,338</b>	<b>5,175</b>
<b>Total supplier expenses</b>	<b>357,116</b>	<b>236,741</b>
<b>Finance costs</b>		
Borrowing costs	39,644	20,657
Interest rate swap fair value loss	-	5,299
Interest on lease liabilities	1,589	1,582
<b>Total finance costs</b>	<b>41,233</b>	<b>27,538</b>

1 The 'operating lease rentals' line item includes any non-lease components not included in the measurement of the lease liability.

Continued overleaf

## Notes to and forming part of the financial statements

### 1.2 Expenses (continued)

	2023 \$'000	2022 \$'000
<b>Impairment loss on financial instruments</b>		
Bad debts written off	4,047	80
<b>Total impairment loss on financial instruments</b>	<b>4,047</b>	<b>80</b>
<b>Write-down and impairment of other assets</b>		
Impairment of property, plant and equipment	-	7,387
Revaluation decrements/(increments)	-	126
<b>Total write-down and impairment of other assets</b>	<b>-</b>	<b>7,513</b>
<b>Net loss on disposal of non-current assets</b>		
Proceeds from disposal of non-current assets	(14)	(401)
Written-down value of disposed non-current assets	512	591
Proceeds from disposal of assets held for sale	-	(45)
Written-down value of disposed assets held for sale	-	45
<b>Net loss on disposal of non-current assets</b>	<b>498</b>	<b>190</b>

The above lease disclosures should be read in conjunction with the accompanying notes 2.3, and 2.7.

#### Accounting policy

##### Employee benefits

Accounting policies for employee-related expenses is contained in the Our People section (refer to Section 4).

##### Short-term leases and leases of low-value assets

The Entity has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Notes to and forming part of the financial statements

### 1.3 Taxation

	2023 \$'000	2022 \$'000
<b>Income tax benefit</b>		
Current tax benefit	-	208
Deferred tax benefit	87,324	148,834
<b>Income tax benefit attributable to profit from continuing operations</b>	<b>87,324</b>	<b>149,042</b>
<b>Reconciliation of income tax (benefit)/expense to prima facie tax payable</b>		
(Loss) from continuing operations before income tax expense	(293,089)	(496,604)
<b>Prima facie income tax benefit at 30%</b>	<b>87,927</b>	<b>148,980</b>
<b>Tax effect of amounts which are not deductible/assessable in calculating taxable income:</b>		
Non-deductible legal costs	7	8
Prior year over provision of tax	464	(160)
Other non-deductible/(assessable) expenditure	132	90
<b>Income tax benefit</b>	<b>87,324</b>	<b>149,042</b>

#### Accounting policy

##### Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the notional income tax rate. It is then adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

## Notes to and forming part of the financial statements

### 1.3 Taxation (continued)

	2023 \$'000	2022 \$'000
<b>Deferred tax asset</b>		
The balance comprises temporary differences attributable to:		
<b>Amounts recognised in the statement of comprehensive income</b>		
Depreciation for accounting purposes	18,720	14,628
Provision for doubtful debts	2,721	3,280
Employee benefits	89,844	59,012
Provision for revenue to be returned to customers	-	187
Other provisions	51,490	36,955
Accruals	(315)	1,062
Tax losses	184,284	146,588
	<b>346,744</b>	<b>261,712</b>
<b>Amounts recognised directly in equity</b>		
Foreign exchange hedge reserve	(585)	419
Revaluation of land, buildings, plant and equipment	(60,527)	(56,174)
Defined benefit (asset)/liability	(51,295)	(72,369)
AASB 16 Leases	(2,662)	(2,662)
	<b>(115,069)</b>	<b>(130,786)</b>
<b>Net deferred tax assets</b>	<b>231,675</b>	<b>130,926</b>
<b>Movements:</b>		
Opening balance at 1 July	130,926	15,794
Charged to the statement of comprehensive income	87,324	148,834
Credited to equity	15,717	(33,702)
Movement in booked losses/tax offsets - transferred from tax payable	(2,292)	-
<b>Closing balance at 30 June</b>	<b>231,675</b>	<b>130,926</b>

### Tax losses

A deferred tax asset of \$184.3m has been recognised for income tax losses (2022: \$146.6m). Based on management's forecast of future taxable profit and the reversal of taxable temporary differences, Airservices considers it probable the tax losses will be fully utilised.

Airservices has capital losses of \$4.8m (2022: \$4.8m) that are available indefinitely for offset against future capital gains. Deferred tax assets have not been recognised in respect of these losses as management has evaluated and concluded that it is not probable that future capital gains will be available, against which Airservices can utilise these losses in the foreseeable future.

There were no other unrecognised deferred tax assets at 30 June 2023 (2022: nil).



### Accounting policy

#### Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and carried forward tax losses only if it is probable that future taxable temporary differences or profits will be available to utilise those deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 1.4 Dividends

### Dividends paid

No final dividend for the year ending 30 June 2023 was paid (2022: Nil). No interim dividends for the years ending 30 June 2023 and 30 June 2022 were paid.

### Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30% (2022: 30%) are \$496.0m (2022: \$356.6m).

The above amounts represent the balance of the franking account as at the end of the financial year.

### Accounting policy

#### Dividends

A provision is made for the amount of any dividend approved by the Board but unpaid prior to the end of the year.

## 2. Our asset base

This section analyses Airservices Australia's assets used to generate financial performance and the operating liabilities incurred as a result. Employee-related information is disclosed in the Our People section.

### 2.1 Receivables

	2023 \$'000	2022 \$'000
<b>Trade and other receivables</b>		
Trade receivables, net of waivers (a)	136,755	89,533
Less impairment loss allowance (b)	(9,071)	(10,932)
	<u>127,684</u>	<u>78,601</u>
Accrued revenue and interest	8,984	1,807
Other receivables	18,556	203
<b>Total receivables</b>	<b>155,224</b>	<b>80,611</b>
<b>a. Ageing analysis of trade receivables</b>		
Current	89,503	73,082
<b>Overdue by:</b>		
1 to 30 days	39,663	5,491
31 to 60 days	831	443
61 to 90 days	377	571
90 + days	6,381	9,946
<b>Total trade receivables</b>	<b>136,755</b>	<b>89,533</b>
Trade and other receivables (net) expected to be recovered		
No more than 12 months	155,224	80,611
More than 12 months	-	-
<b>Total trade and other receivables (net)</b>	<b>155,224</b>	<b>80,611</b>
<b>b. Reconciliation of the impairment loss allowance</b>		
Opening balance	10,932	28,075
Movement recognised in net loss	(1,861)	(17,143)
<b>Closing balance</b>	<b>9,071</b>	<b>10,932</b>
<b>The provision for impairment of receivables is aged as follows:</b>		
Current	678	642
<b>Overdue by:</b>		
1 to 30 days	2,158	361
31 to 60 days	182	102
61 to 90 days	139	207
90 + days	5,914	9,620
<b>Total provision for impairment of receivables</b>	<b>9,071</b>	<b>10,932</b>

Credit terms for goods and services are 28 days (2022: 28 days).

## Notes

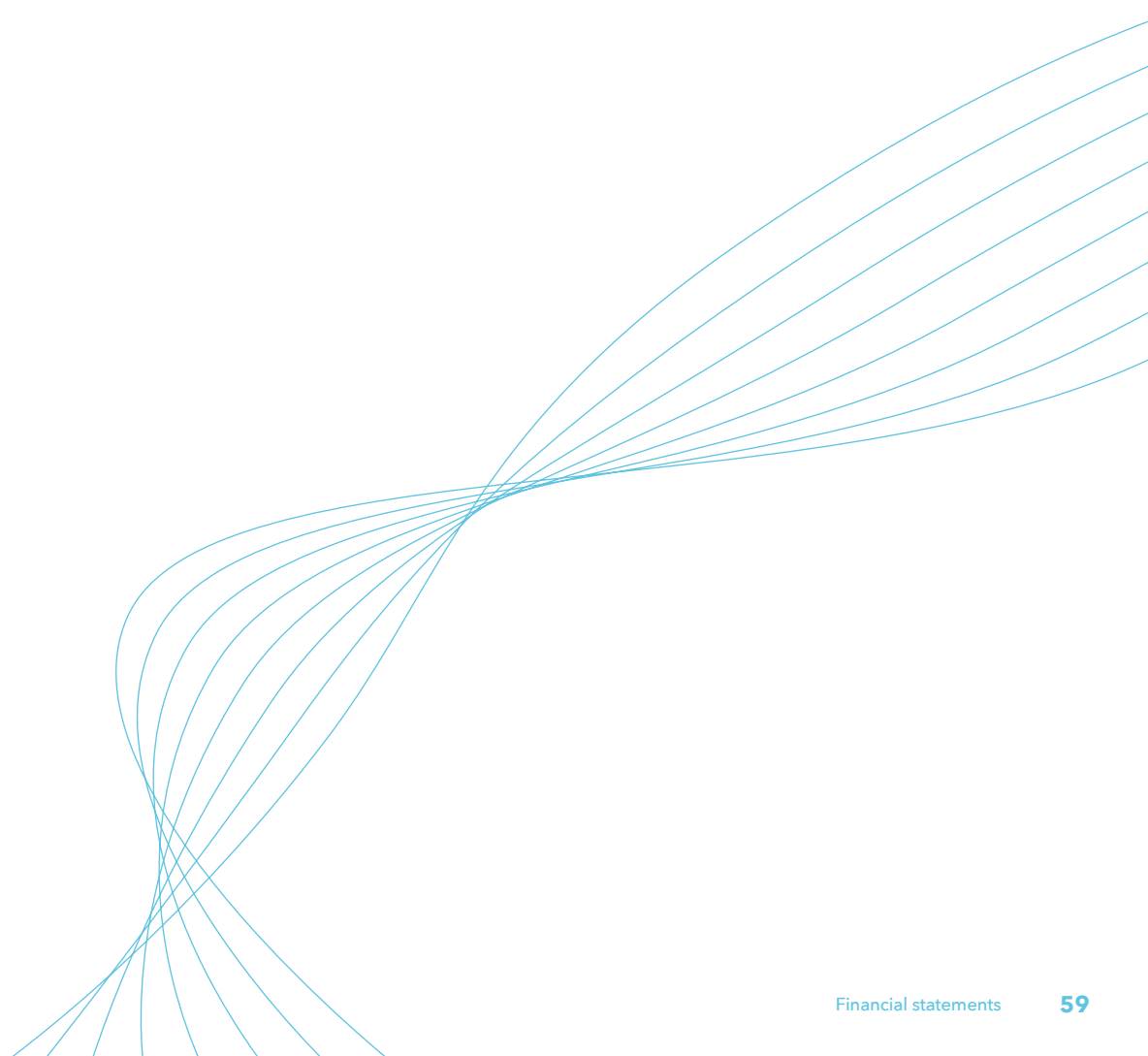
### Provisions for expected credit losses (ECL)

#### Modelled provision for ECL

The modelled provision for ECL is a probability weighted estimate of multiple scenarios using the roll-rate approach based on historical analysis of receivable balances, provisioning, and delinquencies. A further average probability of default measurement for our key customer's receivables of 1.26% was applied. Together this is representative of Airservices view of the forward-looking distribution of potential loss outcomes. The increase in provisions as a result of changes in modelled ECL are reflected through the line item 'increase recognised in net loss'.

### 2.2 Assets classified as held for sale

One parcel of land has been identified as surplus to requirements of Airservices and has been classified as held for sale. Disposal is expected to be completed within the 2023-24 financial year. The carrying amount of the asset held for sale is \$5,000 (2022: \$nil).



## 2.3 Property, plant and equipment and intangibles

### Non-current assets - property, plant, equipment and intangibles

	Land \$'000	Buildings \$'000	Plant and equipment \$'000
<b>As at 1 July 2022</b>			
Gross book value	57,841	529,239	786,270
Accumulated depreciation and impairment	(10,532)	(117,943)	(429,972)
<b>Net book value 1 July 2022</b>	<b>47,309</b>	<b>411,296</b>	<b>356,298</b>
Additions			
Purchased	-	-	-
Internally developed	-	-	-
Commissioned assets under construction	-	13,726	19,430
Right-of-use (ROU) assets additions	8,478	1,175	5,059
Revaluations and impairments recognised in other comprehensive income	321	14,201	-
Revaluations recognised in profit and loss	21	688	-
Depreciation/amortisation expense	-	(30,289)	(65,960)
Depreciation on right-of-use assets	(3,646)	(10,428)	(3,760)
Other movements	6	-	1,173
Other movements of right of use assets	3,016	7,870	139
Disposals - other	(11)	(43)	(458)
Transferred to assets held for sale	(5)	-	-
<b>Net book value 30 June 2023</b>	<b>55,489</b>	<b>408,196</b>	<b>311,921</b>
<b>Net book value as of 30 June 2023 represented by:</b>			
Gross book value	69,667	548,294	807,619
Accumulated depreciation and impairment	(14,178)	(140,098)	(495,698)
	<b>55,489</b>	<b>408,196</b>	<b>311,921</b>
<b>Carrying amount of right-of-use assets</b>	<b>30,229</b>	<b>91,089</b>	<b>5,066</b>

1 Total property, plant and equipment includes right-of-use assets leased to third-parties as an operating lease \$0.09m at 30 June 2023.

2 Total Assets under Construction is broken down as follows:

AUC Component	FY2023	
Buildings	\$190.0m	Melbourne, Brisbane and Perth ATSC extension and CMATS building support facilities
Plant and Equipment	\$135.0m	Civil-Military Air Traffic Management System (CMATS) solution and OneSKY CMATS
Intangibles	\$643.2m	CMATS solution and OneSKY CMATS
<b>Total</b>	<b>\$968.2m</b>	

## Notes to and forming part of the financial statements

Total property, plant and equipment <sup>1</sup> \$'000	Internally developed software \$'000	Other intangible assets \$'000	Total intangibles \$'000	Assets under construction <sup>2</sup> \$'000	Total \$'000
1,373,350	349,656	80,737	430,393	787,324	2,591,067
(558,447)	(286,410)	(79,336)	(365,746)	-	(924,193)
<b>814,903</b>	<b>63,246</b>	<b>1,401</b>	<b>64,647</b>	<b>787,324</b>	<b>1,666,874</b>
-	-	-	-	214,648	214,648
-	583	-	583	(583)	-
33,156	-	76	76	(33,232)	-
14,712	-	-	-	-	14,712
14,522	-	-	-	-	14,522
709	-	-	-	-	709
(96,249)	(12,735)	(478)	(13,213)	-	(109,462)
(17,834)	-	-	-	-	(17,834)
1,179	-	-	-	-	1,179
11,025	-	-	-	-	11,025
(512)	-	-	-	-	(512)
(5)	-	-	-	-	(5)
<b>775,606</b>	<b>51,094</b>	<b>999</b>	<b>52,093</b>	<b>968,157</b>	<b>1,795,856</b>
1,425,580	346,302	79,238	425,540	968,157	2,819,277
(649,974)	(295,208)	(78,239)	(373,447)	-	(1,023,421)
<b>775,606</b>	<b>51,094</b>	<b>999</b>	<b>52,093</b>	<b>968,157</b>	<b>1,795,856</b>
<b>126,384</b>	-	-	-	-	<b>126,384</b>

## 2.3 Property, plant and equipment and intangibles (continued)

### Non-current assets - property, plant, equipment and intangibles

	Land \$'000	Buildings \$'000	Plant and equipment \$'000
<b>As at 1 July 2021</b>			
Gross book value	64,218	521,068	777,270
Accumulated depreciation and impairment	(6,867)	(115,010)	(357,929)
<b>Net book value 1 July 2021</b>	<b>57,351</b>	<b>406,058</b>	<b>419,341</b>
Recognition of right of use asset on initial application of AASB 16			
<b>Adjusted total as at 1 July 2021</b>	<b>57,351</b>	<b>406,058</b>	<b>419,341</b>
Additions			
Purchased	-	-	-
Internally developed	-	-	-
Commissioned assets under construction	-	1,028	6,452
Right of use (ROU) assets additions	5	36,116	4,996
Revaluations and impairments recognised in other comprehensive income	2,069	13,593	-
Impairments - recognised in profit and loss	-	-	-
Depreciation/amortisation expense	-	(29,425)	(69,447)
Depreciation on right-of-use assets	(3,665)	(10,472)	(3,610)
Other movements	-	-	(1,303)
Other movements of ROU assets	(7,982)	(5,599)	33
Disposals - other	(469)	(3)	(164)
<b>Net book value 30 June 2022</b>	<b>47,309</b>	<b>411,296</b>	<b>356,298</b>
Gross book value	57,841	529,239	786,270
Accumulated depreciation and impairment	(10,532)	(117,943)	(429,972)
	<b>47,309</b>	<b>411,296</b>	<b>356,298</b>
<b>Carrying amount of right-of-use assets</b>	<b>22,381</b>	<b>92,472</b>	<b>3,628</b>

1 Total property, plant and equipment includes right-of-use assets leased to third-parties as an operating lease is \$0.2m at 30 June 2022.

2 Total Assets under Construction is broken down as follows:

AUC Component	FY2022	Major Assets/Projects
Buildings	\$173.7m	Melbourne, Brisbane and Perth ATSC extension and Canberra Fire Station Upgrade
Plant and Equipment	\$105.8m	Civil-Military Air Traffic Management System (CMATS) solution and OneSKY CMATS
Intangibles	\$507.9m	CMATS solution and OneSKY CMATS
<b>Total</b>	<b>\$787.3m</b>	

## Notes to and forming part of the financial statements

Total property, plant and equipment <sup>1</sup> \$'000	Internally developed software \$'000	Other intangibles assets \$'000	Total intangibles \$'000	Assets under construction <sup>2</sup> \$'000	Total \$'000
1,362,556	354,906	81,365	436,271	624,176	2,423,003
(479,806)	(280,492)	(79,695)	(360,187)	-	(839,993)
882,750	74,414	1,670	76,084	624,176	1,583,010
-	-	-	-	-	-
<b>882,750</b>	<b>74,414</b>	<b>1,670</b>	<b>76,084</b>	<b>624,176</b>	<b>1,583,010</b>
-	-	-	-	179,202	179,202
-	689	-	689	(689)	-
7,480	-	696	696	(8,176)	-
41,117	-	-	-	198	41,315
15,662	-	-	-	-	15,662
-	-	-	-	(7,387)	(7,387)
(98,872)	(11,857)	(965)	(12,822)	-	(111,694)
(17,747)	-	-	-	-	(17,747)
(1,303)	-	-	-	-	(1,303)
(13,548)	-	-	-	-	(13,548)
(636)	-	-	-	-	(636)
<b>814,903</b>	<b>63,246</b>	<b>1,401</b>	<b>64,647</b>	<b>787,324</b>	<b>1,666,874</b>
1,373,350	349,656	80,737	430,393	787,324	2,591,067
(558,447)	(286,410)	(79,336)	(365,746)	-	(924,193)
<b>814,903</b>	<b>63,246</b>	<b>1,401</b>	<b>64,647</b>	<b>787,324</b>	<b>1,666,874</b>
<b>118,481</b>	-	-	-	-	<b>118,481</b>

## 2.3 Property, plant and equipment and intangibles (continued)

### a. Revaluation of land, buildings, plant and equipment

The valuation basis for land, buildings, plant and equipment is fair value as outlined in Note 2.4.

Airservices engaged accredited valuers Marsh to value its land and buildings. The effective date of the revaluation was 30 June 2023.

### b. Contractual commitments for the acquisition of property, plant, equipment and intangible assets

Capital commitments for property, plant, equipment and intangibles was \$747.9 (2022: \$777.1m) and includes GST where relevant.

### c. Impairment

In line with accounting standards, management has performed an impairment review of both existing assets and assets under construction. Principally, the review has focused on future use of existing assets, and changes in project, technology and business system requirements.

### d. Carrying amounts that would have been recognised if land, plant and equipment were measured using the cost model:

	2023 \$'000	2022 \$'000
<b>Land</b>		
At cost	1,823	1,824
	<b>1,823</b>	<b>1,824</b>
<b>Buildings</b>		
At cost	614,975	601,884
Accumulated depreciation	(340,594)	(293,974)
<b>Net book amount</b>	<b>274,381</b>	<b>307,910</b>
<b>Plant and Equipment</b>		
At cost	1,390,391	1,349,608
Accumulated depreciation	(1,056,159)	(887,743)
<b>Net book amount</b>	<b>334,232</b>	<b>461,865</b>

### e. Borrowing Costs

The total borrowing costs capitalised at 30 June 2023 is \$31.5m (2022: \$24.8m) of which \$7.6m (2022: \$4.4m) was capitalised during the year and \$0.9m (2022: \$0.2m) was transferred to fixed assets.

As Airservices borrows money generally to fund both operating and capital expenditure, the weighted average cost of borrowings of 3.41% (2022: 3.49%) was used as the capitalisation rate.



### Accounting policy

#### Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

#### Cost and valuation

Property, plant and equipment are measured at cost or at fair value, less, where applicable, accumulated depreciation and any accumulated impairment losses.

Assets purchased by Airservices are initially recorded at cost and represent costs directly attributable to the acquisition. Labour and direct overheads incurred in installation are capitalised and added to the cost. Assets constructed by Airservices are initially recognised at the cost of materials, labour, direct overheads and borrowing costs incurred on qualifying assets.

All costs associated with repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

#### Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU Assets) are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the reporting date. Revaluations are conducted by an independent qualified valuer.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position unless it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in profit or loss.

Any revaluation deficit is recognised in the Statement of Comprehensive Income, except that a decrease offsetting a previous surplus for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. The revaluation surplus is accounted for net of deferred tax in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

#### Leased Right of Use (ROU) Assets

At inception of a contract, Airservices assesses whether an arrangement is, or contains, a lease. An arrangement contains a lease if a customer has the right to control the use of an identified asset for a period in exchange for consideration. Airservices is a party to lease contracts for the following ROU asset classes - land, building, plant and equipment at 30 June 2023.

Airservices has elected not to separate non-lease components and account for its lease and non-lease components as a single lease component only if immaterial, as allowed by the Department of Finance.

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

If the lease transfers ownership of the underlying asset to Airservices by the end of the lease term, or if the costs of the ROU asset reflects that Airservices will exercise a purchase option, the asset will be depreciated from the commencement date to the end of the useful life of the underlying asset.

## Notes to and forming part of the financial statements

These assets are accounted for as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Following initial application, an impairment review is undertaken for any ROU lease asset that shows indicators of impairment and an impairment loss is recognised against any ROU lease asset that is impaired. Leased ROU assets continue to be measured at cost after initial recognition in Airservices financial statements.

### De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from de-recognition, calculated as the difference between net disposal proceeds and carrying value, is included in the Statement of Comprehensive Income in the year the asset is derecognised.

