

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.