### Impairment of non-financial assets

The carrying values of property, plant and equipment (including ROU assets) are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable and, as a minimum, at least annually. All assets were assessed for impairment as at 30 June 2023.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs. If any impairment indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

### Recoverable amount of non-current assets

All assets are subjected to impairment tests at each reporting date. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Where the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for each asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash flows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a market-determined risk adjusted discount rate.

### Depreciation

Depreciable property, plant and equipment are written-off to their estimated residual values over their estimated useful lives to Airservices using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives.

	2023	2022
<b>Buildings (e.g. control towers, fire stations, commercial property)</b>	10-45 years	10-45 years
<b>Building equipment</b>	2-40 years	3-40 years
<b>Other Assets (e.g. airways technical equipment, vehicles)</b>	2-40 years	2-40 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

### **Spares**

Asset-specific spare parts (repairable spares) have been treated as plant and equipment and depreciated over the useful life of the parent asset to which they are related.

### **Decommissioning and site rehabilitation**

Where Airservices has an obligation to incur site rehabilitation costs and the requirements outlined below in Note 2.5 other provisions and payables have been met, the estimated cost to make good the site has been recorded as a provision.

The net present value of the make-good obligation is measured by discounting 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 to the estimated future cash-flows of the related make-good obligation.

### **Intangible assets**

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Comprehensive Income. Software is amortised on a straight-line basis over 3-10 years.

Research costs associated with in-house developed intangible assets are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its cost can be measured reliably. The carrying value of development costs is reviewed for impairment annually or more frequently if there is evidence to suggest that the carrying value may not be recoverable. All intangibles were assessed for indicators of impairment as at 30 June 2023.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset as at the date of de-recognition and are recognised in the Statement of Comprehensive Income.

### **Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

## Notes to and forming part of the financial statements

### 2.4 Fair value disclosure

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the Statement of Financial Position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

#### 01

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

#### 02

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

#### 03

Unobservable inputs for the asset or liability.

### Fair value measurements

#### Fair value measurements at 30 June 2023 by hierarchy for assets and liabilities

	Fair value measurements at the end of the reporting period			Valuation technique	Inputs used
	2023 \$'000	2022 \$'000	Category (Level 1, 2, or 3)		
<b>Financial assets</b>					
Forward exchange contracts	2,390	1,742	2	ADCF	[1]
Interest rate swaps	12,555	9,588	2	ADCF	[2]
<b>Total financial assets at fair value</b>	<b>14,945</b>	<b>11,330</b>			
<b>Non-financial assets</b>					
Land	25,260	24,929	2	DC	[3]
Buildings	317,107	318,826	3	DRC	[4]
Plant and equipment	306,855	352,668	3	DRC	[5]
Assets held for sale	5	-	2	DC	[3]
<b>Total non-financial assets at fair value</b>	<b>649,227</b>	<b>696,423</b>			
<b>Total fair value measurements of assets</b>	<b>664,172</b>	<b>707,753</b>			
<b>Financial liabilities</b>					
Forward exchange contracts	438	3,139	2	ADCF	[1]
Interest rate swaps	20,493	21,595	2	ADCF	[2]
<b>Total financial liabilities at fair value</b>	<b>20,931</b>	<b>24,734</b>			
<b>Total fair value measurements of liabilities</b>	<b>20,931</b>	<b>24,734</b>			
<b>Financial liabilities not measured at fair value in the statement of financial position</b>					
Medium term notes	1,049,654	621,190	2	DC	[6]
Commercial paper	34,338	184,223	2	DC	[6]
Standby cash advances	250,000	250,000	2	DC	[6]
<b>Total financial liabilities not measured at fair value</b>	<b>1,333,992</b>	<b>1,055,413</b>			

## Notes to and forming part of the financial statements

### Notes

<b>DC</b>	Direct Comparison
<b>DRC</b>	Depreciated Replacement Cost (Cost Approach)
<b>ADCF</b>	Adjusted Discounted Cash flows

1. Current foreign exchange market rates.
2. Current market interest rates.
3. Land assets were assessed by adopting a high-level desk review only. These were assessed by direct comparison to wider market conditions for their locality and subjected to professional judgement to determine fair value, taking into account tenure, encumbrances, town planning, location, size and shape.
4. Buildings asset class subject to high level desk review only. Historical capitalised costs are adjusted to current date by the application of specific indices (range used: +3.18% - +6.00%). Indices adopted have no material movement compared to 2022.
5. Plant and equipment asset class subject to full valuation including sample site inspections. Historical capitalised costs are adjusted to current date by the application of indices considered appropriate to specific assets within Enterprise Asset Management Framework (EAMF) categories (range used: +1% - +13%). Indices adopted have no material movement compared to 2022.
6. Medium-term notes, standby cash advances and commercial paper fair values reflect the price that an existing investor is prepared to receive if they were to sell their investment in the secondary market.

Airservices engages external, independent and qualified valuers to assess the fair value of Airservices property, plant and equipment on an annual basis. Highest and best use is the same as current use.

### Land

The fair value of the freehold land assets have been determined through a high-level desk review whereby general and local market conditions, in conjunction with recent sales data, were analysed to determine fair value movement. The high-level desk review includes the confirmation of legal descriptions including limitations, interests, encumbrances and notifications. Additional information utilised in the high-level desk review includes resources management whereby land assets were analysed in line with their zoning and development control constraints.

### Buildings

Buildings and site improvements are subject to high-level desk review and have been valued on the basis of the Cost Approach (depreciated replacement cost). This has been determined by first establishing the estimated cost to replace a current asset with an equivalent new asset, less depreciation for their physical, functional and economic obsolescence.

For this year's high-level desk review, the assets' replacement value was updated to reflect current construction cost in line with, and adjusted to, national and local indices including, where applicable, additional replacement cost loading for remote locations. The high level assessment of building assets included the appropriate adjustment of remaining useful life periods to derive fair value.

### Plant and Equipment (P&E)

These assets represent a specialised group of assets integrated to perform the control, monitoring and safety requirements of air and ground movement of commercial aircraft and airport support vehicles within Australia. Generally, the plant and equipment assets are typical at each airport and only vary subject to the operational requirements of each airport. Airservices assets include navigational aids, en-route surveillance systems, airport infrastructure and fire and rescue vehicles. As such, all plant and equipment assets are considered to be specialised and for 2023 were valued using the Cost Approach (depreciated replacement cost). For the current assessment year, Sample asset inspections were undertaken at Melbourne and Brisbane airports for P&E assets with the cost indices for all P&E assets were reviewed, indicating that there was no material movement in costs to current date. As such, net book values are considered to reflect fair value.

## Reconciliation for recurring Level 3 fair value measurements

### Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets		
	Buildings	Plant and equipment	Total
	2023 \$'000	2023 \$'000	2023 \$'000
<b>Opening balance</b>	318,824	352,670	671,494
Total gains/(losses) recognised in Statement of Comprehensive Income <sup>1</sup>	688	-	688
Total gains/(losses) recognised in Other Comprehensive Income <sup>2</sup>	14,201	-	14,201
Commissioned	13,727	19,430	33,157
Disposals	(43)	(458)	(501)
Depreciation	(30,289)	(65,960)	(96,249)
Other movements	-	1,173	1,173
<b>Closing balance</b>	<b>317,108</b>	<b>306,855</b>	<b>623,963</b>

1 These gains/(losses) are presented in the Statement of Comprehensive Income under Reversal of previous asset write-down.

2 These gains/(losses) are presented in the Statement of Comprehensive Income under Changes in asset revaluation reserve.

## Notes to and forming part of the financial statements

### 2.5 Other provisions and payables

	2023 \$'000	2022 \$'000
<b>Current payables and other provisions</b>		
<b>Current trade and other payables</b>		
Trade payables	29,927	14,419
Employees		
Salaries and wages	19,115	17,339
Superannuation	2,218	1,840
Tax payables		
Accrued payroll tax	3,046	3,829
Net goods and services tax payable	10,228	7,440
Revenue received in advance	34	1,869
Interest payable	6,230	2,667
Other accrued expenses	110,155	66,071
<b>Total current trade and other payables</b>	<b>180,953</b>	<b>115,474</b>
<b>Current other provisions</b>		
Revenue to be returned to customers	-	622
ARFFS decontamination <sup>1</sup>	75,133	32,629
Make good on leasehold assets	3,871	2,457
Other <sup>2</sup>	12,470	10,381
<b>Total current other provisions</b>	<b>91,474</b>	<b>46,089</b>
<b>Total current provisions and payables</b>	<b>272,427</b>	<b>161,563</b>
<b>Non-current other provisions</b>		
ARFFS decontamination <sup>1</sup>	53,837	45,124
Make good on leasehold assets	27,354	27,753
Other <sup>2</sup>	1,740	1,532
<b>Total non-current provisions</b>	<b>82,931</b>	<b>74,409</b>

#### Description of provisions

##### 1 Aviation Rescue & Fire Fighting Services (ARFFS) decontamination

The provision relates to the assessment, management, and containment of possible contaminated ARFFS training sites as outlined in Note 5.1 Contingent liabilities.

##### 2 Other provision

The other provision includes on-costs associated with recreation leave and long service leave, such as workers compensation and payroll tax. This is classified as separate provisions to employee benefits in accordance with section 24 of the FRR and the total amount for 30 June 2023 is \$14.2m (2022: \$11.1m). The remaining balance relates to asbestos remediation.

### Accounting Policy

#### Provisions

Provisions are recognised when Airservices has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the obligation is measured using a discount rate which reflects current market assessments and the risks specific to the liability. Increases in the provision due to the passage of time (unwinding of the discount) are then recognised as expense.

### Accounting Judgements and Estimates

#### Other provisions

An estimate of expected future costs has been used to establish the provision for the assessment, management and containment of possible contaminated ARFFS training sites and the remediation and restoration of leased property sites. The calculation of provisions is subject to the volatility of economic assumptions, in particular, discount rates, inflation and payment pattern assumptions. Cost estimates, including their respective ranges and contingencies, are based on experience and advice provided by qualified specialists allowing for current state of uncertainty and unknown factors.



## Notes to and forming part of the financial statements

	2023 \$'000	2022 \$'000
<b>Movements in provisions</b>		
<b>i. Revenue to be returned to customers (Current)</b>		
Carrying amount at start of period	622	622
Provisions reversed during the year	(622)	-
<b>Carrying amount at end of period</b>	<b>-</b>	<b>622</b>
<b>ii. ARFFS decontamination (Current/Non-current)</b>		
Carrying amount at start of period	77,753	58,508
Additional provisions made	70,080	30,553
Payments	(18,863)	(11,308)
<b>Carrying amount at end of period</b>	<b>128,970</b>	<b>77,753</b>
<b>iii. Litigation and legal costs (Current)</b>		
Carrying amount at start of period	-	236
Additional provisions made	-	(236)
Payments	-	-
<b>Carrying amount at end of period</b>	<b>-</b>	<b>-</b>
<b>iv. Make good on leasehold assets (Current/Non-current)</b>		
Carrying amount at start of period	30,210	31,605
Additional provisions made	1,114	(1,353)
Payments	(99)	(42)
<b>Carrying amount at end of period</b>	<b>31,225</b>	<b>30,210</b>
<b>vi. Other (Current/Non-current)</b>		
Carrying amount at start of period	11,913	14,562
Additional provisions made	2,642	(2,457)
Payments	(345)	(192)
<b>Carrying amount at end of period</b>	<b>14,210</b>	<b>11,913</b>

## Notes to and forming part of the financial statements

### 2.6 Other financial assets and liabilities

	2023 \$'000	2022 \$'000
<b>Other current financial assets</b>		
Interest rate swaps	427	45
Forward exchange contracts	1,087	1,280
<b>Total other current financial assets</b>	<b>1,514</b>	<b>1,325</b>
<b>Other non-current financial assets</b>		
Interest rate swaps	12,128	9,543
Forward exchange contracts	1,303	462
Other financial assets	-	80
<b>Total other non-current financial assets</b>	<b>13,431</b>	<b>10,085</b>
<b>Other current financial liabilities</b>		
Interest rate swaps	-	488
Forward exchange contracts	192	1,214
<b>Total other current financial liabilities</b>	<b>192</b>	<b>1,702</b>
<b>Other non-current financial liabilities</b>		
Interest rate swaps	20,493	21,107
Forward exchange contracts	246	1,925
<b>Total other non-current financial liabilities</b>	<b>20,739</b>	<b>23,032</b>

Refer to Note 2.4 for basis of fair value measurement.

## Notes to and forming part of the financial statements

### 2.7 Other assets and other liabilities

	2023 \$'000	2022 \$'000
<b>Other current liabilities</b>		
Lease liability		
Land	3,174	2,668
Buildings	8,549	10,339
Plant and equipment	1,444	3,055
<b>Total other current liabilities</b>	<b>13,167</b>	<b>16,062</b>
<b>Other non-current liabilities</b>		
Lease liability		
Land	27,120	19,615
Buildings	85,996	85,808
Plant and equipment	3,631	443
Other <sup>1</sup>	-	24,085
<b>Total other non-current liabilities</b>	<b>116,747</b>	<b>129,951</b>
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Within 1 year	16,416	17,351
Between 1 to 5 years	45,596	59,997
More than 5 years	138,506	97,182
<b>Total leases</b>	<b>200,518</b>	<b>174,530</b>

1 This represents the excess of amounts received from the Department of Defence under the On-Supply Agreement, from Defence's share of work conducted by Thales under the Civil-Military Air Traffic Management System (CMATS) acquisition contract.

The above lease disclosures should be read in conjunction with the accompanying notes 1.2 and 2.3.

### Accounting policy

#### Lease liabilities

For all new contracts entered into, Airservices considers whether the contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains, a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or Airservices', incremental borrowing rate.

The lease liability is measured at the present value of future lease payments, discounted using the Implicit Interest Rate (IIR), if available; otherwise, the Incremental Borrowing Rate (IBR) is used. The discount rate represents Airservices borrowing rate with the asset portfolio adjusted for the profile of the underlying asset (and its securitisation), currency and the tenure.

Where the IBR is used, Airservices will reference a 30-year Australian Medium-Term Note (MTN) corporate bond yield curve, which has been built to reflect our costs of borrowings. The curve can be used to represent the entity's borrowing rate across asset categories and tenures.

Lease payments to be included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments) less any lease incentives; variable lease payments that depend on an index or a rate; the exercise price of a purchase option if reasonably certain of exercise; amounts expected to be payable under a residual value guarantee; and any payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments not included in the initial measurement of the lease liability are recognised directly in profit and loss. Overall, the variable payments constitute up to 2% (2022: 3%) of Airservices', entire lease payments at 30 June 2023. Airservices expects this ratio to remain constant in the future years. Refer to Note 1.2 'Expenses' for further detail.

The lease term determined comprises the non-cancellable period of lease contracts, periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Subsequent to initial measurement, the lease liability will be reduced to reflect lease payments made and increased to reflect interest on the lease liability.

Airservices remeasures the lease liability whenever there is a change in future lease payments arising from change in an index or rate, if there is a change in the entity's estimate of the amount expected to be payable under a residual value guarantee, or if the entity changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset or profit and loss depending on the nature of the reassessment or modification.

## 3. Our funds management

This section identifies Airservices Australia's funding structure.

### 3.1 Cash and cash equivalents

	2023 \$'000	2022 \$'000
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	120,610	52,137
Deposit at call	146,000	185,700
Term deposits	250,000	20,000
<b>Total cash and cash equivalents</b>	<b>516,610</b>	<b>257,837</b>

#### a. Cash at bank and in hand

Cash at bank has a floating interest rate of 4.30% for balances up to \$150m (2022: 1.05% for balances up to \$25m). For balances greater than \$150m, the interest rate is 4.10% (2022: 0.85% for balances greater than \$25m). Cash in hand and some non-interest-bearing bank accounts have a zero interest rate.

#### b. Deposits at call

The deposits at call have a weighted average floating interest rate of 4.25% (2022: 1.00%). These 11am cash deposits are rolled over daily.

#### c. Term deposits

The term deposits of \$250m will mature on 16 November 2023 and have a weighted interest rate of 4.29% (2022: 1.29%).

### Accounting policy

#### Cash and cash equivalents

Cash is recognised at its nominal amount. Cash in the Statement of Financial Position comprises cash at bank and in hand and deposits at call which are readily convertible to cash on hand. For the purposes of the cash flow statement, cash includes cash and cash equivalents net of outstanding bank overdrafts.

## Notes to and forming part of the financial statements

### 3.2 Reconciliation of cash and cash equivalents

	2023 \$'000	2022 \$'000
<b>Reconciliation of net (loss) after income tax to net cash flows from operations</b>		
Net (loss) after income tax	(205,765)	(347,562)
<b>Adjustments for:</b>		
Depreciation expense	127,296	129,441
Impairment recognised for property, plant and equipment	-	7,387
Reversal of previous asset write-downs	(709)	(995)
Net loss on sale/write-down of non-current assets	498	316
AvSuper defined benefit contributions movement (after tax)	(49,173)	66,726
<b>Change in assets</b>		
(Increase)/decrease in gross receivables	(72,672)	3,417
(Increase)/decrease in inventories	95	(607)
(Increase)/decrease in prepayments	(11,088)	(3,949)
(Increase)/decrease in other assets	(3,615)	(2,732)
(Increase)/decrease in deferred tax	(100,749)	(115,132)
<b>Change in liabilities</b>		
Increase/(decrease) in employee benefits	170,914	(113,068)
Increase/(decrease) in allowance for impairment	(1,861)	(17,143)
Increase/(decrease) in legal provisions	-	(236)
Increase/(decrease) in other liabilities	(167,610)	(21,772)
Increase/(decrease) in other provisions	54,529	15,201
Increase/(decrease) in creditors and accruals	87,011	15,566
Increase/(decrease) in revenue to be returned to customers provision	(622)	-
<b>Net cash flow from operating activities</b>	<b>(173,521)</b>	<b>(385,142)</b>

## Notes to and forming part of the financial statements

### 3.3 Borrowings

	2023 \$'000	2022 \$'000
<b>Unsecured borrowings</b>		
Current <sup>1</sup>	284,388	384,348
Non-current <sup>2</sup>	1,072,005	723,246
<b>Total borrowings</b>	<b>1,356,393</b>	<b>1,107,594</b>

1 This represents amounts issued under a \$300m commercial paper program and a \$250 cash advance facility. It includes \$250m maturing 17 November 2023 and \$35m maturing 29 November 2023.

2 This represents amounts issued under a \$1,500m medium term note program. It includes \$200m maturing on 15 May 2026, \$300m maturing 15 November 2028, \$275m maturing on 15 May 2030, \$200m maturing on 15 November 2032 and \$100m maturing on 15 November 2052.

### 3.4 Standby arrangements and unused credit facilities

	2023 \$'000	2022 \$'000
<b>Unused credit facilities - bank overdraft</b>	-	5,000
<b>Borrowing facilities</b>		
Commercial paper program	300,000	300,000
Medium term note program	1,500,000	1,500,000
Committed cash advance facilities	750,000	750,000
<b>Total borrowing facilities</b>	<b>2,550,000</b>	<b>2,550,000</b>
Amount utilised	(1,360,000)	(1,110,000)
<b>Unused borrowing facilities</b>	<b>1,190,000</b>	<b>1,440,000</b>

### 3.5 Financial instruments

Airservices has exposure to credit risk, liquidity risk, market risk (comprising of interest rate and foreign exchange risk) arising from its operations and use of financial instruments. Airservices uses financial instruments to manage these risks within a framework consisting of a comprehensive set of risk management policies. These risks are managed centrally, and speculative trading is strictly prohibited.

#### Financial assets and liabilities – classification and measurement

##### Cash and cash equivalents

Airservices cash and cash equivalents are overnight or short-term deposits that are held to maturity and have cash flows that solely represent principal and interest. All cash and cash equivalents are classified under AASB 9 as financial assets at amortised cost.

##### Trade and other receivables

All Airservices trade receivable cash flows solely represent principal and interest payments and are classified under AASB 9 as financial assets at amortised cost. When measuring its trade and other receivables, Airservices has adopted the AASB 9 simplified approach to measure the impairment loss allowance at an amount equal to the lifetime expected credit loss.

##### Committed cash advances

Airservices cash advances are bank loans that are held to maturity and have cash flows that solely represent principal and interest. All committed standby cash advances are classified under AASB 9 as financial liabilities at amortised cost.

##### Medium-term notes and commercial papers

Airservices financial liabilities include medium-term notes and commercial papers which are initially measured at fair value less transactions costs and subsequently remeasured using the effective interest method. Under AASB 9 these instruments are all classified as financial liabilities at amortised cost.

##### Trade and other payables

Supplier and other payables are recognised at amortised cost as all cash flows solely represent payment of principal. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

##### Derivative financial instruments

Under AASB 9, all Airservices derivative financial liabilities are measured and classified as financial assets or liabilities at fair value through profit and loss.

#### Derivative financial instruments – hedge accounting under AASB 9

Airservices uses derivative financial instruments, such as Forward Exchange Contracts (FECs) and Interest Rate Swaps (IRSs) to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on reporting date. Derivatives are carried as current or non-current financial assets when the fair value is positive and as current and non-current financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion, which is recognised in other comprehensive income.



## Notes to and forming part of the financial statements

### Fair value measurements

The fair values of Airservices FECs and IRSs are calculated using a credit-adjusted discounted cash-flow methodology. FEC and IRS contracted rates are compared to current market rates to calculate future cash flows which are then discounted to arrive at a present value. Airservices uses only observable market data as inputs.

Airservices does not apply netting to the fair values of its financial assets and liabilities. The Statement of Financial Position separates the fair values into current and non-current financial assets and liabilities. However, as at 30 June 2023, if netting was applied to the FEC portfolio then FEC financial assets of \$2,389,126 would have been reduced by FEC financial liabilities of \$437,978 to a net asset amount of \$1,951,148 (2022: FEC financial assets of \$1,741,516 would have been reduced by FEC financial liabilities of \$3,138,972 to the net liability amount of \$1,397,456).

If netting was applied to the IRS portfolio then IRS financial assets of \$12,554,899 would have been reduced by IRS financial liabilities of \$20,493,103 to the net liability amount of \$7,938,204 (2022: IRS financial assets of \$9,588,085 would have been reduced by IRS financial liabilities of \$21,595,432 to the net liability amount of \$12,007,347).

Medium-term note and commercial paper fair values reflect the price that an existing investor is prepared to receive if they were to sell their investment in the secondary market. These prices are provided by independent secondary market traders.

There is no secondary market for committed cash advances as they are executed under bilateral agreements with bank counterparties. As a result their fair value is equal to the carrying amount.

Refer to Note 2.4 for fair value measurement basis of these instruments.

	AASB 9 accounting classification	Carrying amount 2023 \$'000	Fair value 2023 \$'000	Carrying amount 2022 \$'000	Fair value 2022 \$'000
<b>Assets</b>					
Forward exchange contracts	FVTPL	2,390	2,390	1,742	1,742
Cash and cash equivalents	AC	516,610	516,610	257,837	257,837
Receivables	AC	155,224	155,224	80,611	80,611
Interest rate swaps	FVTPL	12,555	12,555	9,588	9,588
Other financial assets	AC	-	-	80	80
<b>Total assets</b>		<b>686,779</b>	<b>686,779</b>	349,858	349,858
<b>Liabilities</b>					
Forward exchange contracts	FVTPL	438	438	3,139	3,139
Interest rate swaps	FVTPL	20,493	20,493	21,595	21,595
Medium term notes	AC	1,072,005	1,049,654	672,894	621,190
Trade and other payables	AC	180,953	180,953	115,474	115,474
Commercial paper	AC	34,388	34,338	184,700	184,223
Committed cash advances	AC	250,000	250,000	250,000	250,000
<b>Total liabilities</b>		<b>1,558,277</b>	<b>1,535,876</b>	1,247,802	1,195,621

Notes:

AC - Amortised Cost

FVTPL - Fair Value Through Profit and Loss

## Notes to and forming part of the financial statements

### Financial risk

The financial risk management policy is aligned to Airservices risk appetite statement. The policy identifies financial risks and provides effective guidance on how Airservices manages the risks faced by the organisation. It sets the risk limits, identifies the controls and determines the process for monitoring and adhering to limits. The policy is designed to add value without adding to the overall risks of the organisation.

The financial risk management policy and systems are reviewed regularly to reflect changes in market practices and Airservices activities. Internal audit undertakes ad hoc reviews of financial risk management policy, controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

Airservices uses financial instruments to manage its financial risks. The central Treasury unit identifies and evaluates the financial risks in close co-operation with other Airservices units and seeks to minimise potential adverse effects on the financial performance.

As a result of the nature of Airservices business and internal policies dealing with the management of financial risk, Airservices', residual exposure to credit, liquidity and market risk is considered to be low.

### Credit risk

Credit risk represents the risk that one party to a transaction will fail to discharge an obligation and cause the other party to suffer a financial loss. Airservices invests money and enters into financial derivative contracts with authorised counterparties whose long-term credit rating is at, or above, A- (Standard and Poor's) or A3 (Moody's). There are currently only 4 approved counterparties. The maximum credit limit for each approved counterparty is currently \$300m (2022: \$250m). Counterparty credit exposure is assessed using the principles of the 'Current Exposure Method'. As at 30 June 2023, the maximum risk exposure to all authorised counterparties after applying the Current Exposure Method was \$593.7m (2022: \$298.2m).

Airservices is exposed to credit risk arising from potential default of debtors. This is equal to the total amount of trade and other receivables (2023: \$155.2m and 2022: \$80.7m). Airservices has assessed the risk of default on payment and has allocated \$9.1m in 2023 (2022: \$10.9m) as an allowance for impairment.

Airservices trades only with recognised, creditworthy third parties and, as such, collateral is not requested, nor is it Airservices', policy to securitise its trade and other receivables.

### Credit risk of financial instruments not past due or individually determined as impaired.

	Not past due nor impaired 2023 \$'000	Not past due nor impaired 2022 \$'000	Past due or impaired 2023 \$'000	Past due or impaired 2022 \$'000
Receivables	89,503	73,082	47,252	16,451
<b>Total</b>	<b>89,503</b>	<b>73,082</b>	<b>47,252</b>	<b>16,451</b>

Airservices is exposed to concentration of risk with respect to trade receivables. 57% of revenues earned are from the following dominant operators: Qantas Group (including Jetstar) and Virgin Group.

## Notes to and forming part of the financial statements

### Liquidity risk

Liquidity risk management is concerned with ensuring there are sufficient funds available to meet financial commitments in a timely manner while also planning for unforeseen events which may reduce cash inflows and cause pressure on liquidity.

The primary objectives of short-term liquidity risk management are to ensure sufficient funds are available to meet daily cash requirements, while ensuring that cash surpluses in low interest bearing accounts are minimised.

The primary objective of long-term liquidity risk management is to ensure that funding (i.e. debt) facilities are in place to meet future long-term funding requirements.

2023	Average interest rate %	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial liabilities</b>							
<b>Non-derivative</b>							
Trade and other payables	-	-	-	-	-	180,953	180,953
Standby cash advances	0.81	-	251,021	-	-	-	251,021
Commercial paper	4.32	35,000	-	-	-	-	35,000
Medium-term notes	4.39	-	46,650	373,600	1,093,750	-	1,514,000
<b>Derivative</b>							
Interest rate swaps <sup>1</sup>	-	-	(3,334)	(7,320)	(362)	-	(11,016)
Interest rate swaps <sup>2</sup>	-	-	4,129	11,698	4,917	-	20,744
<b>Net financial liabilities</b>		35,000	298,466	377,978	1,098,305	180,953	1,990,702

1 Weighted average interest rates at 30 June were pay fixed at 2.22% and receive float at 4.04%.

2 Weighted average interest rates at 30 June were pay float at 4.04% and receive fixed at 3.04%.

2022	Average interest rate %	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial liabilities</b>							
<b>Non-derivative</b>							
Trade and other payables	-	-	-	-	-	115,474	115,474
Standby cash advances	0.81	-	2,025	251,021	-	-	253,046
Commercial paper	0.56	185,000	-	-	-	-	185,000
Medium term notes	2.78	-	218,050	243,700	293,150	-	754,900
<b>Derivative</b>							
Interest rate swaps <sup>3</sup>	-	-	(508)	(9,909)	(379)	-	(10,796)
Interest rate swaps <sup>4</sup>	-	-	2,091	14,669	8,566	-	25,326
<b>Net financial liabilities</b>		185,000	221,658	499,481	301,337	115,474	1,322,950

3 Weighted average interest rates at 30 June were pay fixed at 2.33% and receive float at 1.80%.

4 Weighted average interest rates at 30 June were pay float at 1.80% and receive fixed at 1.78%.

## Notes to and forming part of the financial statements

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The following table is a sensitivity analysis of the market risk that Airservices is exposed to through the use of foreign exchange and interest rate derivatives as well as investments and borrowings.

Interest rate sensitivity analysis is calculated on a 'reasonably possible' basis with reference to the key drivers of interest rates, market expectations and historical data. In analysing interest rate sensitivities Airservices has adopted to vary actual interest rates by +/- 1.04% (2022: +/- 0.79%).

Airservices has adopted a simplified approach to calculate market risk sensitivities for foreign exchange contracts. A standard sensitivity variable of +/- 8.48% (2022: +/- 8.31%) has been applied to all currencies. Airservices acknowledges that it is necessary to monitor annual movements in currencies to ensure the relevance of using a single constant rate.

2023	Carrying amount \$'000	Change in risk variable +/-%	Effect of positive movement		Effect of negative movement	
			Profit and loss \$'000	Equity \$'000	Profit and loss \$'000	Equity \$'000

#### Currency risk

Buy USD forward contracts	2,208	8.48	-	(2,444)	-	2,897
Buy EUR forward contracts	(257)	8.48	-	(166)	-	197

#### Interest rate risk

Cash and cash equivalents	516,610	1.04	5,347	-	(5,347)	-
Medium term notes	1,072,005	-	-	-	-	-
Standby cash advances	250,000	-	-	-	-	-
Interest rate swaps	(7,938)	1.04	(10,982)	-	11,989	-
Commercial paper	34,388	1.04	(364)	-	364	-

2022	Carrying amount \$'000	Change in risk variable +/-%	Effect of positive movement		Effect of negative movement	
			Profit and loss \$'000	Equity \$'000	Profit and loss \$'000	Equity \$'000

#### Currency risk

Buy USD forward contracts	1,413	8.31	-	(2,204)	-	2,327
Buy EUR forward contracts	(2,810)	8.31	-	(1,576)	-	1,261

#### Interest rate risk

Cash and cash equivalents	257,837	0.79	2,010	-	(2,010)	-
Medium term notes	672,894	-	-	-	-	-
Standby cash advances	250,000	-	-	-	-	-
Interest rate swaps	(12,007)	0.79	(1,806)	-	1,967	-
Commercial paper	184,700	0.79	(1,146)	-	1,146	-

## Notes to and forming part of the financial statements

### Forward exchange contracts

Airservices uses Forward Exchange Contracts (FECs) to hedge foreign currency exchange rate risk arising from committed transactions primarily relating to capital expenditure program undertakings. Airservices accounts for all of its FECs as cash flow hedges. Airservices policy is to achieve 100% hedge effectiveness. All foreign currency exposures have a greater than 95% certainty of occurring, as all exposures are committed.

The effectiveness test is on a FEC rate to market rate comparison. Prospective testing is on a critical terms basis with the retrospective test based on an effectiveness ratio of 80-125%. Gains or losses are recognised on the hedging instrument (i.e. the FEC) and hedged item (i.e. the committed foreign exchange exposure) with any ineffectiveness recognised in the Statement of Comprehensive Income.

At balance date, the details of outstanding contracts are (Australian dollar equivalents):

	Sell Australian Dollars		Average Exchange Rate	
	2023 \$'000	2022 \$'000	2023 EURO/\$1	2022 EURO/\$1
<b>Buy EUROS</b>				
<b>Maturity</b>				
3 months or less	310	807	0.5867	0.5758
Greater than 3 months but less than 1 year	-	5,735	-	0.5576
Greater than 1 year	2,311	14,483	0.5279	0.5383

	Sell Australian Dollars		Average Exchange Rate	
	2023 \$'000	2022 \$'000	2023 US/\$1	2022 US/\$1
<b>Buy US Dollars</b>				
<b>Maturity</b>				
3 months or less	5,133	5,429	0.7082	0.7106
Greater than 3 months but less than 1 year	11,897	15,946	0.6989	0.7229
Greater than 1 year	13,469	4,761	0.7401	0.7583

### Capital management

Airservices is a price regulated government-owned corporate commonwealth entity with a capital management strategy that currently targets a minimum standalone/independent credit rating of 'bbb' and allows for sufficient flexibility in gearing to enable Airservices to absorb a short- to medium-term shock to traffic levels.

When managing capital structure, Airservices considers its current and forecast net debt and shareholders' equity positions to develop funding and liquidity strategies that achieve the longer term optimal capital structure and provide a balance between cost and risk. These strategies are then incorporated into the annual planning cycles.

Airservices reviews its optimal capital structure on a regular basis. There were no changes to Airservices approach to capital management during the year.

## 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

	2023 \$'000	2022 \$'000
<b>Current employee provisions</b>		
Employee benefits		
Recreation leave	57,624	50,572
Long service leave	132,198	119,967
Separations and redundancies	2,271	1,383
Pre-Comcare Workers compensation	163	195
<b>Total current employee provisions</b>	<b>192,256</b>	<b>172,117</b>
<b>Non-current employee provisions</b>		
Employee benefits		
Long service leave	27,833	26,403
Separations and redundancies	3,334	4,212
Pre-Comcare Workers compensation	1,534	1,576
<b>Total non-current employee provisions</b>	<b>32,701</b>	<b>32,191</b>

### 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 \$5.6m (2022: \$5.2m) in early retirement benefits which have been elected to be taken by employees as a lump sum on retirement, and \$0.7m (2022: \$0.4m) for redundancy provisions.

The provision for early retirement benefits includes \$4.9m (2022: \$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

Airservices is the principal sponsor of the superannuation fund AvSuper. 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 has been closed to new members since 2002. The valuation is based on estimated member data at 30 June 2023 using member data as at 30 June 2022 with exits removed and salaries increased at the salary increase rate. The Plan's liabilities and assets have been rolled up to 30 June 2023. Allowance is made for outstanding contributions and tax reserves when estimating the asset value.

#### Defined Benefit Surplus Assets repatriation

In accordance with clause 1.14.2 of the AvSuper Pty Ltd (the AvSuper Trustee) and Airservices Australia Trust Deed (the Trust Deed), when there are excess Surplus Assets, subject to certain conditions the excess Surplus Assets must be paid from the AvSuper Fund (the Fund) to the Principal Employer (Airservices Australia).

Consistent with the requirements of the Trust Deed and superannuation legislation, the AvSuper Trustee commissioned an actuarial review of the Fund to determine if the Fund was in an 'excess Surplus Assets' position. An initial review was conducted by the Fund's Actuary (the Actuary) on the Fund's 30 June 2022 audited financial statements and an actuarial certificate was issued in October 2022. A second review was then undertaken, and the report issued in March 2023. The Actuary determined excess Surplus Assets of \$77,506,352 was available for repatriation. The AvSuper Trustee approved the payment (once certain conditions were met) of \$77,506,352 to Airservices Australia and made the payment on 31 March 2023.

The Civil Aviation Safety Authority (CASA) also has members of the Defined Benefit Scheme. Airservices Australia worked with the Fund's Actuary to determine the CASA component of the surplus, which was subsequently communicated and agreed with CASA. The agreed amount was \$1,500,000 which was paid to CASA on 18 May 2023.

The initial \$77,506,352 repatriation was recognised in the financial statements as a reduction in the AvSuper Defined Benefit asset with a corresponding increase in cash. The subsequent payment to CASA increased the AvSuper Defined Benefit asset to represent the net portion relating to Airservices Australia only and decreased cash.



## Notes to and forming part of the financial statements

	2023 \$'000	2022 \$'000
<b>Benefit asset</b>		
<b>The amounts recognised in the statement of financial position are determined as follows:</b>		
Present value of the defined benefit obligation	(466,809)	(462,122)
Fair value of defined benefit plan assets	581,591	725,015
<b>Net benefit asset–non-current</b>	<b>114,782</b>	<b>262,893</b>
<b>Categories of plan assets</b>		
<b>The major categories of plan assets are as follows:</b>		
Cash	47,706	29,802
Equity instruments	255,298	444,422
Debt instruments	85,235	101,981
Other assets	193,352	148,810
	<b>581,591</b>	<b>725,015</b>
<b>Reconciliations</b>		
<b>Reconciliation of the present value of defined benefit obligation:</b>		
Balance at the beginning of the year	462,122	679,738
Current service cost	15,994	23,641
Contribution by members	7,052	6,258
Interest cost	23,510	19,005
Remeasurements		
Effect of changes in financial assumptions	(5,391)	(96,371)
Effect of experience adjustments	68,689	(25,031)
Benefits paid	(105,167)	(145,118)
<b>Balance at the end of the year</b>	<b>466,809</b>	<b>462,122</b>
<b>Reconciliation of the fair value of plan assets:</b>		
Balance at the beginning of the year	725,015	865,338
Interest Income	37,620	24,509
Remeasurements		
Return on plan assets (excluding interest income)	(6,949)	(26,079)
Contribution by Airservices	(75,980)	107
Contribution by members	7,052	6,258
Benefits paid	(105,167)	(145,118)
<b>Balance at the end of the year</b>	<b>581,591</b>	<b>725,015</b>

## Notes to and forming part of the financial statements

	2023 \$'000	2022 \$'000
<b>Net amount recognised in the Statement of Comprehensive Income</b>		
The amounts recognised in the Statement of Comprehensive Income are as follows:		
<b>i. Defined benefit cost recognised in profit or loss</b>		
Current service cost	15,994	23,641
Interest on the net defined benefit asset	(14,110)	(5,504)
<b>Total included in employee benefits expense</b>	<b>1,884</b>	<b>18,137</b>
<b>ii. Remeasurements (recognised in Other Comprehensive Income)</b>		
Effect of changes in financial assumptions	(5,391)	(96,372)
Effect of experience adjustments	68,689	(25,031)
Return on plan assets (excluding interest income)	6,949	26,080
<b>Total remeasurements included in Other Comprehensive Income - (gain)/ loss</b>	<b>70,247</b>	<b>(95,323)</b>
<b>iii. Total defined benefit (gain)/ loss recognised in the Statement of Comprehensive Income</b>	<b>72,131</b>	<b>(77,186)</b>
<b>Actual return on plan assets</b>	<b>39,809</b>	<b>(3,394)</b>

### Principal actuarial assumptions

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

	2023	2022
Discount rate	5.70%	5.30%
Future salary increases - short term	5.70%	4.00%
Future salary increases - long term	5.00%	4.90%

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

- a discount rate of 5.70% p.a. (2022: 5.30% p.a.) derived by applying the yield curve reported by Milliman to the expected cash flows of AvSuper and equating this to a single equivalent rate
- the salary increase rate assumption is equivalent to a liability weighted single rate assumption of 5.10% p.a. (2022: 4.80% 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.

	Increase \$'000	Decrease \$'000
<b>2023</b>		
Discount rate (0.5% movement)	(21,231)	25,616
Future salary increases (0.5% movement)	24,333	(20,248)
<b>2022</b>		
Discount rate (0.5% movement)	(23,351)	27,919
Future salary increases (0.5% movement)	25,874	(21,676)

## Notes to and forming part of the financial statements

### Maturity profile

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

	2023 \$'000	2022 \$'000
<b>Undiscounted Benefit Payments</b>		
1 year or less	32,071	34,237
2 to 5 years	163,955	168,873
5 to 10 years	225,732	224,840
Greater than 10 years	712,251	770,564
<b>Total expected payments</b>	<b>1,134,009</b>	<b>1,198,514</b>

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years (2022: 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 2022. This disclosed a surplus of \$214m (2022: \$245.4m). An actuarial investigation meeting requirements of the *Superannuation Industry (Supervision) Act 1993* is undertaken every 3 years.

For the year ended 30 June 2023 the employer contribution rate was:

- 3% of gross salary for those employees who remain members of the Commonwealth Superannuation Scheme (CSS category) (2021-22: 3%)
- From 1 July 2018, a contribution holiday was applied for other Airservices employees who are full members (FULL) 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
- 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 2023 are \$0.025m due to the contribution holiday for FULL members, not including any additional contributions required (2022: \$0.1m).

### 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 (2022), when a surplus of \$214.4m was reported (2021: \$245.4m). Last year in these financial statements, Airservices recognised a defined benefit asset of \$262.9m at 30 June 2022. 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 2023 these financial statements disclose a defined benefit asset of \$114.8m (2022: \$262.9m). AvSuper'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 AvSuper (sponsored by Airservices) and Commonwealth Superannuation Corporation (ComSuper), which administers the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) funds. AvSuper has a defined benefit section and an accumulation section within its fund. Contributions to the AvSuper 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 AvSuper defined benefit fund are recognised as an expense as they become payable. With respect to the AvSuper 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 AvSuper 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

#### AvSuper defined benefit plan

Various actuarial assumptions are required when determining Airservices obligations under the AvSuper defined benefit plan. The assumptions relied on for the period to 30 June 2023 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 2023 are based on enterprise agreements that were applicable during the financial year. These include a 5.7% annual salary increase for the first 2 years and 5.0% p.a. thereafter, staff turnover rates ranging from 7% to 21% (depending on period of service), and the rate at which long service leave is taken while an employee assumed to be 0.228 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	8.9 years	Discount rate derived by applying Milliman's yield curve to expected cash flows of AvSuper and equating this to a single rate	5.7% p.a.
Long Service Leave	6.4 years	6 year and 7 year	5.5% p.a.
Early Retirement Benefit	2.7 years	2 year and 3 year	5.2% p.a.
Recreation leave	0.9 years	1 year and 2 year	5.2% p.a.

## Notes to and forming part of the financial statements

### 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. Key management personnel remuneration is reported in the table below.

	2023 \$'000	2022 \$'000
<b>Key executive remuneration expense for the reporting period</b>		
<b>Board</b>		
Short-term employee benefits:		
Salary	748	777
Allowances and other benefits	29	19
<b>Total short-term employee benefits</b>	<b>777</b>	<b>796</b>
Post-employment benefits:		
Superannuation (post-employment benefits)	79	79
<b>Total post-employment benefits</b>	<b>79</b>	<b>79</b>
<b>Total Board remuneration</b>	<b>856</b>	<b>875</b>
The information about non-executive Board members included in the table above relates to 8 individuals (2022: 9 individuals)		
<b>Key executive management</b>		
Short-term employee benefits:		
Salary <sup>1</sup>	4,569	3,823
Allowances and other benefits	43	39
<b>Total short-term employee benefits</b>	<b>4,612</b>	<b>3,862</b>
Post-employment benefits:		
Superannuation (post-employment benefits)	379	272
<b>Total post-employment benefits</b>	<b>379</b>	<b>272</b>
Other long-term benefits:		
Long service leave	49	90
<b>Total other long-term benefits</b>	<b>49</b>	<b>90</b>
<b>Total key executive management remuneration</b>	<b>5,040</b>	<b>4,224</b>
<b>Total key management personnel remuneration<sup>2</sup></b>	<b>5,896</b>	<b>5,099</b>

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) and the Director of Safety, Security and Environment Assurance and the General Counsel & Board Secretary. The information about executives in the above table relates to 9.84 Full Time Equivalents (FTEs) (2022: 8.05 FTEs).

## Notes to and forming part of the financial statements

### 4.4 Related party transactions

#### a. Board members

The names of persons who were Board members of Airservices during the financial year and up to the date of signing these financial statements are as follows:

	Status	Commenced	Finished
<b>Board Chair</b>			
<b>John Weber</b>	On-going	6 April 2017	Current
<b>Deputy Chair</b>			
<b>Greg Hood</b>	On-going	8 September 2021	Current
<b>Board members<sup>1</sup></b>			
<b>Anne Brown<sup>2</sup></b>	On-going	4 December 2019	Current
<b>Sue-Ellen Bussell</b>	Ceased	4 December 2019	3 December 2022
<b>Dr Eileen Doyle</b>	On-going	21 April 2021	Current
<b>Dr Marlene Kanga AO</b>	On-going	4 September 2017	Current
<b>David Marchant AM</b>	Ceased	21 July 2014	20 July 2023
<b>Lawrence Turner</b>	On-going	3 March 2021	Current
<b>Chief Executive Officer</b>			
<b>Jason Harfield</b>	On-going	11 August 2015 <sup>3</sup>	Current

#### b. Executives<sup>4</sup>

The names of persons who were Executives of Airservices during the financial year (excluding the CEO, included above) and up to the date of signing these financial statements are as follows:

Executives	Title	Commenced	Finished
<b>Peter Curran</b>	Chief Customer and External Relations Officer	6 May 2019	Current
<b>Michelle Bennetts</b>	Chief Service Delivery Officer	16 April 2018	Current
<b>Paul Logan</b>	Chief Finance and Performance Officer	2 July 2015	Current
<b>Lucinda Gemmell</b>	Chief People and Culture Officer	1 June 2020	28 February 2023
<b>Sarah Davis</b>	Acting Chief People and Culture Officer	11 February 2023	Current
<b>Mark Hind</b>	Chief Technology Enablement Officer	27 April 2020	Current
<b>Christian Patten</b>	Chief Strategy Execution Officer	13 June 2022	Current
<b>Nicole Devlin</b>	Chief Communications Officer	29 March 2021	30 September 2022
<b>Thomas Hunter</b>	Acting Chief Communications Officer <sup>5</sup>	19 December 2022	28 June 2023
<b>Glen Lang</b>	Acting Chief Safety and Risk Officer	1 July 2022	31 January 2023
<b>Mark Scanlan</b>	Director of Safety, Security and Environment Assurance	30 January 2023	Current
<b>Elizabeth Grinston</b>	General Council and Board Secretary	17 January 2022	Current

1 Two new Board members were appointed on 1 August 2023 and will be included as part of the KMP in 2023-24 financial year.

2 Not a member of the Board for the period 4 December 2022 to 1 February 2023.

3 Acting until appointment date of 9 March 2016.

4 A new Chief Operating Officer (COO) has been appointed to join the Airservices executive leadership team commencing 21 August 2023 and will be included as part of the KMP in the 2023-24 financial year.

5 The Chief Communications Officer role ceased to exist on 28 June 2023.

### 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:

#### 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 Board 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 Australia 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 Australia 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 Australia 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 Australia and had 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 Australia and has a family member employed by Tractix Pty Ltd.

## Notes to and forming part of the financial statements

### 2022

- Airservices provided payments to Dimeo Cleaning Services amounting to \$617.61 for the period 1 July 2021 to 30 June 2022 during which time John Weber was Board Chair of the Airservices Board and was a Director at Dimeo Group.
- Airservices provided payments to Recreational Aviation Australia amounting to \$27,500 for the period 1 July 2021 to 31 December 2021. Mark Binskin was both Deputy Chair of the Airservices Board and a member of Recreational Aviation Australia for the period 1 July 2021 to 31 August 2021.
- Airservices provided payments to the Civil Aviation and Safety Authority amounting to \$42,880 for the period 1 July 2021 to 31 December 2021. Mark Binskin was both Deputy Chair of the Airservices Board and Chair-designate of the Civil Aviation and Safety Authority for the period 19 August 2021 to 31 August 2021.
- Airservices provided payments to the Civil Aviation and Safety Authority amounting to \$86,860 for the period 1 September 2021 to 30 June 2022 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 received payments from the Temora Aviation Museum amounting to \$22.78 for the period 1 July 2021 to 31 December 2021. Mark Binskin was both Deputy Chair of the Airservices Board and a governing committee member of the Temora Aviation Museum for the period 1 July 2021 to 31 August 2021.
- Airservices provided payments to Harris Communications Australia amounting to \$18,007,349.25 for the period 1 September 2021 to 30 June 2022 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 Klynveld Peat Marwick Goerdeler (KPMG) under a standing panel arrangement amounting to \$275,863.41 for the period 1 July 2021 to 30 June 2022 during which time Sue Bussell was a board member of Airservices Australia and held a contract with KPMG to undertake work on an ad hoc basis through her own business, DAIS.
- Airservices provided rent payments to Sydney Water Corporation amounting to \$22,894.37 for the period 1 July 2021 to 30 June 2022 during which time Dr Marlene Kanga was both a Board member of Airservices Australia and a Board member of the Sydney Water Corporation.
- Airservices provided rent payments to Queensland Rail Limited amounting to \$77,700.07 for the period 1 July 2021 to 30 June 2022 during which time David Marchant was both a Board member of Airservices Australia and Chair of Queensland Rail Limited.
- Airservices provided rent and electricity payments to Port Authority of New South Wales amounting to \$16,933.15 for the period 1 July 2021 to 30 June 2022 during which time David Marchant was both a Board member of Airservices Australia and Non-Executive Director of Port Authority of New South Wales.
- Airservices provided payments to Santos Limited amounting to \$27,002.09 for the period 1 July 2021 to 30 June 2022 during which time Eileen Doyle was both a Board member of Airservices Australia and Non-Executive Director at Santos Limited.
- Airservices received payments from Santos Limited amounting to \$165 for the period 1 July 2021 to 30 June 2022 during which time Eileen Doyle was both a Board member of Airservices Australia and Non-Executive Director at Santos Limited.
- Airservices received payments from the Australian Warbirds Association amounting to \$404.89 for the period 1 July 2021 to 31 December 2021. Mark Binskin was both Deputy Chair of the Airservices Board and a member of the Australian Warbirds Association for the period 1 July 2021 to 31 August 2021.
- Airservices provided payments to the Starlight Foundation amounting to \$690 for the period 1 July 2021 to 30 June 2022 during which time Lucinda Gemmell was both Chief People & Culture Officer of Airservices Australia and Non-Executive Director at the Starlight Foundation.



## 5. Managing uncertainties

This section analyses how Airservices Australia manages financial risks within its operating environment.

### 5.1 Contingent liabilities

Airservices had contingent liabilities at 30 June 2023 in respect of:

#### Aviation Rescue Fire Fighting (ARFF) services potential contaminated site management

Airservices has identified a number of sites around the country that may have been contaminated with per- and poly- fluorinated alkyl (PFAS) chemicals contained in firefighting foams formerly used by Airservices. Airservices continues to manage issues arising from the use of these firefighting foams, since becoming aware of concerns about PFAS in the early 2000s. These firefighting foams were widely used around the world because of their superior performance.

Significant investment continues to be made to enable site investigations, site-specific management actions including research and development, and stakeholder engagement activities. During the 2022-23 financial year, Airservices has continued to progress site investigations to understand the extent of PFAS contamination due to Airservices' past operations; to identify potential practicable solutions to manage existing contamination for which Airservices is responsible; and to continue working with Commonwealth and State/Territory agencies and regulators to manage PFAS contamination at airports at which Airservices operates.

To facilitate this work and continued PFAS-related activity, a sum of \$129.0m has been provided as at 30 June 2023 (2022: \$77.8m).

As site investigations progress, further investigations and site-specific management and remediation actions are likely to be required to address identified risks. The cost of these actions cannot be quantified at this time as the extent of any Airservices obligations are not known or otherwise cannot be estimated with sufficient reliability to be provisioned.

#### Legal claims

Brisbane Airport Corporation (BAC) continues to pursue proceedings against Airservices in the Queensland Supreme Court seeking, among other things, compensation for alleged PFAS contamination by Airservices at Brisbane Airport. At this point in time, Airservices is not able to quantify any potential liability.

Australia Pacific Airports (Launceston) Pty Ltd (APAL) continues to pursue proceedings against Airservices for declarations and orders requiring Airservices to issue a PFAS Management Plan (PMP) as required by the terms of the lease. Following mediation, Airservices finalised, and is now implementing, the PMP in accordance with the terms of the lease. The proceedings are currently in abeyance and it is not clear how APAL intends to pursue them. At this point in time, Airservices is not able to quantify any potential liability.

Perth Airport Pty Ltd (PAPL) has commenced proceedings against Airservices in the Federal Court sitting Perth, Western Australia, seeking, among other things, compensation for alleged PFAS contamination by Airservices at Perth Airport. At this point in time, Airservices is not able to quantify any potential liability.

#### Accounting policy

##### Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

## 6. Other information

### 6.1 Remuneration of auditors

	2023 \$	2022 \$
<b>Remuneration of auditors</b>		
Auditing services provided by the Australian National Audit Office	350,000	341,000

### 6.2 Monies held on behalf of third parties

Airservices has been contracted by the Solomon Islands Civil Aviation Authority and the Republic of Nauru to provide airspace management and accounts receivable services. The contracts require Airservices to retain cash received and to remit funds at a later date to the Solomon Islands and Nauru Governments as required under the respective agreements. At balance date, the money held on behalf of third parties totalled \$0.51m (2022: \$0.48m) for the Solomon Islands and \$0.07m (2022: \$0.03m) for Nauru.

### 6.3 Events after the reporting date

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of Airservices.



airservices  
australia

# 04

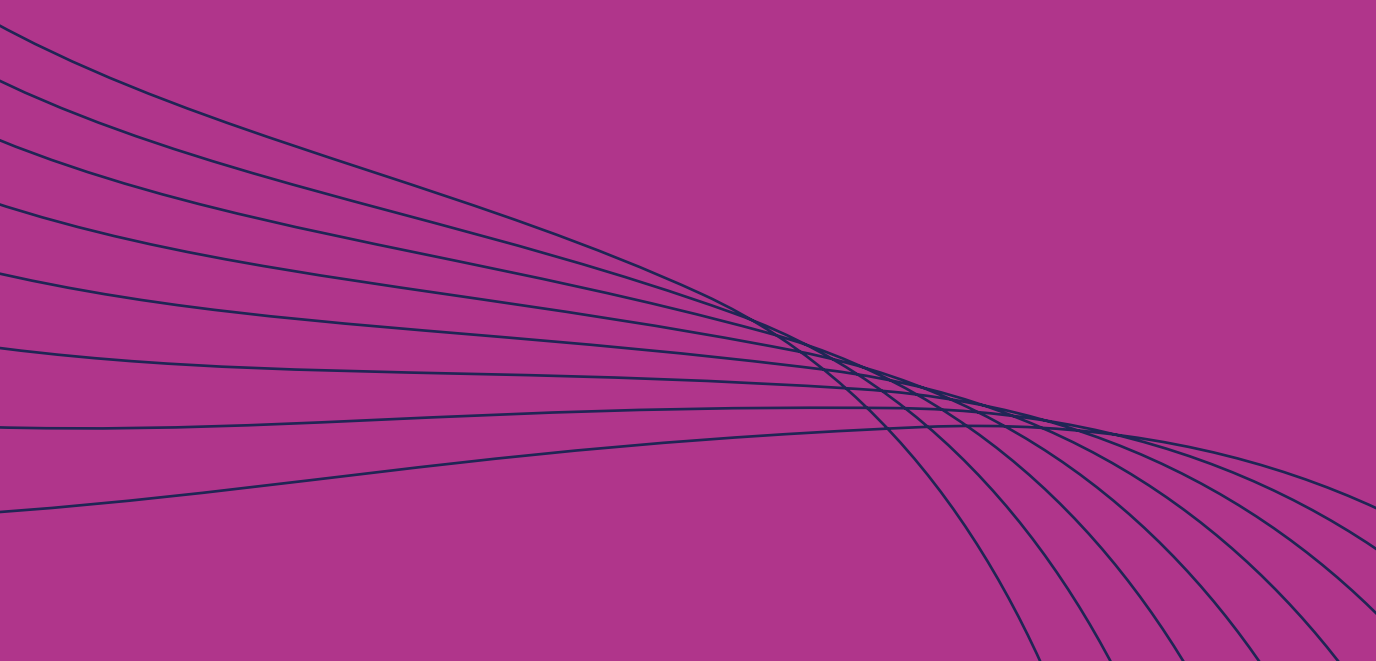
## Governance and accountability

### Our Board

**Under the *Air Services Act 1995*, our Board is responsible for deciding the objectives, strategies and policies followed by Airservices and ensuring that Airservices performs its functions in a proper, efficient and effective manner.**

The functions of our Board are set out in section 21 of the Act. Our Board is the 'accountable authority' under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The PGPA Act imposes governance obligations on our Board as an accountable authority.

The following information outlines the Board and Board committees' memberships, the functions of Board committees, Board and Board committee meeting attendance for 2022-23, and other governance and accountability matters. Further information about our corporate governance is available on our website at [www.airservicesaustralia.com/about-us/our-governance](http://www.airservicesaustralia.com/about-us/our-governance).





## **John Weber**

*LLB, MAICD*

### **Non-executive Board member Board Chair**

John Weber has been a member of Airservices Board since April 2017 and was appointed as Board Chair on 3 June 2018. He is a non-executive Board member and his current term expires on 2 June 2024.

Mr Weber served as the Australian managing partner of DLA Piper, one of the world's largest law firms, from 2014 to 2017. He was also a member of DLA Piper's international executive. Prior to that, he was chief executive of Minter Ellison, a leading Australian law firm, for 6 years and a member of its executive management team for 11 years. He has worked extensively in the transport sector (rail and aviation), health, financial services and defence/security sectors for both industry and government.

Mr Weber is a board member of the Western Sydney Airport Corporation, a director of the Australian Maritime Systems Group, a director of the Dimeo Group and a director of the European Australia Business Council.

Mr Weber was previously also a director of the Council of the Asia Society, the ABCN Foundation and the Horizons Foundation.



## **Greg Hood, AO**

### **Non-executive Board member Deputy Chair, Chair of the Safety Committee**

Greg Hood was appointed Deputy Chair of the Board on 8 September 2021. He is chair of the Board Safety Committee and a member of the Technology and Investment Committee and People, Culture and Remuneration Committee. His current term expires on 7 September 2024.

Mr Hood has more than 43 years experience in the transport industry, beginning his career as an air traffic control officer with the Royal Australian Air Force (RAAF) in 1980. Since then, Mr Hood has had extensive experience at senior executive and Chief Executive Officer (CEO) levels across a number of organisations, including Executive Manager Operations with the Civil Aviation Safety Authority (CASA), Executive General Manager Air Traffic Control with Airservices and more recently, Chief Commissioner and Chief Executive Officer at the Australian Transport Safety Bureau (ATSB).

During his tenure at the ATSB, Mr Hood was also appointed as the Chair of the International Transportation Safety Association (ITSA), a global association of safety investigation agencies, is a former board member of Safeski's Australia and past president of the Canberra Philharmonic Society. Mr Hood has also served as a member of the business advisory council for World Vision.

Mr Hood also sits as a member of the Steering Committee for Australia's Marine National Facility (MNF), assisting the CSIRO Board to fulfil its governance responsibilities by providing high level advice on the ongoing delivery of ocean research capabilities for the nation. He is also a director for the Australian Aviation Hall of Fame, a director of the Air Force Association, a judge for Canberra's community arts Ovation Awards, a voluntary guide at the Australian War Memorial, a crisis supporter, mentor and supervisor at Lifeline, and President-elect at the Rotary Club of Canberra Sunrise.

In addition to holding qualifications as a glider and powered aircraft pilot, Mr Hood is a Fellow of the Royal Aeronautical Society, a Freeman in the Honourable Company of Air Pilots, and a Life Member of the Qantas Founders Museum.

Mr Hood is an Officer of the Order of Australia in recognition of his distinguished service to the national transportation and aviation industries and to the not-for-profit sector.



### **Anne Brown**

BA CA GAICD

#### **Non-executive Board member Chair, Board Audit and Risk Committee**

Anne Brown was appointed to the Board on 4 December 2019. She is Chair of the Audit and Risk Committee and a member of the People, Culture and Remuneration Committee. She is a non-executive Board member. Ms Brown's term expired on 3 December 2022. She was re-appointed on 2 February 2023 and her current term expires on 2 February 2027.

Ms Brown has substantial knowledge and practical experience of Australian and international exchange traded financial markets and related infrastructure, risk management, governance and regulatory environments. She was previously the Chief Risk Officer of ASX Limited (ASX), following its merger with SFE Corporation Limited (SFE).

Ms Brown also represented ASX as an executive committee member and then Chair of CCP12, an influential global industry association involving all major international clearing houses. Prior to the ASX-SFE merger, she was a general manager with SFE and previously worked with KPMG in both Edinburgh and Sydney.

Ms Brown is a non-executive Director of AEMO Services Ltd and a member of the Markets Disciplinary Panel at the Australian Securities and Investments Commission. She is also a former director of the Clean Energy Regulator and former Chair of the Australian Life Code Compliance Committee.

Ms Brown holds a double major degree in accountancy and computer science from Heriot-Watt University, Edinburgh. She is a member of the Institute of Chartered Accountants of Scotland and a graduate member of the Australian Institute of Company Directors.



### **Dr Eileen Doyle**

BMath (Hons), MMath, PhD, FTSE, FAICD, FAAAAI

#### **Non-executive Board member Chair, Board Technology and Investment Committee**

Eileen Doyle was appointed to the Board on 21 April 2021. She is Chair of the Technology and Investment Committee (since 22 August 2022), a member of the Audit and Risk Committee and the Environment and Community Committee. She is a non-executive Board member and her current term expires on 20 April 2025.

Dr Doyle has had extensive experience at senior executive and CEO levels across a number of industries. She is an experienced non-executive director and is a current director of Santos Ltd, Next DC Ltd, Swoop Analytics, Hunter Angels Trust, O'Connell Street Associates, Kinetic Group Services Pty Ltd and DBI Infrastructure Ltd. Dr Doyle is a former Chairman of Port Waratah Coal Services (PWCS) and Deputy Chairman of the CSIRO. Dr Doyle was Australia's first Fulbright Scholar in Business and had the opportunity to study and work in New York.

Dr Doyle is a Foundation Fellow of The Australian Association of Angel Investors, a Fellow of the Australian Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors.



### **Dr Marlene Kanga, AO**

BTech, Msc, PhD, HonFIEAust, HonFICHEM, FTSE, FAICD

**Non-executive Board member  
Chair, Board Environment and  
Community Committee**

Marlene Kanga was appointed to the Board on 4 September 2017. She is Chair of the Board Environment and Community Committee and a member of the Board Safety Committee. Her current term expires on 3 September 2024.

Dr Kanga has extensive experience in complex safety systems engineering in the oil and gas and energy industry. She is an experienced non-executive director and is on the Board of Endeavour Energy, Business Events Sydney, Standards Australia and Institution of Chemical Engineers Safety Centre. She is also a director of iOmniscient Pty Ltd, which has developed artificial intelligence-based video analytic technologies and of Rux Energy Holding Company Pty Ltd.

Dr Kanga is a past member of NSW Smart Sensing Network, the Boards of Innovation Science Australia, Sydney Water Corporation, Hearing Cooperative Research Centre and Engineers Australia, where she was Chair and National President in 2013. She is a past President of the World Federation of Engineering Organizations.

Dr Kanga is an Honorary Fellow of Engineers Australia, an Honorary Fellow of the Institution of Chemical Engineers (UK), a Foundation Fellow of the International Science Council, a Fellow of the Australian Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors.

Dr Kanga was the Engineers Australia 2018 Professional Engineer of the Year and has been listed among the Top 100 Women of Influence in Australia and the Top 100 Engineers in Australia. She is an Officer of the Order of Australia *“for distinguished service to engineering, as a global leader and role model to women”*.



### **David Marchant, AM**

GAICD

**Non-executive Board member  
Chair, Board Technology and Investment  
Committee (until 22 August 2022)**

David Marchant was appointed to the Board on 21 July 2014. He was Chair of the Board Technology and Investment Committee (until 22 August 2022) and was a member of the Audit and Risk Committee. He was a non-executive Board member and his term expired on 20 July 2023.

Mr Marchant has extensive experience in the transport industry. He is the Chair of Queensland Rail and QR Ltd, as well as Chair of the Port Authority of NSW. He is a former Managing Director and Chief Executive Officer of Australian Rail Track Corporation Ltd and Director and Chair of the Australasian Railways Association. Mr Marchant also served as a Director of the Rail Industry Safety and Standards Board.

Mr Marchant has worked as Managing Director of Lend Lease Engineering and Managing Director of Lend Lease Infrastructure Services, and was a director of the Hunter Valley Coal Chain Coordination Company Pty Ltd.

Mr Marchant was appointed a member of the General Division of the Order of Australia in 2013 for significant service to the rail industry through national structural reform and infrastructure upgrades. He is also a graduate member of the Australian Institute of Company Directors.



## **Lawrence (Lawrie) Turner**

GAICD

### **Non-executive Board member Chair, Board People, Culture and Remuneration Committee**

Lawrie Turner was appointed to the Board on 3 March 2021. He is Chair of the People, Culture and Remuneration Committee (since 3 December 2022) and a member of the Technology and Investment Committee and Safety Committee. He is a non-executive Board member and his current term expires on 2 March 2024.

Mr Turner has held the position of Chief Information Officer in organisations within the airline, retail, telecom and rail industries. He has over 20 years experience in the aviation industry having worked at executive levels in Qantas Airways, Virgin Australia Airlines and internationally with Sabre Corporation of the USA.

Mr Turner developed the strategy and then led the integration of commercial IT systems supporting the merger of Qantas and Australian Airlines and represented Qantas in the formation of the Oneworld Alliance. As Vice President for Sabre's Sirena-3 program in Russia, Mr Turner led the team which implemented the first multi-host airline reservations system in the country. At Virgin Australia, Mr Turner held the roles of Chief Information Officer, acting Chief Operating Officer and Group Executive Business Services.

Mr Turner has carried out strategic technology-related consulting assignments for organisations including the Department of Defence's Chief Information Officer Group and Newcrest Mining. Mr Turner is a Fellow of the Royal Aeronautical Society and a member of the Australian Institute of Company Directors.



## **Jason Harfield**

EMBA DipAv(ATS) FAICD FRAeS MSP(Adv Practitioner)

### **Chief Executive Officer**

Jason Harfield was appointed Chief Executive Officer on 9 March 2016.

With more than 30 years of experience in the aviation and air traffic management industry, Jason began this career with the Civil Aviation Authority as a flight data officer then as an air traffic controller.

His executive leadership roles have included leading safety and future services functions as well as leading and transforming air traffic management operations through the introduction of advanced airport capacity and air traffic flow management capabilities.

Jason has also held senior operational management positions such as Australia's Head Air Traffic Controller and the Australian Airspace Regulator.

Jason has an EMBA from Melbourne Business School (Mt Eliza) and has completed the Advanced Management Program at Harvard Business School. He is also a Fellow of both the Australian Institute of Company Directors and the Royal Aeronautical Society.

Jason is also a private pilot.



# Former board members

The term of the following Board member concluded during 2022-23

## Sue Bussell, AM

BA (Sociology), FAHRI, GAICD

**Non-executive Board member  
Chair, Board People, Culture  
and Remuneration Committee**

Sue Bussell was appointed to the Board as a non-executive Board member on 4 December 2019 and left the Board on 3 December 2022 when her term expired. She was Chair of the Board People, Culture and Remuneration Committee and a member of the Environment and Community Committee.

Ms Bussell was a partner at KPMG from January 2017 to January 2020 where she led the Workplace Advisory practice. Prior to KPMG, Ms Bussell was a senior executive at Qantas Airways and held positions including HR, Commercial including the Executive Manager Industrial Relations, responsible for industrial relations for the Qantas Group. Prior to Qantas, she was a commissioner in the Victorian Industrial Relations Commission, a consultant with the Australian Industry Group and held a management position with Ansett Airlines.

Ms Bussell is an Honorary Associate at Sydney University Business School and was a member of the Work and Organisational Studies Advisory Board between 2011 to 2019. She was a Board Member of Odyssey House between 2006 to 2008, and the Macquarie University Faculty of Business and Economic Industry Advisory Board between 2009 to 2017. Ms Bussell was awarded a member of the Order of Australia in 2014 for significant service to industrial relations, as a supporter of women in business, and to the aviation sector. She is a graduate member of the Australian Institute of Company Directors.

# Board committees

The **Safety Committee** assists our Board to ensure that we meet our operational safety, and work, health and safety obligations. It also monitors organisational preparedness to counter security threats. The Committee has at least 3 non-executive Board members, plus the Board Chair and CEO as ex-officio committee members.

The **Audit and Risk Committee** assists the Board in maintaining objective and reliable financial and performance reporting, and effective systems for risk management and internal controls. It helps our Board ensure that we comply with all relevant legislative and regulatory obligations. The Committee has at least 3 members, all of whom must be independent non-executive Board members.

The **People, Culture and Remuneration Committee** 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. The Committee has at least 3 non-executive Board members, plus the Board Chair and CEO as ex-officio committee members.

The **Technology and Investment Committee** assists the Board in overseeing our technology, systems engineering and information technology (IT) strategies and policies. It also oversees the strategic direction and policies of business systems, operational technology and IT security and monitors the development and delivery of the capital investment program. It has responsibility for overseeing the execution of the OneSKY Program. The Committee has at least 3 non-executive Board members, plus the Board Chair and CEO as ex-officio committee members.

The **Environment and Community Committee** assists the Board in overseeing our strategy to address the impact of operations on the environment and the community, environmental obligation compliance, community engagement, and the implementation of the recommendations of the Aircraft Noise Ombudsman. The Committee has at least 3 non-executive Board members, plus the Board Chair and CEO as ex-officio committee members.

Each Board Committee has been established with its charter, which is available on our website [www.airservicesaustralia.com/wp-content/uploads/Board-Charter.pdf](http://www.airservicesaustralia.com/wp-content/uploads/Board-Charter.pdf)

Board Committees membership consists only of Board members.

In 2022-23, Board members were remunerated in accordance with the relevant Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination and did not receive additional remuneration for membership of any Board committee.



# Meeting attendance

The number of meetings of the Board and Board Committees held during the period ended 30 June 2023, along with the corresponding attendance by each Board member, are shown in the tables below.

**Table 1 – The Board**

Board members	No. of possible meetings	No. of meetings attended
Mr John Weber (Board Chair)	9	9
Mr Greg Hood AO (Deputy Chair)	9	9
Ms Anne Brown <sup>1</sup>	8	7
Ms Sue Bussell AM <sup>2</sup>	4	4
Dr Eileen Doyle	9	9
Dr Marlene Kanga AO	9	9
Mr David Marchant AM	9	9
Mr Lawrence Turner	9	9
Mr Jason Harfield	9	9

Notes:

- 1 The term of Anne Brown expired on 3 December 2022 and was re-appointed on 2 February 2023
- 2 Sue Bussell left the Board effective 3 December 2022

**Table 2 – Safety Committee**

Committee members	No. of possible meetings	No. of meetings attended
Mr Greg Hood AO <sup>1</sup>	6	6
Dr Marlene Kanga AO	6	6
Mr Lawrence Turner	6	6
Mr John Weber	6	6
Mr Jason Harfield	6	6

Notes:

- 1 Greg Hood served as Committee Chair from 1 July 2022 to 30 June 2023

**Table 3 – Audit and Risk Committee**

Committee members	No. of possible meetings	No. of meetings attended
Ms Anne Brown <sup>1,2</sup>	3	3
Dr Eileen Doyle	3	3
Mr David Marchant AM <sup>3</sup>	3	3

Notes:

- 1 The term of Anne Brown expired on 3 December 2022 and was re-appointed on 2 February 2023
- 2 Anne Brown served as Committee Chair from 1 July 2022 to 3 December 2022, then recommenced from 3 February 2023
- 3 David Marchant served as Committee Chair from 4 December 2022 to 2 February 2023

**Table 4 – People, Culture and Remuneration Committee**

Committee members	No. of possible meetings	No. of meetings attended
Ms Sue Bussell AM <sup>1,2</sup>	1	1
Mr Greg Hood AO	3	3
Ms Anne Brown	3	2
Mr John Weber	3	3
Mr Jason Harfield	3	3
Mr Lawrie Turner <sup>3</sup>	2	2

Notes:

1 Sue Bussell left the Board effective 3 December 2022

2 Sue Bussell served as Committee Chair from 1 July 2022 to 3 December 2022

3 The membership of Lawrie Turner commenced from 4 December 2022 when he assumed the role of Committee Chair

**Table 5 – Technology and Investment Committee**

Committee members	No. of possible meetings	No. of meetings attended
Mr David Marchant AM <sup>1,2</sup>	5	5
Mr Greg Hood AO	5	5
Mr Lawrence Turner	5	5
Dr Eileen Doyle <sup>3</sup>	5	5
Mr John Weber	5	5
Mr Jason Harfield	5	5

Notes:

1 The membership of David Marchant ended on 22 August 2022

2 David Marchant served as Committee Chair from 1 July 2022 to 22 August 2022

3 Dr Eileen Doyle served as Committee Chair from 22 August 2022 to 30 June 2023

**Table 6 – Environment and Community Committee**

Committee members	No. of possible meetings	No. of meetings attended
Dr Marlene Kanga AO <sup>1</sup>	4	4
Dr Eileen Doyle	4	4
Mr John Weber	4	4
Mr Jason Harfield	4	4
Ms Sue Bussell AM <sup>2</sup>	1	0

Notes:

1 Marlene Kanga served as Committee Chair from 1 July 2022 to 30 June 2023

2 Sue Bussell left the Board effective 3 December 2022

## Benefits and interests in contracts with Airservices Australia

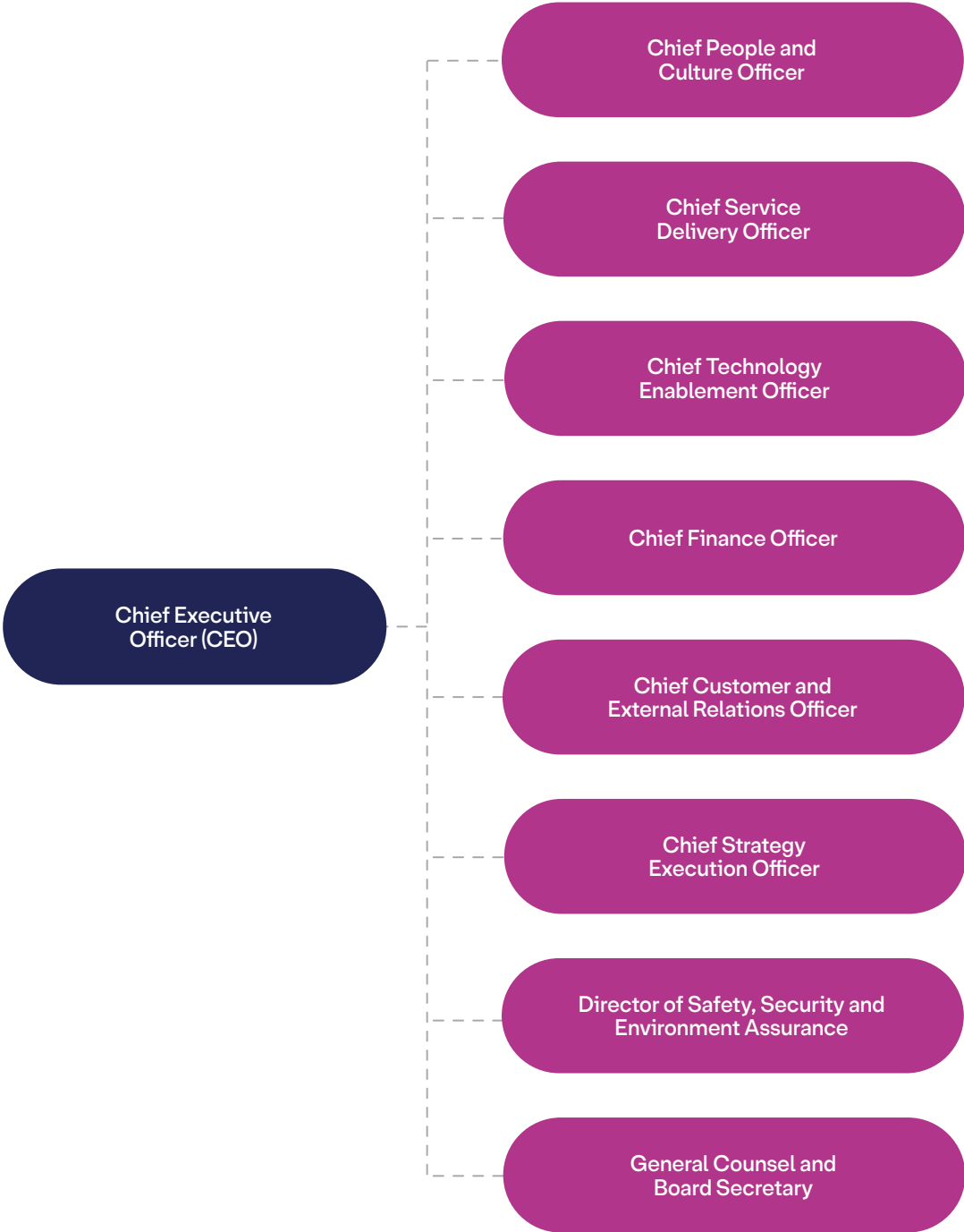
Details of Directors' benefits and interests in contracts with Airservices are set out in notes 4.3 and 4.4 of the financial statements.

## Directors' and Officers' indemnities and insurance

In 2022-23, we held a Directors' and Officers' liability insurance policy. It is a condition of this policy that the nature of the Directors' and Officers' indemnities and insurance, including the limits of liability and the premium payable, are not disclosed to third parties, except to the extent required by law or where the insurer consents in writing to such disclosure.

# Our business structure

The diagram below outlines our organisational structure as of 30 June 2023



# Governance statement

**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 the Australian Government.**

The Board annually approves a Governance Statement which outlines the most significant aspects of our governance arrangements and processes.

[www.airservicesaustralia.com/wp-content/uploads/Governance-Statement.pdf](http://www.airservicesaustralia.com/wp-content/uploads/Governance-Statement.pdf)

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## Our governance

**As a corporate Commonwealth entity, we comply with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) to ensure the effective, efficient, economical and ethical use of our resources.**

The Board articulates its expectations through 11 organisational policies that are operationalised through 15 established governance frameworks. These governance frameworks support the delivery of our corporate objectives. Reflecting a '3 lines' model of risk and compliance management and assurance, they comprise the documents, structures, systems and processes through which we ensure that our legal and regulatory obligations are met, our risks are managed and there is effective governance and assurance as to these activities.

The overarching Governance, Risk and Compliance (GRC) Framework directs our GRC accountabilities and actions and promotes continuous improvement across all our governance frameworks.

The Board and Executive receive regular reporting on our GRC performance.

### Risk management

We support a culture of proactive risk management by embedding sound risk management practices across our functions. Our risk management approach meets the requirements of Section 16 of the PGPA Act and is aligned to ISO 31000:2018 Risk Management – Guidelines and the Commonwealth Risk Management Policy.

Our Risk Appetite Statement is reviewed regularly to ensure it continues to drive effective risk management and consistent decision making through a common understanding of the level of risk that we are willing to accept. It also articulates our need to maintain the safety of air navigation as the most important consideration while delivering value and reliable services for our customers and the aviation industry.

### Compliance management

We have a fundamental responsibility to ensure ongoing compliance with our legal and regulatory obligations. Our compliance management approach is broadly aligned to ISO 37301:2021 Compliance Management Systems Guidelines.

We maintain compliance obligation registers that are supported by legislative monitoring processes, compliance management activities, and reporting.

## Ethical standards and fraud control

We promote the highest standards of ethical behaviour and do not tolerate fraudulent or corrupt conduct. We maintain strong and effective fraud control arrangements consistent with Section 10 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Fraud Rule).

The Board and Executive monitor the implementation of our Fraud Control Plan through regular reporting. Performance against ethical standards and fraud control is reported to the Board through the People, Culture and Remuneration Committee and Board Audit and Risk Committee.

Our Ethics and Fraud Control Policy and Bullying, Harassment and Discrimination Policy, supported by the Code of Conduct Policy, inform employees, contractors and consultants about our ethical standards and our approach to fraud and corruption. All alleged incidents of fraud, corruption and bribery are managed in accordance with our Handling Suspected Misconduct Procedure, as well as the Public Interest Disclosure Procedure (where alleged 'disclosable conduct' under the *Public Interest Disclosure Act 2013* is reported). This includes investigations and any required reporting to external law enforcement agencies. We regularly review fraud risks and monitor fraud controls for effectiveness. All reasonable measures are undertaken to prevent, detect and investigate incidents of fraud.

## Resilience

We have continued to demonstrate our commitment to organisational resilience. This focus has been to refine, challenge and mature the organisation's resilience capability in partnership with internal business areas, our customers, the wider aviation industry and government agencies. To further strengthen our capability, lessons identified from real-life responses and exercises are being incorporated into the program.

During 2022-23, the annual exercise program has been extended to incorporate an all-hazards approach to resilience. Scenarios requiring more centralised coordination have been used to test the integration of multiple plans and stakeholders, uplifting the awareness and capability of leaders and key roles responsible for crisis management.

Exploration of supplier resilience assessments and interdependent systems with IT and operations will continue into the next financial year to consider global trends and look to mitigate risks related to supply chain, cyber and digital transformation.

## Security

We take physical, personnel, information and cyber security very seriously and are committed to providing a secure and resilient environment through the application of our Security Framework. This includes a risk-based approach to the dynamic security threat environment in which we operate.

Our Security Plan demonstrates how we align with the core requirements of the Australian Government's Protective Security Policy Framework (PSPF) and meet legislative requirements and international standards specific to the aviation security sector. It also outlines how we are implementing recommendations arising from an external review of physical security conducted during the latter half of 2021, embedding security requirements into change activities including the OneSKY program and asset management, and improving cyber resilience.

Significant investments in both our physical and personnel security functions have continued, representing a substantial increase to our security posture, including site security assessments being completed at over 70 sites and a governance review. National security clearances are also progressing to support the requirements for our OneSKY program.

As an Aviation Industry Participant (AIP), we maintain a Transport Security Program (TSP) and an associated Aviation Security Identification Card (ASIC) program, both of which are governed by the requirements of the Department of Home Affairs (the Regulator).



# Our internal audit performance

**Internal audit's role is to provide independent assurance that our risk management, governance and internal control processes are operating effectively.**

It is the third line in the '3 lines' assurance model, which we use to monitor the operation of controls and risk-mitigation activities to assure the effective and efficient performance of our business processes. During 2022-23, our internal audit team performed 12 business audits and 12 audits on compliance with the Civil Aviation Safety Regulations 1998 were performed.

All corrective actions arising from our internal audits are tracked, and their implementation progress is overseen by the Board Audit and Risk Committee.

## External audits

During 2022-23 we were not the subject of any external performance audits by the Australian National Audit Office.



# Transparency performance

## Privacy

We promote a culture of privacy that values and protects personal information. It is supported by the steps we take to ensure compliance with the *Privacy Act 1988* (Privacy Act) and the Privacy (Australian Government Agencies – Governance) APP Code 2017, which include the Australian Privacy Principles and the Notifiable Data Breach Scheme. We also undertake privacy impact assessments (PIA) and through these measures we identify, manage and mitigate any privacy concerns and impacts that may arise in our proposed and current projects and activities.

Our Privacy Policy is available at [www.airservicesaustralia.com/privacy-policy](http://www.airservicesaustralia.com/privacy-policy)

During 2022-23, Airservices was impacted by the cyber incident reported by law firm HWL Ebsworth (HWLE). HWLE notified the Office of the Australian Information Commissioner of the eligible data breaches identified by Airservices in respect of its records, in accordance with whole of government arrangements.

Airservices did not receive any complaints made under the Privacy Act during the year.

## Freedom of Information (FOI)

We are required to publish information as part of the Information Publication Scheme (IPS) in accordance with the *Freedom of Information Act 1982* (FOI Act).

Our FOI disclosure log lists information that has been released in response to FOI access requests. The disclosure log and IPS are available at [www.airservicesaustralia.com/aboutus/freedom-of-information](http://www.airservicesaustralia.com/aboutus/freedom-of-information)

Information is not published on the disclosure log or the IPS if it:

- contains personal or business details, rendering it unreasonable to publish
- is exempt from release under the FOI Act
- has been published or released outside the FOI Act

During 2022-23, we received a total of 33 applications under the FOI Act consisting of 31 primary requests and 2 requests for internal reviews. The Information Commissioner also notified of us of 2 applications for review of prior Airservices decisions.

Over this same timeframe we finalised a total of 43 applications under the FOI Act consisting of 41 primary requests and 2 internal reviews. The Information Commissioner also notified us that they had finalised consideration of 2 applications for review of Airservices decisions.

## Commonwealth ombudsman activity

In November 2021, the Commonwealth Ombudsman finalised its own motion investigation into a number of Commonwealth agencies' administration of, and compliance with the *Public Interest Disclosure (PID) Act 2013*. Airservices was selected in their sample and the Ombudsman concluded that Airservices had a well-established PID function and well-developed suite of resources to guide decision-makers and practitioners who administer the scheme. There were 8 continuous improvement recommendations and 6 suggestions for better practice identified. Airservices has committed to addressing all recommendations and suggestions for better practice. During the reporting period we corresponded with the Ombudsman to confirm how we had addressed and responded to each of the recommendations and suggestions.

During 2022-23, we responded to 2 requests for information from the Commonwealth Ombudsman.

## Fair Work Commission (FWC)

On 15 February 2023 the FWC approved the Airservices Australia (Aviation Rescue and Fire Fighting) Enterprise Agreement 2022-2023 which commenced operation on 22 February 2023.

No other enterprise agreements were submitted to the FWC for review or approval during the reporting period.

## Judicial Decisions and Reviews by Outside Bodies

No judicial or tribunal decisions were made during the reporting period that had or may have had a significant effect on our operations.

## Adverse Effect of Non-Commercial Commitments

No non-commercial commitments were recorded in 2022-23.

# Our work health and safety performance

**This section is presented in accordance with the *Work Health and Safety Act 2011* (WHS Act).**

## Work health and safety – executive commitment

In 2022-23, our Board and Executive continued their ongoing dedication to work health and safety (WHS), with the health and wellbeing of our people deemed essential to our continued success.

Our priorities have centred on minimising our risk exposure in line with the Board's Risk Appetite Statement through targeted risk reduction initiatives. Supporting the mental health and protecting the physical health of our people has also remained a key focus throughout the year.

## Work health and safety initiatives

We continued to embed our strategic and tactical work health and safety management plans to reduce our exposure across the business, with a particular focus on critical risk. During the year, we also worked towards improving risk management through operational learning and enhancing the understanding and application of our procedural risk controls from a user-centred design.

We established a 3-year improvement program focused on 4 key pillars - proactive leadership, systems effectiveness, controls effectiveness and continuous learning. This program is designed to align with achieving our strategic performance outcomes.

Airservices was nominated and shortlisted for the Australian Institute of Health and Safety WHS Team of the Year for work in supporting a high number of projects, as well as the streamlining and simplification of project safety support tools.

## Emergency management

In 2022-23, we explored various supplementary tools such as virtual reality to improve emergency response and management. The technology provides a safer training environment without placing employees at unnecessary risk, driving greater engagement and training standards. Work was undertaken to trial and roll out virtual reality training to support, enhance and further assist our people in responding to emergencies in facilities, in particular those who hold an emergency control organisation role such as a warden.

## Electrical safety

We have continued to address electrical safety risk with programs addressing arc-flash risk in switchboards, as well as strengthening controls within project and contractor management with regards to electrical safety by design. Further programs were established to strengthen our electrical controls during the completion of works.

## Driving and vehicle safety

Our vehicle fleet was fitted with in-vehicle monitoring systems and we expect to utilise the data from the systems to inform policy updates. This is due to be completed in the 2023-24 financial year.

## Remote and isolated work

We addressed the isolated risk associated with lone workers in locations such as control towers. Personal duress devices that include incapacitation alerting functionality were rolled out to all lone workers.

## Health and wellbeing of our people

Annual engagement activities such as Men's Health Week, Mental Health Month, Wellness Week, Movember, RUOK Day and Women's Health Week continued to be prioritised to promote and engage on health and wellbeing in a diverse and inclusive manner.

The 2 core initiatives focused on mental health literacy, early identification of psychological distress and low-level psychological support have progressed throughout the year. These resulted in over 180 of our workers receiving Mental Health First Aid accreditation and over 50 workers now accredited under our Peer Assistance Network (PAN) after undertaking an intensive training program. The program will continue to roll out to additional support volunteers in 2023-24.

In response to the changes to the WHS regulations for managing psychosocial hazards, a comprehensive review was undertaken during the year to identify opportunities for improvement. We will be implementing actions plans focused on preventative and critical controls to better manage these hazards throughout 2023-24.

## Targeted injury risk reduction

Our body stress risk research and injury reduction program for our aviation rescue fire fighters continued throughout the year, providing actionable data to improve fire fighter performance and decrease the risk of injury. These programs provide evidence-based insights to improve the performance and resilience of our aviation rescue fire fighters. Results from the research saw the implementation of specific development programs for physical training instructors to improve their support of the physical training requirements of their local crews.

Further research was also undertaken to understand the impact of fire fighter operational requirements on their subsequent physical performance. This work informed the types of training to be completed following operational activities to further improve performance and decrease likelihood of injury. Further actions on this program will continue into the 2023-24 financial year.

## Work health and safety reporting

Our total recordable injury frequency rate (TRIFR) for 2022-23 was 10.4. We continued to focus on reducing the number and severity of injuries to our people and prioritised their wellbeing through targeted hazard and risk reduction activities. In comparison to the previous financial year, we saw a significant reduction in the number of serious injury or illness events and dangerous incidents that we are required to notify to Comcare. One fatality occurred during the year, with an external candidate suffering a fatal heart attack while undertaking a physical aptitude test during a fire fighter recruitment activity.

## Consultation and health and safety committees

Local Health and Safety Committee meetings were held in Brisbane, Sydney, Canberra and Melbourne to consult and work to resolve local work health and safety issues at those sites.

We initiated a national Health and Safety Committee for Aviation Rescue and Fire Fighting in June 2023 to review health and safety matters that impact our fire fighters at a national level. This provides our people an additional avenue to raise, review and consult on national solutions for safety-related issues.

## Workers' compensation premium

Our Comcare premium for 2023-24 increased from 0.67% of payroll to 0.91%. This is higher than the Commonwealth scheme average of 0.84%. This result is attributable to a number of factors including efforts to reduce stigma and increased willingness of our people to submit compensation claims, increased focus on mental health, and the impact of presumptive legislation-related claims.

## Improvement notices and Comcare investigations

During 2022-23, we received no improvement notices and were not the subject of any investigations.

**Table 7 – Work health and safety occurrences and hazards 2018-19 to 2022-23**

Incident category	2018-19	2019-20	2020-21	2021-22	2022-23
Reported work-related WHS occurrences	251	167	142	160	195
Reported work-related WHS hazards	1368	1203	552	413	404
Workplace fatality	0	0	0	0	1 <sup>4</sup>
Serious injury or illness requiring Comcare notification	3	1	3 <sup>1</sup>	3 <sup>2</sup>	1
Dangerous incidents requiring Comcare notification	11	8	10	5 <sup>3</sup>	0

1 One report recoded to non-dangerous incident based on further information received.

2 One report notification was for workplace transmission of COVID-19 in NSW.

3 One dangerous incident did not arise out of the conduct of Airservices business, however, was required to be reported under cross-jurisdiction obligations.

4 The death in 2022-23 was an external candidate (i.e. not an Airservices employee) who suffered a heart attack while undertaking a physical aptitude test during recruitment activity.

# Our equity and diversity approach

**We are committed to creating a diverse and inclusive workplace where people feel safe, respected and valued. Work continues to progress across the business to improve the way we support our people’s physical and psychological health and safety.**

As a Commonwealth authority employer, we are bound by the following legislation:

- *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*
- *Human Rights Commission Act 1986*
- *Racial Discrimination Act 1975*
- *Sex Discrimination Act 1984*
- *Disability Discrimination Act 1992*
- *Workplace Gender Equality Act 2012*
- *Age Discrimination Act 2004*

The below table outlines the annual program report in accordance with the requirement set out in section 6 of the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* (EEO Act).

**Table 8 – Equity and diversity reporting**

EEO Act (1987)	2022-23 activities
<p><b>Informing employees – s.6 (a)</b></p> <p>Without limiting the generality of the definition of program in subsection 3(1), the program of a relevant authority shall provide for action to be taken:</p> <p>i. to inform employees of the contents of the program and of the results of any monitoring and evaluation of the program under paragraph (h).</p>	<p>We implemented the People and Culture Plan, including priorities for increasing diversity and fostering inclusion across the organisation.</p> <p>Our people are informed of equity and diversity programs through CEO and leader communications, the employee intranet, the workplace social media platform, induction and development training, and our annual and quarterly reports.</p> <p>Our Cultural Reform Board recruited new members and met monthly to drive and oversight. In addition, we have appointed culture champion representatives from across our organisation that provide a voice for our people. They engage collaboratively across our organisation to proactively contribute towards our vision and a positive workplace culture.</p>
<p><b>Conferring responsibility – s.6 (b)</b></p> <p>To confer responsibility for the development and implementation of the program (including a continuous review of the program), on a person or persons having sufficient authority and status within the management of the relevant authority to enable the person or persons properly to develop and implement the program.</p>	<p>Our Chief People and Culture Officer held responsibility for diversity and inclusion within the organisation. Leaders throughout the organisation, without exception, are responsible for creating a safe and inclusive environment for their teams and were supported in 2022-23 by ongoing training, development and awareness events such as the organisational effectiveness workshop which focused, among other issues, on leadership accountability for cultural inclusiveness.</p>
<p><b>Consultation with trade unions – s.6 (c)</b></p> <p>To consult with each trade union having members affected by the proposal for the development and implementation of the program in accordance with this Act.</p>	<p>We consult with our people and their representative organisations prior to the implementation of new policies and procedures relating to employment matters. These organisations include Civil Air, the United Firefighters Union, Professionals Australia, the Community and Public Sector Union, and the Communications, Electrical and Plumbing Union.</p> <p>Our National Consultative Council also provides a mechanism for ensuring ongoing dialogue about specific employee-related issues with our employee organisations.</p>

**Consultations with employees – s.6 (d)**

To consult with employees of the relevant authority, particularly employees who are women or persons in designated groups.

We consult with employees, as appropriate, through the workplace social media platform, webinars, site visits, newsletters and videos. In addition, regular employee surveys are conducted, helping us to identify matters that should be considered in our diversity and inclusion initiatives. In addition, our employee network groups Elevate (LGBTIQ), Yakka Bunji (Indigenous employees) and Women@Airservices (women) are each sponsored by a member of the Executive team who drives progress and desired outcomes.

**Collection of statistics – s.6 (e)**

For the collection and recording of statistics and related information concerning employment by the relevant authority, including the number of, and the types of jobs undertaken by, or job classifications of:

- i. employees of either sex; and
- ii. persons in designated groups.

Please refer to Tables 9-15 for more information on our employee diversity profile, including employees by gender, demographic group and job family. In addition to capturing demographic data through our human resource systems, we also collect attitudinal data on perceptions of diversity and inclusion practices through our employee surveys.

**Consideration of policies, examination of practices – s.6 (f)**

To consider policies, and examine practices, of the relevant authority, in relation to employment matters to identify:

- i. any policies or practices that discriminate against women or persons in designated groups; and
- ii. any patterns (whether ascertained statistically or otherwise) of lack of equality of opportunity in respect of women or persons in designated groups.

We review our people policies and processes to maintain inclusive, fit-for-purpose and contemporary working principles, processes and standards. This includes our Bullying, Harassment and Discrimination Policy and publication of a refreshed Code of Conduct.

**Setting objectives and selecting indicators – s.6 (g)**

To set:

- i. the particular objectives to be achieved by the program; and
- ii. the quantitative and other indicators against which the effectiveness of the program is to be assessed.

Our people plan outlines the particular objectives to be achieved and indicators against which the effectiveness will be assessed.

We implemented our 'Innovate' Reconciliation Action Plan (RAP) 2021-23 and commenced development of the RAP for 2024-26.

Our Cultural Reform Board, comprising members of diverse backgrounds, experiences and perspectives from across our organisation, also has oversight responsibility for monitoring the progress of our cultural transformation program.

**Monitoring and evaluation – s.6 (h)**

To monitor and evaluate the implementation of the program and:

- i. to assess the achievement of those objectives;
- ii. to assess the effectiveness of the programme by comparing statistics and information collected and recorded under paragraph (e) with the indicators against which the effectiveness of the program is to be assessed.

We have a program of regular reporting to our Executive and Board on diversity and inclusion matters, including quantitative and qualitative indicators of progress. This includes demographic workforce data, progress against gender targets for specific workforce segments, evaluation data and information about our people's experience of inclusion and culture.

## Diversity and inclusion achievements

In 2022-23, we achieved the following:

- The Reconciliation Action Plan (RAP) working group continued to work on the balance of activities within the 2021-2023 'Innovate' RAP. Work commenced on developing a new 'innovate' RAP for 2024-26. The RAP working group welcomed new members across the business, including First Nations members.
- We established new procurement contracts with First Nations businesses and are promoting the use of Supply Nation to all staff and encouraging a focus on Indigenous business when procuring services for Airservices.
- Our first Indigenous Career Pathway ATC traineeship commenced in March 2023 in Brisbane. Trainees will be immersed in the life of an air traffic controller and undertake study in various areas of the Brisbane Air Traffic Services Centre and surrounding towers.
- Our pilot tailored Indigenous employment program with ARFFS recruitment has resulted in 5 candidates being offered a position in the September 2022 recruit course, resulting in a 20% Indigenous representation. Our current ARFFS Indigenous employees have embraced this program and led the way - from the First Nations information sessions at the beginning, to the mentorship of candidates, to the cultural support at the assessment centre.
- Our Elevate network for LGBTIQ+ employees and allies continued to build awareness with our people to foster more inclusiveness and belonging. We hosted a number of activities which included cultural awareness training, Pride Month, IDAHOBIT and Mardi Gras.
- We strengthened efforts towards gender equality through our continued partnership with the Champions of Change Coalition a globally recognised network that promotes a strategy for achieving gender equality.
- The Women@Airservices (W@A) employee network is supporting AirNav Indonesia with the establishment of their new women's network. We also implemented the W@A Mentoring Program pilot in October 2022 with a second cohort commencing in April 2023.
- Women@Airservices employee network led a variety of events and activities to celebrate International Women's Day (IWD) on 8 March. Two of our female air traffic controllers participated in a joint initiative with other aviation businesses which saw a first for Australian aviation history where a commercial flight was fully managed, crewed and handled end-to-end by women to celebrate IWD.
- We celebrated significant days for diverse employees including Harmony Week, Mens Health Week, Womens Health Week, National Reconciliation Week, NAIDOC Week, RUOK Day, IDAHOBIT, Mardi Gras and Pride Month with online events and team gatherings.
- Twenty of our emerging female leaders participated in our Women in Leadership pilot program, Thrive. The program was launched in October 2022 with participants graduating in May 2023.
- In October 2022 we launched our new inclusive leave benefits, centred around family care and wellbeing, to provide a safe and compassionate environment for our people. Benefits have included gender neutral parental leave of 18 weeks for the primary carers, family and domestic violence leave and fertility leave and enhancements to our cultural leave provisions.
- Our Safe Place team was specifically established to deal with complaints and grievances about bullying and harassment and to address complex behavioural concerns within a system-based methodology. This methodology is underpinned by the principles of harm minimisation, trauma-informed principles, and the prioritisation of workplace psychological safety. New ways of supporting cultural change were implemented during 2022-23 including commencing large-scale cultural intervention programs that provided tools on how to safely implement bystander intervention against bullying, racism, sexual harassment and which supported leadership on these issues. Complaints were effectively triaged with a preliminary response being provided within 30 days of a complaint being lodged.

## Diversity profile

Our diversity profile has remained relatively stable over the past 5 reporting periods. The representation of women in senior leadership positions decreased by 3.7% in 2022-23 when compared with the previous year. In contrast, the broader workforce during the same period experienced a noteworthy increase in female representation, which rose by 4.5%.

**Table 9 – Representation of designated groups in overall headcount 2018-2023**

Designated groups <sup>1,2</sup>	2018-19	2019-20	2020-21	2021-22	2022-23
Indigenous Australians	1.7%	1.7%	1.6%	1.9%	1.9%
People with a disability	0.7%	0.9%	1.0%	1.0%	0.9%
People from a culturally or linguistically diverse background	6.0%	6.1%	5.9%	23.0% <sup>3</sup>	22.8%
Female employees	17.7%	17.8%	17.2%	20.2%	19.8%
Gender: Non-binary, 'Uses a different term', 'Prefers not to answer' <sup>4</sup>	-	-	-	-	0%

- 1 Note that disclosure is voluntary, and not all employees provide equity and diversity data for these groups.
- 2 All figures are inclusive of full-time equivalent employees only.
- 3 Definition updated to meet the MCIMA Minimum Core Set of Standards for reporting culturally and linguistically diverse statistics.
- 4 New reporting of non-binary and other gender terms is not yet captured effectively by currently utilised human resources information system (HRIS).

**Table 10 – Employees in diversity groups by job role classification as at 30 June 2023<sup>1</sup>**

Job family	Aboriginal and Torres Strait Islander	Culturally and linguistically diverse	Disability
Air Traffic Management	7	232	6
Aviation Rescue Fire Fighting services	39	95	7
Engineering	0	67	0
Technical and Trade	3	60	5
Information and Communications Technology	1	62	2
Enabling Professions	14	220	9
Senior Leadership	0	47	1
<b>Total by diversity groups</b>	<b>64</b>	<b>783</b>	<b>30</b>
<b>Percentage of workforce</b>	<b>1.9%</b>	<b>22.8%</b>	<b>0.9%</b>

- 1 All figures are inclusive of full-time equivalent employees only.

Personal information, as recorded in our human resources information system (HRIS), is treated confidentially according to the *Privacy Act 1988*.

**Table 11 – Gender by job role classification as at 30 June 2023**

Job family <sup>1</sup>	Female by percentage	Female by number	Male by number	Non-binary, uses a different term, prefers not to answer <sup>2</sup>
Air Traffic Management	17.5%	216	1017	0
Aviation Rescue Fire Fighting services	4.4%	36	777	0
Engineering	13.2%	19	125	0
Technical and Trade	6.3%	16	237	0
Information and Communications Technology	20.6%	26	100	0
Enabling Professions	45.7%	323	384	0
Senior Leadership	27.9%	43	111	0
<b>Total by gender</b>	<b>19.8%</b>	<b>679</b>	<b>2751</b>	<b>0</b>

- 1 All figures are inclusive of full-time equivalent employees only.
- 2 New reporting of non-binary and other gender terms is not yet captured effectively by currently utilised HRIS.



**Table 12 – Employee age profile as at 30 June 2023**

Age range <sup>1</sup>	Under 25	25-34	35-44	45-54	55-64	65+
Number of employees	59	614	1140	1098	474	45
Percentage of employees	1.7%	17.9%	33.2%	32.0%	13.8%	1.3%

1 All figures are inclusive of full-time equivalent employees only.

**Table 13 – Average retirement age**

Data at 30 June 2022	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Average retirement age	60.9	61.6	61.1	63.4	66.7	67.9

**Table 14 – Part-time employees by age bracket**

Flexibility	Under 25	25-34	35-44	45-54	55-64	65+	Total
Permanent part-time	0	7	58	49	22	3	139
Temporary part-time	0	0	1	0	2	2	5
Casual	3	2	2	0	3	5	15

**Table 15 – Employee work location<sup>1,2</sup>**

State	Male				Female				Total
	Full-time	Part-time	Casual	Total male	Full-time	Part-time	Casual	Total female	
NSW	317	4	1	322	56	5	0	61	383
QLD	931	25	7	963	221	25	2	248	1211
SA	87	1	0	88	7	3	0	10	98
TAS	60	0	1	61	2	0	0	2	63
VIC	782	16	2	800	163	34	0	197	997
WA	224	1	1	226	18	3	1	22	248
ACT	219	3	0	222	110	24	0	134	356
NT	69	0	0	69	5	0	0	5	74
<b>Total</b>	<b>2689</b>	<b>50</b>	<b>12</b>	<b>2751</b>	<b>582</b>	<b>94</b>	<b>3</b>	<b>679</b>	<b>3430</b>

1 New reporting of non-binary and other gender terms is not yet captured effectively by currently utilised HRIS.

2 All figures are inclusive of full-time equivalent employees only.

# Environmental management and performance

**This section of the report meets the requirements of section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act) and describes our environmental performance and how we contribute to environmentally sustainable development (ESD).**

## Environment management approach

### Environmental management system

We operate an environment management system (EMS) to manage our organisational environmental performance and achieve the ESD principles under the EPBC Act.

Our EMS is aligned to ISO 14001:2015, an internationally recognised framework for effective organisational environmental management. We have extended the scope of our ISO 14001 certification, we now have 3 certified sites - Canberra, Cairns and Adelaide airport facilities. These sites are audited annually against the requirements of the standard. We also take a continuous improvement approach over the governance of the EMS, as required by ISO 14001.

Our EMS, supported by the environmental policy, embeds a framework of hierarchical standards, procedures and controls that clearly govern how we:

- manage our environmental impacts
- comply with regulatory obligations
- achieve positive environmental outcomes.

### Environmental Sustainability Strategy

The Airservices long-term Sustainability Strategy 2021-26 has been published and our 10 programs of projects and initiatives are on track to reduce our environmental footprint in line with our commitments under the Environmental Sustainability Strategy.

To progress through the Sustainability Strategy, an environmental sustainability plan was developed for financial year 2022-23 with the following program of activities:

- route optimisation
- shared use airspace and trajectory-based operations
- expansion of noise monitoring data

- improved balancing of comparing flight path design constraints
- continuous descent operations
- biodiversity protection prioritisation
- waste protection measures
- environmental management plans (EMP)
- resource profiling
- sustainability opportunity discovery
- climate change impact assessment and remediation plan
- sustainable procurement practices
- resource efficiency performance enhancement
- promotional and engagement program
- governance and reporting.

## Environmental performance

Our activities and services may have a number of impacts on our environment, including on ecosystems, communities, natural and physical resources, and heritage. The EMS prescribes the necessary requirements for the organisation to manage and mitigate potential environmental impacts arising from our activities. Our conformance with the framework ensures compliance with our environmental obligations, demonstrates the effectiveness of controls implemented and provides insights for future continuous improvement.

We manage our operational processes to:

- prevent regulatory and legal non-conformance
- prevent or minimise environmental harm
- minimise risks to a level considered as low as practicable (ALARP)
- achieve positive environmental outcomes
- achieve corporate objectives and comply with the requirements of the EMS.

### Effectiveness of managing environmental impacts

Table 16 presents key environmental impacts, specific control measures and methods to ensure impacts are minimised. Table 17 details aspects of our performance which are specifically measured to provide insight into the effectiveness of our management.

**Table 16 – Key potential environmental impacts and associated EMS control measures and assurance mechanisms**

Theme	Activity impact	Measures taken to minimise environmental impacts	Ongoing assurance
Community, and Social amenity	Aircraft noise and emissions impacts from flight path changes	<p><b>Aircraft noise</b></p> <ul style="list-style-type: none"> <li>– Application of the Environmental Management of Changes to Aircraft Operations standard, which requires: <ul style="list-style-type: none"> <li>• environmental impact and risk assessment of proposed changes</li> <li>• seeking the Commonwealth Environment Minister’s advice under the EPBC Act for changes deemed to trigger potential ‘significant impact’</li> <li>• community noticeability assessment and community engagement on all proposed changes.</li> </ul> </li> <li>– Application of flight path design principles, to support balanced decision-making.</li> <li>– Application of our Community Engagement Framework (CEF) to provide clear, timely and transparent engagement on flight path changes.</li> <li>– Provision of a Noise Complaints and Information Service (NCIS), which: <ul style="list-style-type: none"> <li>• receives and responds to complaints through a dedicated call centre and online application</li> <li>• investigates and reports on complaints</li> <li>• reports complaints ‘hotpots’ and matters for potential improvement investigation to senior management.</li> </ul> </li> <li>– Internal dashboards developed for Noise Abatement Procedures (NAP) compliance at Brisbane and Sunshine Coast airports, with plans to expand to other airports.</li> <li>– Continuous descent operations trial commenced in Melbourne to evaluate noise improvements.</li> <li>– Restriction on intersection departures trial implemented in Brisbane to assess potential noise improvements gained through full length runway departures over land.</li> <li>– Extended simultaneous opposite direction parallel runway operations (SODPROPS) trial in Brisbane to determine if this mode could be safely used in busier traffic hours to provide noise relief for communities.</li> </ul>	<p>Internal assurance reviews and audits undertaken across 3 lines of defence.</p> <p>External reviews/audits undertaken by:</p> <ul style="list-style-type: none"> <li>– ISO 14001 auditors</li> <li>– external agencies as required (including the Aircraft Noise Ombudsman)</li> <li>– Improvement opportunities identified through Post Implementation Reviews (PIR) for Brisbane, Sunshine Coast and Hobart flight path and airspace changes.</li> </ul> <p>Technical endorsement of airport developed Australian Noise Exposure Forecast (ANEF) to provide on-going assurance in managing development around airports to reduce aircraft noise impacts.</p>
		<p><b>Aircraft emissions</b></p> <ul style="list-style-type: none"> <li>– Implementation of the airspace change process to embed airspace performance and flight efficiency assessments.</li> <li>– Route optimisation (user preferred route and dynamic airborne reroute procedures): user preferred route standardisation activities are being conducted, including a trial probe tool for continental Australia and standardisation of short-term conflict alert and route adherence monitor for CMATS implementation.</li> <li>– Shared use airspace: a national airspace management team is being formed to support the integration of the airspace management tool and enable airspace efficiencies in support of flexible use airspace.</li> <li>– Trajectory-based operations - continuous descent operations (CDO): a trial to increase continuous descent operations at Melbourne is currently underway for flights from Canberra and Sydney. The trial will be turned into standard practice and extended to arrivals into Melbourne from Tasmania and New Zealand, as well as arrivals from Brisbane and the North-west.</li> </ul>	

Theme	Activity impact	Measures taken to minimise environmental impacts	Ongoing assurance
Ecosystems, Biodiversity and Heritage	Impacts from on-ground changes - including construction projects	<ul style="list-style-type: none"> <li>- Application of environmental management of changes to on-ground activities standard, which requires: <ul style="list-style-type: none"> <li>• targeted environmental impact and risk assessment of proposed changes</li> <li>• investigation and acquittal of all approval and permitting requirements</li> <li>• documentation and implementation of specific project controls, including construction environmental management plans.</li> </ul> </li> <li>- Environmental values mapping for our remote unmanned and key airport sites has been finalised. This will ascertain key environmental risks and potential impacts from the infrastructure upgrades, and development projects and identify mitigation measures required to manage environmental risks.</li> <li>- Application of other subsidiary EMS standards and procedures (including publication of Contamination Management and Assessment procedure), including our infrastructure management standard, incident management standards, environmental occurrence response procedures and chemical management procedures.</li> <li>- Environmental awareness training.</li> </ul>	<p>Internal assurance reviews and audits undertaken across 3 lines of defence.</p> <p>External reviews/audits undertaken by:</p> <ul style="list-style-type: none"> <li>- ISO 14001 auditors</li> <li>- stakeholders as required (e.g. Airport Lessee Company Environmental Officers and Airport Environment Officers) (AEOs) of DITRDCA).</li> </ul>
Ecosystems, Biodiversity and Heritage	Legacy contamination from the historic use of fire fighting foams containing PFAS	<ul style="list-style-type: none"> <li>- Implementation of the Enterprise per- and poly-fluoroalkyl substances (PFAS) program management plan, including: <ul style="list-style-type: none"> <li>• preliminary, targeted and detailed site investigations of our lease areas and environments to confirm the presence and determine the nature (depth, lateral extent) of PFAS contamination and understand the behaviour (movement) of PFAS mass through the development of Conceptual Site Models</li> <li>• conduct PFAS-related risk assessments</li> <li>• identify and implement management actions to contain PFAS mass in situ reducing efflux from our lease areas</li> <li>• identify and implement remedial actions to remove PFAS mass from source or otherwise treat it in situ (e.g., chemical binding)</li> <li>• undertake research and development and trial activities to establish the effectiveness and efficacy of PFAS treatment technologies</li> <li>• engage with Commonwealth, State and Territory regulatory departments and agencies in regards to our approach to and progress in PFAS management</li> <li>• engage with our stakeholders to inform of our activities, to hear of their concerns and to respond to these.</li> </ul> </li> <li>- Progressive development of airport-specific PFAS management plans inclusive of airport-specific stakeholder engagement and consultation plans and remediation action plans.</li> <li>- Application of EMS standards and procedures including incident management, environmental occurrence response procedures and chemical management procedures as required.</li> <li>- PFAS and general environmental awareness training.</li> <li>- Enterprise governance reporting.</li> <li>- Application of other subsidiary EMS standards and procedures (including incident management, environmental occurrence response procedures and chemical management procedures, contamination management and assessment, and ARFFS environmental management procedure).</li> <li>- Environmental awareness training, including environmental legal obligations and management of on-ground operational activities.</li> </ul>	<p>Regular review of PFAS-related Enterprise (T2) Risk and Control Actions (CIRRIS)</p> <p>Internal assurance reviews and audits</p> <p>External reviews/audits:</p> <ul style="list-style-type: none"> <li>- ISO 14001 auditors</li> <li>- stakeholders as required (e.g. Airport's Tenant's Audits, Department Airport Environment Officers).</li> </ul> <p>General environmental monitoring (surface water, groundwater etc.)</p>

Theme	Activity impact	Measures taken to minimise environmental impacts	Ongoing assurance
Ecosystems, Biodiversity and Heritage	Impacts from on-ground operational activities	<ul style="list-style-type: none"> <li>– A National Pollution Monitoring Program has been established and is being delivered to ensure compliance across our sites is achieved with regards to the management of contamination and wastewater.</li> <li>– Mapping of site environmental compliance obligations (including Commonwealth and State legislative obligations) has been completed for ongoing tracking and monitoring of environmental compliance. The outcome of this work has enabled linkage of obligations to controls, risks, and actions to provide greater assurance of compliance and risks for site-based obligations.</li> <li>– The Operational Environment Management Plans (OEMPS) at 36 airports across Australia are being updated to align with current operating practices and regulatory requirements.</li> <li>– The operationalisation of these plans has been completed and an assurance program has been developed to verify and validate the implementation of relevant controls.</li> <li>– A plan has been developed to undertake a review and reassessment of environmental risk at the OEMP sites.</li> <li>– Application of the environmental performance requirements and controls for Airservices infrastructure standard, which prescribes objectives and key controls for managing each lifecycle stage of infrastructure development (including the operational phase).</li> <li>– Application of Aviation Rescue Fire Fighting (ARFF) and Air Traffic Management (ATM) environmental management instructions and other subsidiary EMS standards and procedures (including fuel and hazardous materials storage procedures, environmental occurrence response procedures, chemical management procedures and weed and pest control guidelines).</li> <li>– Finalised the next stage of heritage assessment which included a review of radar sites with potential heritage values as per heritage strategy directives.</li> </ul>	<p>Regular review of our enterprise environmental risk and control actions</p> <p>Internal assurance reviews and audits undertaken across 3 lines of defence.</p> <p>External reviews/audits undertaken by:</p> <ul style="list-style-type: none"> <li>– ISO 14001 auditors</li> <li>– stakeholders as required (e.g., Airport Lessee Company Environmental Officers and Airport Environment Officers (AEOs) of DITRDCA).</li> <li>– A triennial Heritage Report to the Minister of Climate Change, Energy, the Environment and Water on the performance of the Heritage Strategy.</li> <li>– External service provider engaged to carry out impartial heritage value assessments for possible inclusion in the heritage register.</li> </ul>
Natural Resources	Use of natural resources result in an increase in resource usage, such as water or fuel, or waste generation (including energy, and wastewater)	<ul style="list-style-type: none"> <li>– Application of environmental performance requirements and controls for Airservices infrastructure standard requires incorporation of resource efficient and sustainable technologies in the development and refurbishment of infrastructure.</li> <li>– Environmental Sustainability Strategy 2021-2026 outlines our key goals and outcomes, including sustainable resource management. A waste reduction roadmap has been developed to address recycling opportunities, infrastructure improvements and waste minimisation. Identification and delivery of protection measures is progressing following the establishment of a national monitoring contract and the PFAS Remediation program commencing for Brisbane and Launceston.</li> </ul>	Internal assurance reviews and audits undertaken across 3 lines of defence.

**Table 17 – Environmental performance indicators for 2022-23**

Theme	Performance measure	Indicator	Result
Community and social amenity	Complainants	Number of residents who have contacted the NCIS for the 10 major airports	2,942 (15% increase on 2021-22 complainants)
	Emissions	Total reduction of aircraft emissions from flight path changes (cubic tonnes)	No major flight path changes were introduced in 2022-23 and therefore no change in emissions reported
Ecosystems, Biodiversity	Occurrences	Number of major environmental occurrences	One major environmental occurrence was reported in 2022-23
Heritage	Compliance with EPBC Heritage obligations	Development and implementation of the Heritage Strategy with continual review	Minister of Climate Change, Energy, the Environment and Water's approval and publishing of updated Heritage Management Plans undertaken for Hobart, Sydney, Bankstown, Essendon, Launceston and Parafield ATC towers
Natural resources	Energy <sup>1</sup>	Scope 1 and Scope 2	43,994,207.43 kWh 38,166.50 tCO <sub>2</sub> e <sup>3</sup>
	Waste <sup>2</sup>	Amount of waste going to landfills (tonnes) Amount of waste going to recycling facilities (tonnes) (excluding liquid and toxic waste)	Waste to landfill was 4,180 tonne out of which 2,200 tonne was diverted

1 Data for 2021-22.

2 Data sourced from Veolia.

3 Sum of greenhouse gas emission Scope 1 and Scope 2 in Table 18

# Australian Public Service Net Zero 2030

**The Australian Public Service (APS) Net Zero 2030 is the government’s policy for the APS to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions.**

As a corporate Commonwealth entity, Airservices is required to report on its operational greenhouse gas emissions under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*. Taking into consideration the distinct aviation industry and APS commitments, we are currently reviewing our commitment to reach net zero by 2050.

Greenhouse gas emissions reporting has been developed with methodology that is consistent with the whole-of-Australian Government approach as part of the APS Net Zero 2030 policy. The Greenhouse Gas Emissions Inventory below presents our latest results based on carbon dioxide equivalent (CO<sub>2</sub>-e) emissions.

**Table 18 – Greenhouse gas emissions inventory (location-based method)<sup>1</sup>**

Emission source	Scope 1 kg CO <sub>2</sub> -e	Scope 2 kg CO <sub>2</sub> -e	Scope 3 kg CO <sub>2</sub> -e	Total kg CO <sub>2</sub> -e
Electricity <sup>2</sup>	N/A	33,765,010	4,057,542	37,822,552
Natural Gas	184	N/A	28	212
Fleet vehicles	1,154,145	N/A	289,336	1,443,481
Domestic flights <sup>3</sup>	N/A	N/A	3,424,960	3,424,960
Other energy	3,247,162	N/A	848,318	4,095,480
<b>Total kg CO<sub>2</sub>-e</b>	<b>4,401,491</b>	<b>33,765,010</b>	<b>8,620,184</b>	<b>46,786,686</b>

1 Reportable emissions for 2021-22.

2 Electricity usage emissions are calculated using the location-based method.

3 Domestic flights emissions for 2022-23.

*Greenhouse gas emissions reporting has been developed with methodology that is consistent with the whole-of-Australian Government approach as part of the APS Net Zero 2030 policy.*





# Environmentally sustainable development

**We are aligned to the National Strategy for Environmentally Sustainable Development (ESD) through our environmental protection measures encompassed within our environment management system (EMS).**

The ESD principles are embedded into our operational activities to ensure these are undertaken in an environmentally sustainable way through meeting the requirements of the EMS, which is underpinned by our environmental policy and corporate plan.

## ESD alignment and contribution

Key improvements for 2022-23, which accord with ESD principles under the EPBC Act, are described in Table 18.

**Table 19 – Key ESD aligned activities in 2022-23**

Environmentally Sustainable Development Principles	Activities in accordance with ESD Principles
<p><b>Integration principle:</b> decision-making processes should effectively integrate both long and short-term economic, environmental, social and equitable considerations.</p>	<p>Airspace change requires a careful balance of ensuring safety, operational efficiency, protecting the environment and minimising the effects of aviation noise on the community, wherever practicable.</p> <p>Since the implementation of our flight path design principles in 2020 and Community Engagement Framework in 2021, we have continued to evolve our practice to ensure balanced flight path and airspace change decision-making, supported by effective community engagement.</p> <p>In 2022, we commenced reporting against our flight path design principles for our larger change projects. This provides transparency around how each element was considered in an effort to strike a balance between often competing priorities, namely aircraft track miles and emissions versus aircraft noise impacts.</p> <p>In 2022-23 we prepared a draft Community Engagement Standard on which we engaged with community and industry nationally. This standard will establish a clear engagement requirement for changes of various scope and scale and will provide a benchmark against which to measure our performance. The final standard will be published in early 2023-24.</p>
<p><b>Precautionary principle:</b> if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.</p>	<p>All PFAS program-based risk assessments undertaken by Airservices are consistent with the principles of environmentally sustainable development (ESD). Our activities are aligned with a series of environmental sustainable development principles. Decision-making processes effectively integrate both long-term and short-term economic, environmental, social and equity-supporting considerations.</p> <p>If there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.</p> <p>The precautionary principle guides health and environmental risk assessments and forms the basis of science-based risk assessments.</p>

## Environmentally Sustainable Development Principles

### Activities in accordance with ESD Principles

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**Intergenerational principle:** the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.

Our Environmental and Sustainability Strategy establishes goals, objectives, and targets for improvement in environmental performance to meet government and industry policy and community expectations, including addressing obligations under the Climate and Disaster Risk Direction Statement. The Environmental Sustainability Plans has commenced implementation with new initiatives. These include:

- Baseline and benchmarking of resource profile: Stage 1 and 2 insights for environmental footprint profiling work has been utilised to identify measures and technologies to improve resource stewardship, review of sustainable procurement processes, set future interim targets for net zero emissions and develop a plan for delivery against these outcomes. Scoping investigations have begun for transitioning the ARFF fleet to electric vehicles, and we are currently exploring the market for improvements in our waste infrastructure, climate change assessments, and meters for energy monitoring.
- Resource profiling: we are undertaking various activities to establish Climate Active Reporting Framework for the emission reporting. Additionally, technologies are currently being explored to bring improvements in our waste infrastructure, and meters for energy monitoring.
- Opportunity discovery: Stage 3 to reduce our environmental footprint is progressing well in identifying measures, infrastructure improvement, resource stewardship and review of sustainable procurement processes. This work will assist in setting interim future targets for net zero emissions.
- Sustainable procurement practices: alignment of our procurement practices with AS/ISO20400 environmentally sustainable procurement standards has commenced and various measures are being implemented.
- Resource efficiency performance enhancement: a detailed design is currently being developed to install solar panels at our Melbourne compound. Investigations have commenced for transitioning the ARFF fleet to electric vehicles.

We continue to evolve and enhance our EMS with the:

- embedding of environmental sustainability objectives and outcomes into key national operating standards, other Airservices frameworks and subordinate document suite
- assignment of environmental and sustainability accountabilities for key executive roles
- publication of environmental legal compliance obligations procedure
- delivery and implementation of the 36 Operational Environment Management Plans (OEMPs), and
- improved organisational incident management processes and procedures.

We continue to promote environmental awareness and train key staff on on-ground environmental issues while undertaking a targeted audit and assurance program to check and improve our performance.

We have been working with the Civil Aviation Historical Society and other stakeholders to preserve Australia's aviation history. We continued to support 'Connecting the Nation' portal, sponsorship of the Airways Museum based at Essendon Fields Airport, and industry partnership with the Australian Research Council for the Heritage of the Air Project (a research project investigating how aviation has transformed Australian society over the last 100 years).

We reviewed and updated our Heritage Strategy for the period 2021-2023, in accordance with Section 341ZA of the EPBC Act.

We continue to work towards improving the monitoring of greenhouse gas emissions, energy consumption and production. We reported in accordance with *National Greenhouse and Energy Reporting Act 2007* requirements for 2022-23.

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## Environmentally Sustainable Development Principles

### Activities in accordance with ESD Principles

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**Biodiversity principle:** the conservation of biological diversity and environmental integrity should be a fundamental consideration in decision making.

The protection of biodiversity values is a key requirement of the EMS, with associated controls built into the management of all our activities (from flight path changes to on-ground operations).

The mapping of environmental values surrounding remote unmanned navigational and communications facilities along with key airport sites has been completed. The data has informed a risk assessment of the most environmentally sensitive sites which will enable the organisation's targeting of further risk controls where needed most.

Our revised requirements for flight path change management includes additional quantitative and qualitative measures for assessing biodiversity impacts. Our internal standards for infrastructure development includes targeted controls to protect flora and fauna values throughout projects and operational activities.

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**Valuation principle:** improved valuation, pricing and incentive mechanisms should be promoted.

The impacts of aircraft emissions, aircraft noise and the industry's reliance on other natural resources are increasingly being called out at global, national and community levels. Our Environmental Sustainability Strategy outlines how we contribute to the wider international aviation sustainability agenda over 2021-2026. It focuses on achieving better environmental outcomes within the following:

- aircraft emissions
- aircraft noise space
- environmental sustainability
- sustainable resource management.

We drove progress through ambitious goals and the below demonstrates our environmental responsibility in action:

- 400 kg of fuel saved per arrival, due to continuous descent approach
  - 115,000 tonnes of carbon dioxide saved per year due to Smart Tracking.
-

# Noise Complaints and Information Service

**The total number of residents contacting the Noise Complaints and Information Service (NCIS) in 2022-23 was 4,734. This was 100 more than the 4,634 recorded in 2021-22 (Australia wide).**

The total number of contacts the NCIS received in 2022-23 was 45,720. This was 14,855 more than the recorded 30,865 in 2021-22 (48% increase in contacts Australia wide).

At major airports, the most frequently raised issue continued to be the use of standard flight path corridors. Concerns included the increase in frequency of movements, a perception that something had changed the location of the flight path, and questions about the altitudes of aircraft on arrival and departure. While we investigate concerns about standard flight paths, few opportunities exist to mitigate noise for residential areas in close proximity to the major airports.

Table 20 shows that during 2022-23, 7 major airports had an increase in the number of residents making

complaints, which was 23% higher than 2021-22, with significant increases at Brisbane, Melbourne and Perth airports. The main contributor to the increase is the return to pre-pandemic level operations across the country and seasonal wind changes.

Brisbane Airport also had a significant increase in contacts towards the end of 2022-23. The NCIS received 1,941 contacts in quarter 3 (January to March), compared to 2,860 in quarter 4 (April to June). Multiple factors contributed to the sudden spike in contacts during the last quarter of 2022-23. These included the implementation of a Noise Action Plan for Brisbane, weather diversions, air traffic management and the return to pre-pandemic level operations.

While not listed in the 10 major airports, Sunshine Coast Airport complainant numbers increased 26% in 2022-23, with 187 noise complainants; the main contributors was community feedback to the Post Implementation Review Draft Report and aircraft movements outside tower hours.

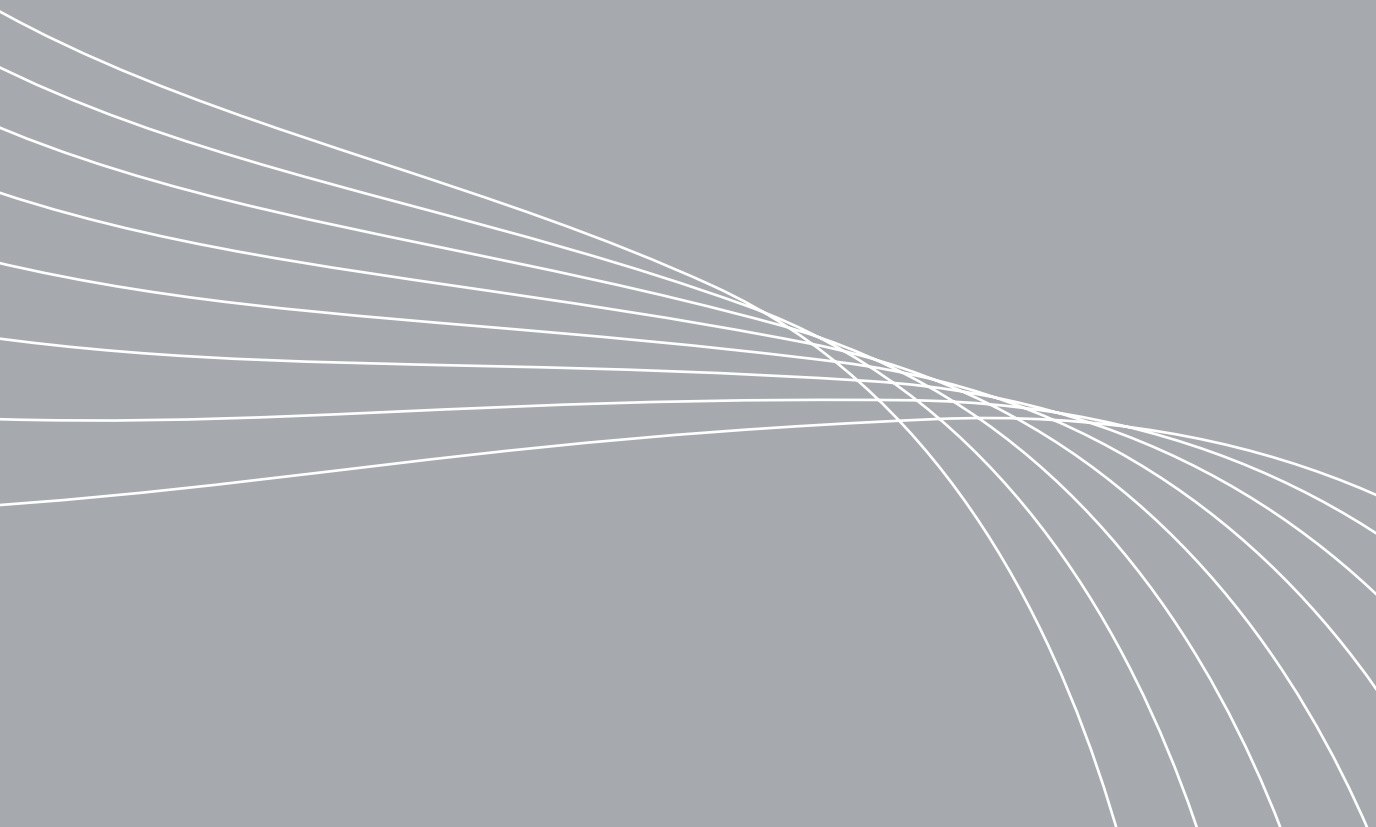
**Table 20 – Number of residents who contacted the NCIS for the 10 major airports**

Airport	2019-20	2020-21	2021-22	2022-23
Adelaide	76	89	183	198
Brisbane	292	1709	1308	1462
Cairns	22	12	19	27
Canberra	10	14	20	17
Darwin	6	8	4	7
Gold Coast	138	128	92	60
Hobart	67	15	21	52
Melbourne	220	88	162	285
Perth	282	178	156	258
Sydney	388	331	580	576
<b>Total</b>	<b>1501</b>	<b>2572</b>	<b>2545</b>	<b>2942</b>



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Appendices



# Appendix A: Ministerial expectations

The Portfolio Minister regularly issues a Statement of Expectations (SOE) as a notice of strategic direction to the Airservices Board according to section 17 of the *Air Services Act 1995*. In addition to the SOE, the Minister can issue directions which inform the performance of our functions. These, together with the Board's Statement of Intent, are provided within this section.

## Ministerial directions

### The 4 ministerial directions remain current

Year	Date of issue	Subject
1996	29 May	Handling of aircraft noise complaints at Sydney and other federal airports
1997	30 July	Progressive implementation of Sydney Long Term Operating Plan
1999	3 May	Responsibilities in relation to the environmental effects of aircraft
2004	31 August	Provision of approach radar services at specific airports

## Our statement of intent 2021–2023

### Statement of expectations

#### Overview

This instrument is the *Statement of Expectations for Airservices Australia for the period 1 July 2021 to 30 June 2023*.

This Statement of Expectations (SOE) applies in respect of the period commencing 1 July 2021 and ending 30 June 2023 and replaces the previous SOE issued on 4 July 2019.

This Statement of Expectations (SOE) applies in respect of the period commencing 1 July 2021 and ending 30 June 2023 and replaces the previous SOE issued on 4 July 2019.

This SOE serves as a notice to Airservices Australia (Airservices) under section 17 of the *Air Services Act 1995* (the Act) and formalises my expectations concerning the operations and performance of Airservices.

Airservices should perform its functions in accordance with the Act, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) as well as other relevant legislation.

I reiterate the Government's expectations that Airservices' resources be used in an efficient, effective, economical and ethical way, following best practice principles and guidelines.

### Statement of intent

The Airservices Board's Statement of Intent responds to each element of the Statement of Expectations and states Airservices commitment to meeting the Minister's expectations.

Airservices **connects people with their world safely** by providing safe, secure, efficient and environmentally responsible services that are valued by the aviation industry and community on behalf of our owner, the Australian Government.

When performing our functions, we adhere to all relevant legislation including, the *Air Services Act 1995* and the PGPA Act.

The Board and the Chief Executive Officer make decisions consistent with their legislated responsibilities and the responsibilities resulting from our industry funding arrangements, relating to the objectives, strategies and policies to be followed by Airservices to ensure that we perform our functions in a proper, efficient and effective manner. In accordance with the Act, the safety of air navigation is Airservices most important consideration.

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## Governance

I expect that the Board and the Chief Executive Officer (CEO) will continue to work to enable Airservices to operate as a world-best-practice Air Traffic Control (ATC) and Aviation Rescue and Fire Fighting Service (ARFFS) provider.

I expect the Board to ensure Airservices has the necessary resources and capabilities in place to effectively manage Airservices' strategic direction, risks and corporate planning in accordance with section 21 of the Act.

I expect the CEO to be responsible for managing the operations of Airservices, its organisational capacity and the exercise of its functions in accordance with section 35 of the Act.

I expect the Board to keep the Secretary of the Department of Infrastructure, Transport, Regional Development and Communications (Department) and myself fully informed of Airservices' actions in relation to the requirements stated in this SOE, and promptly advise of any events or issues that may materially impact on the operations of Airservices, including through quarterly progress reports from the Board against the Corporate Plan and this SOE.

I expect Airservices to perform its functions consistent with Australia's international obligations where appropriate, including the requirements of the International Civil Aviation Organization (ICAO).

Airservices will continue to implement its transformation agenda to ensure we deliver world-best practice Air Traffic Management (ATM) and Aviation Rescue and Fire Fighting (ARFF) services.

Airservices will ensure that its annual Corporate Plan positions the organisation to continue to provide safe, secure, efficient and environmentally responsible services that are valued by the aviation industry and community. Airservices will monitor, focus and report on the effective delivery of Corporate Plan initiatives to ensure that we deliver the benefits to our customers.

The Board and the Chief Executive Officer will ensure the Department and Minister are fully informed of all actions relating to these expectations through regular reporting including quarterly progress reports and annual reporting.

Airservices will ensure that we provide a service that meets our customers' needs and is consistent with Australia's international obligations. We actively participate in international forums including ICAO and work closely with the Department and Civil Aviation Safety Authority (CASA) to ensure that Australia continues to influence the future of aviation in line with government policies.

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## Key initiatives

I expect Airservices, in conducting its responsibilities as the air navigation and aviation rescue and fire fighting services provider, will focus on the following key initiatives:

- a. progress the timely, on-budget and effective implementation of the OneSKY Australia Program and the Civil Military Air Traffic Management System (CMATS), and advise me on the progress and achievement of programme milestones.
- b. work closely with the Department and the Civil Aviation Safety Authority (CASA) to ensure the integration of Remotely Piloted Aircraft Systems (RPAS) into Australian airspace. This includes supporting the development and progression of initiatives outlined in the National Emerging Aviation Technologies (NEAT) Policy Statement, including supporting trials that further the Government's policy objectives.
- c. develop and implement a flight information management system (FIMS) consistent with the Government's policy objectives, Government decisions on Unmanned Aircraft System Traffic Management (UTM) architecture and the approach outlined in the NEAT Policy Statement.

The OneSKY Program remains the cornerstone of our commitment to deliver world-class air traffic management services into the future. Airservices will continue to work closely with the Department of Defence (Defence) to deliver a harmonised civil military air traffic management system for Australia. Airservices, in consultation with the Department and Defence, will provide comprehensive reporting on the progress of OneSKY to the Aviation Policy Group, quarterly reports to the Minister and other government reporting processes which will include early identification of risks to delivery and achievement of programme milestones.

Airservices will continue to work with the Department and CASA to ensure the safe integration of RPAS into Australian airspace.

We will continue to support the development and progression of initiatives outlined in the NEAT Policy Statement, including supporting trials that further the Government's policy objectives.

Airservices will continue the development and implementation of a FIMS to ensure the safe integration of RPAS in Australian airspace. The ongoing engagement with government agencies and key stakeholders through existing forums will ensure the FIMS will deliver a capability for Australia that is consistent with the Government's policy objectives and decisions on UTM architecture and the approach outlined in the NEAT Policy Statement.

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<p>d. work with the Department and CASA on modernising airspace management, consistent with the Australian Airspace Policy Statement, including:</p> <ul style="list-style-type: none"> <li>– shaping Australia’s future airspace protection policy and regulatory framework;</li> <li>– regularly reviewing instrument flight procedures to ensure they are current, and reflect changing aircraft navigational capabilities;</li> <li>– enhancing the safety and efficiency of Australian controlled airspace including at major regional airports; and</li> <li>– continuing to apply adequate resources to manage airspace planning and design including for Western Sydney Airport.</li> </ul>	<p>We will work cooperatively with the Department and CASA and provide timely information to assist with the shaping of Australia’s airspace protection policy and regulatory framework.</p> <p>We will regularly review our instrument flight procedures and continue the transition to Performance Based Navigation (PBN) as the primary means of navigation in line with the global aviation industry and in consultation with government agencies, the community and other stakeholder.</p> <p>The objective of our Airspace Modernisation Program is to enhance the safety and efficiency of Australian airspace, including at major regional airports and to increase access to airspace for the aviation industry, through national standardisation and leveraging increased surveillance to enhance service provision.</p> <p>Airservices Aerodrome Program will deliver essential infrastructure and services to support aviation industry expansion, including airspace planning and design at Western Sydney Airport.</p>
<p>e. assist in implementing the Government’s environmental initiatives including:</p> <ul style="list-style-type: none"> <li>– minimising the impact of aircraft operations on communities where practicable;</li> <li>– supporting the ongoing role of the independent Aircraft Noise Ombudsman (ANO) and implementation of agreed recommendations made by the ANO;</li> <li>– appropriate resourcing of the Airservices Noise Complaints and Information Service to continue to improve the flow and quality of information to noise affected communities;</li> <li>– ongoing commitment to the Sydney Airport Long Term Operating Plan as required by the Ministerial direction dated 30 July 1997 (F2009B00158);</li> <li>– providing and reporting against an annual environment work program which outlines Airservices ongoing and new initiatives in managing, monitoring and alleviating, where safe and practicable, environmental effects of aircraft operations; and</li> <li>– working with the Department and industry on issues related to environmental contamination, including taking action on per-and poly-fluoroalkyl substances (PFAS) in line with Government expectations on this issue.</li> </ul>	<p>In designing airspace and flight paths, Airservices seeks to minimise the impact of aircraft noise on communities as far as practicable. We engage with communities when we make changes that will impact them. Airservices will continue to support the role of the Aircraft Noise Ombudsman (ANO) and implement all agreed recommendations. Airservices Noise Complaints and Information Service will continue to be resourced to provide quality information and manage noise complaints to a high standard. The 1997 Ministerial Direction relating to the Sydney Long Term Operating Plan will continue to guide the operation of Sydney Airport. Airservices initiatives to manage and monitor the environmental effects of aircraft operations are outlined in an annual environmental work plan, with quarterly progress reports provided to the Minister. Airservices will continue to implement a risk-based national PFAS management program, including site investigations, containment and monitoring as appropriate. Airservices will work closely with Government agencies and industry on issues related to PFAS in line with Government expectations, including participating in the Commonwealth inter-departmental committee.</p>
<p>f. continue to work with the Department and CASA on implementing the Government’s approach to ARFFS.</p>	<p>Airservices will continue to work with the Department and CASA to implement the Government’s ARFFS policy. We support the planned shift from the current prescriptive regulatory framework to a more outcomes-based approach. Airservices ARFFS Modernisation Program will ensure ARFFS is ‘fit for the future’ and positioned to leverage new technology to enhance service delivery, with a programme of work focused around our people, facilities, vehicles, equipment and training.</p>
<p>g. commence an independent review of Airservices’ implementation and governance relating to the recommendations of the Broderick Review, by June 2022.</p>	<p>Airservices will commence an independent review by June 2022.</p>
<p>h. ensure that necessary steps are taken in minimising the financial impacts of COVID-19 in accordance with the ‘One Airservices’ Business Plan.</p>	<p>‘One Airservices’ Plan initiatives have been incorporated into the Corporate Plan. Airservices will continue to manage its costs and reposition itself to minimise the financial impacts of COVID-19 while ensuring we are ready to support the aviation industry’s ongoing recovery.</p>

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## Stakeholder engagement

I expect Airservices will continue to:

- a. undertake effective and productive engagement with the community and industry, based on mutual understanding and respect.
- b. communicate clearly and regularly with the Department and CASA, industry and the community on the development and implementation of significant changes to air navigation and ARFFS.
- c. proactively provide information, assistance and advice to Government agencies for policy formulation, implementation activities and regulation purposes.
- d. contribute in the coordinated approach to airport planning, including appropriate participation in planning coordination forums, community aviation consultation groups, and the National Airports Safeguarding Advisory Group.
- e. work closely with the Department and other Government agencies, including the Australian Transport Safety Bureau, CASA and the Department of Defence to deliver integrated and comprehensive advice to the Government, the aviation industry and the community.

Airservices engages with industry on its service delivery, strategic planning, pricing and other key initiatives via direct engagement with customers and stakeholders, engagement with industry bodies and participation in established industry forums such as ASTRA. Airservices engages with the community when we make changes that will impact them.

Airservices has established mechanisms to share information with CASA in relation to the performance of its regulatory functions.

Airservices keeps the Department and Minister informed through regular reporting including quarterly progress reports and annual reporting and responds to requests for assistance and advice from government agencies.

Airservices is committed to ongoing participation in the National Aviation Safeguarding Advisory Group and engaging via airport-led planning coordination and consultation forums and technical noise working groups.

We will work closely with the Department and other agencies to deliver integrated and comprehensive advice to the Government and other stakeholders on emerging issues affecting aviation regulation and policy including airspace management and protection, UAS and UTM, ARFFS and aviation infrastructure planning and implementation.

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# Appendix B: Airservices remuneration report 2022–23

## 2022–23 remuneration report

The purpose of this section is to summarise the:

- remuneration for Board members
- performance outcomes and remuneration of the Executive
- remuneration for other leadership roles and other highly paid staff who were remunerated over \$240,000.

## Board members and Executive

### Board members

We are governed by a Board that consists of a Chair, Deputy Chair, 6 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	Position	Term
John Weber	Chair	Current
Greg Hood	Deputy Chair	Current
Anne Brown	Board member	Part year – expired 3 December 2022 and reappointed on 2 February 2023
Sue Bussell	Board member	Part year – finished 3 December 2022
Eileen Doyle	Board member	Current
Marlene Kanga	Board member	Current
David Marchant	Board member	Ceased – finished 20 July 2023
Lawrence Turner	Board member	Current
Jason Harfield	Chief Executive Officer	Current

## Table 2 – Executive

The Executive is accountable for leading, planning and managing Airservices operations, activities and performance in achieving Airservices purpose and objectives.

Name	Position	Term
Michelle Bennetts	Chief Service Delivery Officer	Current
Peter Curran	Chief Customer and External Relations Officer	Current
Paul Logan	Chief Finance and Performance Officer	Current
Mark Hind	Chief Technology Enablement Officer	Current
Christian Patten	Chief Strategy Execution Officer	Current
Elizabeth Grinston	General Council and Board Secretary	Current
Nicole Devlin	Chief Communications Officer	Part year – finished 1 October 2022
Thomas Hunter	Acting Chief Communications Officer	Part Year – commenced 19 December 2022
Lucinda Gemmell	Chief People and Culture Officer	Part year – finished 10 February 2023
Sarah Davis	Acting Chief People and Culture Officer	Part year – commenced 11 February 2023
Glen Lang	Acting Chief Safety and Risk Officer	Part year – commenced 3 June 2022, ceased 31 January 2023
Mark Scanlan	Director of Safety, Security and Environment Assurance	Part year – commenced 31 January 2023

## Remuneration strategy and settings

### Executive 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 using a combination of the 50<sup>th</sup> percentile of the Mercer National General Market (MNGM) and individual position benchmarking.

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. Other factors considered include the Remuneration Tribunal data and guidance.

In September 2021, any performance bonus or Short-Term Incentive (STI) plans were removed in entirety for all eligible employees.

Executive remuneration is made up of Total Fixed Remuneration only.

### Total fixed remuneration

Total fixed remuneration 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.

## Remuneration governance

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

The Committee comprises at least 3 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 2022-23, the Committee Chair was Sue Bussell until 3 December 2022 and Lawrence Turner from 4 December 2022. The non-executive Board members were Anne Brown and Greg Hood.

### Remuneration Governance Framework

#### 01 Chief Executive Officer

- Determine remuneration package principles for Executives
- Determine performance metrics and performance outcomes for Executives

#### 02 Board People, Culture and Remuneration Committee

- Propose CEO remuneration package, performance metrics and performance outcomes
- Review CEO recommendations on Executives' remuneration, performance metrics and performance outcomes

#### 03 Board

- Approve CEO remuneration package, performance metrics and performance outcomes (noting Board People, Culture and Remuneration Committee recommendations)
- Endorse CEO decisions on Executives' remuneration, performance metrics and performance outcomes (noting Board People, Culture and Remuneration Committee recommendations)

## Annual fees and allowances for Board members

Annual fees and allowances for our 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.

## Board member remuneration

The following table outlines the remuneration earned and accrued by Board members throughout 2022-23.

**Table 3 – Board remuneration**

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits			Total remuneration
		Base salary	Bonuses	Other benefits and allowances <sup>1</sup>	Superannuation contributions	Long service leave	Other long-term benefits	Termination benefits	
John Weber	Chair	\$170,772	-	\$4,156	\$17,956	-	-	-	\$192,884
Greg Hood	Deputy Chair	\$128,086	-	\$1,088	\$13,468	-	-	-	\$142,642
David Marchant	Board member	\$85,391	-	\$5,536	\$8,978	-	-	-	\$99,905
Marlene Kanga	Board member	\$85,391	-	\$2,426	\$8,978	-	-	-	\$96,795
Sue-Ellen Bussell	Board member	\$36,724	-	\$2,175	\$3,869	-	-	-	\$42,768
Anne Brown	Board member	\$71,306	-	\$5,780	\$7,500	-	-	-	\$84,585
Lawrence Turner	Board member	\$85,391	-	\$3,604	\$8,978	-	-	-	\$97,974
Eileen Doyle	Board member	\$85,391	-	\$3,814	\$8,978	-	-	-	\$98,183
<b>Total</b>		<b>\$748,452</b>	<b>-</b>	<b>\$28,580</b>	<b>\$78,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$855,737</b>

<sup>1</sup> Includes Board Committee membership and travel allowances.

## Executive remuneration

The following table outlines the remuneration earned and accrued by the Executive members in 2022-23.

**Table 4 – Executive remuneration**

Name	Position title	Short-term benefits		Post-employment benefits	Other long-term benefits			Total remuneration	
		Base salary <sup>1</sup>	Bonuses	Other benefits and allowances <sup>2</sup>	Superannuation contributions	Long service leave	Other long-term benefits		Termination benefits
<b>Jason Harfield</b>	Chief Executive Officer	\$871,632	-	\$8,000	*\$126,750	\$23,953	-	-	\$1,030,335
<b>Peter Curran</b>	Chief Customer and External Relations Officer	\$507,176	-	\$7,444	\$25,414	\$11,035	-	-	\$551,070
<b>Paul Logan</b>	Chief Finance and Performance Officer	\$443,548	-	\$8,000	*\$46,152	\$11,918	-	-	\$509,618
<b>Michelle Bennetts</b>	Chief Service Delivery Officer	\$470,229	-	\$6,430	\$25,867	-\$43,462	-	-	\$459,064
<b>Christian Patten</b>	Chief Strategy Execution Officer	\$448,531	-	\$5,209	\$26,153	\$8,196	-	-	\$488,089
<b>Mark Hind</b>	Chief Technology Enablement Officer	\$401,133	-	\$8,000	\$25,414	\$9,502	-	-	\$444,048
<b>Elizabeth Grinston</b>	General Council and Board Secretary	\$397,867	-	-	\$25,867	\$7,796	-	-	\$431,531
<b>Lucinda Gemmell</b>	Chief People and Culture Officer	\$333,974	-	-	\$19,197	\$6,431	-	-	\$359,602
<b>Thomas Hunter</b>	A/g Chief Communications Officer	\$140,280	-	-	\$12,994	\$2,395	-	-	\$155,669
<b>Sarah Davis</b>	A/g Chief People and Culture Officer	\$122,268	-	-	\$10,075	\$2,414	-	-	\$134,757
<b>Nicole Devlin</b>	Chief Communications Officer	\$123,140	-	-	\$7,384	\$1,837	-	-	\$132,361
<b>Glen Lang</b>	A/g Chief Safety and Risk Officer	\$131,628	-	-	\$14,294	\$3,520	-	-	\$149,441
<b>Mark Scanlan</b>	Director of Safety, Security and Environment Assurance	\$177,888	-	-	\$12,994	\$3,035	-	-	\$193,916
<b>TOTAL</b>		<b>\$4,569,295</b>	<b>-</b>	<b>\$43,083</b>	<b>\$378,553</b>	<b>\$48,571</b>	<b>-</b>	<b>-</b>	<b>\$5,039,502</b>

1 Base salary includes annual leave paid in accordance with RMG 138 Commonwealth entities' executive remuneration guide for annual reports.

2 Includes motor vehicle allowances.

\* Defined benefit superannuation plan

## Other leadership roles remuneration

The following table outlines the average remuneration earned and accrued by other leaders in 2022-23.

**Table 5 – Other leaders remuneration<sup>1</sup>**

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration	
		Average base salary <sup>2</sup>	Average bonuses	Average other benefits and allowances <sup>3</sup>	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
\$0 - \$220,000	103	128,434	-	1,100	15,241	1,103	-	5,943	151,822
\$220,001 - \$245,000	26	204,817	-	1,109	22,940	4,505	-	-	233,371
\$245,001 - \$270,000	19	222,034	-	1,903	24,819	3,658	-	8,087	260,502
\$270,001 - \$295,000	8	246,435	-	1,804	24,785	5,865	-	-	278,890
\$295,001 - \$320,000	7	274,209	-	1,398	27,661	5,884	-	-	309,152
\$320,001 - \$345,000	2	262,827	-	43,900	25,502	7,353	-	-	339,582
\$345,001 - \$370,000	2	326,862	-	-	25,745	6,607	-	-	359,214
	<b>167</b>	<b>1,665,618</b>	<b>-</b>	<b>51,214</b>	<b>166,693</b>	<b>34,975</b>	<b>-</b>	<b>14,030</b>	<b>1,932,533</b>

1 Individuals who form part of the Senior Leadership Team, including new hires and leavers during the year.

2 Base salary includes annual leave paid and reflects the adjustment for change in accrued annual leave. A market remuneration increase was applied in 2022-23 recognising increasing CPI and WPI figures the recommendation from the Remuneration Tribunal.

3 Includes fly in fly out, living away from home and home purchase/sale allowances to eligible employees.



## Other highly paid staff remuneration

The following table outlines the average remuneration earned and accrued by other highly paid staff in 2022-23.

**Table 6 – Other highly paid staff remuneration**

Total remuneration bands	Number of other highly paid staff <sup>1</sup>	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary <sup>2</sup>	Average bonuses	Average other benefits and allowances <sup>3</sup>	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
\$240,001 - \$245,000	41	207,797	-	2,612	27,658	4,963	-	-	243,030
\$245,001 - \$270,000	225	219,236	-	3,978	28,430	4,854	-	565	257,064
\$270,001 - \$295,000	163	241,694	-	5,021	29,042	4,990	-	1,366	282,173
\$295,001 - \$320,000	111	262,059	-	9,020	29,712	5,136	-	733	306,659
\$320,001 - \$345,000	57	288,306	-	7,693	30,604	4,994	-	-	331,598
\$345,001 - \$370,000	22	294,216	-	17,428	29,885	4,234	-	8,061	353,824
\$370,001 - \$395,000	14	334,807	--	9,309	32,368	5,718	-	-	382,202
\$395,001 - \$420,000	3	310,495	-	56,107	31,474	5,623	-	-	403,698
\$420,001 - \$445,000	6	385,295	-	14,774	30,928	2,047	-	-	433,044
\$445,001 - \$470,000	0	-	-	-	-	-	-	-	-
\$470,001 - \$495,000	3	412,736	-	30,919	30,162	5,955	-	-	479,772
\$495,001 - \$520,000	0	-	-	-	-	-	-	-	-
\$520,001 - \$545,000	1	487,035	-	6,384	28,780	5,187	-	0	527,385
\$545,001 - \$570,000	1	158,123	-	14,555	15,876	2,770	-	357,024	548,347
	<b>647</b>	<b>3,601,799</b>	<b>-</b>	<b>177,800</b>	<b>343,722</b>	<b>56,471</b>	<b>-</b>	<b>367,749</b>	<b>4,547,791</b>

- 1 Includes 621 staff employed under the Air Traffic Control and Supporting Air Traffic Services Enterprise Agreement, 2 staff employed under the Air Traffic Control Line Manager Enterprise Agreement and 3 staff employed under the Aviation Rescue Fire Fighting Enterprise Agreement, 6 staff employed under the Airservices Enterprise Agreement and 15 employed on individual contracts.
- 2 Base salary includes annual leave paid and reflects adjustment for change in accrued annual leave, early retirement benefit payments. Increases to base salary ranged from 2.7% to 4.9% dependent on the industrial instrument the staff member was employed under.
- 3 Includes fly in fly out, living away from home and home purchase/sale allowances to eligible employees.

# Appendix C: Compliance index

The annual report has been prepared in accordance with section 46 of the *Public, Governance, Performance and Accountability Act 2013* (PGPA) the Public, Governance, Performance and Accountability Rule 2014 and subsequent amendments, including the Public, Governance, Performance and Accountability Amendment (Annual Reporting) Rule 2019. These requirements were approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit on 4 April 2019.

PGPA rule reference	Part of report	Description	Requirement
<b>17BE</b>	<b>Contents of annual report</b>		
17BE(a)	Our role	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	Our role	A summary of the objects and functions of the entity asset out in legislation	Mandatory
17BE(b)(ii)	About us	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	Letter of Transmittal	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
17BE(d)	Ministerial Expectations	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	Ministerial Expectations	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(f)	Not applicable	Particulars of non-compliance with: a direction given to the entity by the Minister under an Act or instrument during the reporting period; or a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(g)	Annual Performance Statement	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	Mandatory
17BE(h), 17BE(i)	Not applicable	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory
17BE(j)	Our Board	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	Our Business Structure	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory
17BE(ka)	Our Equity and Diversity Approach	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: a. statistics on full-time employees; b. statistics on part-time employees; c. statistics on gender; d. statistics on staff location	Mandatory
17BE(l)	About us	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	Governance and Accountability	Information relating to the main corporate governance practices used by the entity during the reporting period	Mandatory

PGPA rule reference	Part of report	Description	Requirement
17BE(n), 17BE(o)	Transactions with Related Parties	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): <ul style="list-style-type: none"> <li>a. the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and</li> <li>b. the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions</li> </ul>	If applicable, mandatory
17BE(p)	COVID impacts reported throughout	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	If applicable, mandatory
17BE(q)	Not applicable	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	If applicable, mandatory
17BE(r)	Transparency Performance	Particulars of any reports on the entity given by: <ul style="list-style-type: none"> <li>a. the Auditor-General (other than a report under section 43 of the Act); or</li> <li>b. a Parliamentary Committee; or</li> <li>c. the Commonwealth Ombudsman; or</li> <li>d. the Office of the Australian Information Commissioner</li> </ul>	If applicable, mandatory
17BE(s)	Not applicable	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	If applicable, mandatory
17BE(t)	Directors' and Officers' Indemnities and Insurance	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	If applicable, mandatory
17BE(taa)	Board Committees	The following information about the audit committee for the entity: <ul style="list-style-type: none"> <li>a. a direct electronic address of the charter determining the functions of the audit committee;</li> <li>b. the name of each member of the audit committee;</li> <li>c. the qualifications, knowledge, skills or experience of each member of the audit committee;</li> <li>d. information about each member's attendance at meetings of the audit committee;</li> <li>e. the remuneration of each member of the audit committee</li> </ul>	Mandatory
17BE(ta)	Remuneration Report 2022-23	Information about executive remuneration	Mandatory

## Additional statutory requirements

Statutory reference	Part of report	Description
<i>Environment Protection and Biodiversity Conservation Act 1999 (section 516A)</i>	Environmental Management and Performance	Environmentally sustainable development and environmental performance
<i>Work Health and Safety Act 2011 (Schedule 2, Part 4)</i>	Our Work Health and Safety Performance	Work Health and Safety
<i>Equal Employment Opportunity Act (Commonwealth Authorities) Act 1987 (section 9)</i>	Our Equity and Diversity Approach	Equity and Diversity progress report
<i>Air Services Act 1995 (section 51)</i>	Not applicable	Adverse effect of non-commercial commitments
<i>Modern Slavery Act 2018</i>	Not applicable	Airservices reports on the risks of modern slavery in their operations and supply chains and actions to address those risks in our modern slavery statement
<i>Workplace Gender Equality Act 2012</i>	Our Equity and Diversity Approach	Airservices reports on workplace gender equality in this report and in our report to the Workplace Gender Equity Agency



Airservices Australia  
GPO Box 367  
Canberra City ACT 2601  
[airservicesaustralia.com](http://airservicesaustralia.com)