

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 2019 in respect of:

Aviation Rescue & Fire Fighting Services (ARFFS) potential contaminated site management

Airservices has identified a number of sites around the country that have been potentially contaminated with chemicals contained in certain firefighting foams. Airservices has been managing issues arising from the use of these firefighting foams, now known to have contained Per- and Poly- Fluorinated Alkyl Substances (PFAS), since it became aware of concerns about PFAS in the early 2000s. These foams were widely used around the world because of their superior performance and to meet regulatory requirements. Airservices and its predecessors used them from 1978 until 2010.

Significant investment has been made to enable site investigations, site specific management actions including research and development, and stakeholder engagement activities. The focus of the 2018-19 financial year has been to continue to progress site investigations to understand the extent of potential PFAS contamination due to Airservices operations; to conduct research and development activities to identify potential practicable solutions to manage existing contamination; and to continue working with Commonwealth and State/Territory agencies and regulators to consistently manage PFAS contamination at airports within Australia.

To facilitate this work and continued PFAS related activity, a sum of \$54.5m has been provided at 30 June 2019 (2018: \$56.2m).

As site investigations progress and jurisdictional requirements mature, further investigations and site specific management actions will be required to quantify and mitigate specific risks. Whilst uncertainty remains in relation to the regulatory environment, these actions may include implementation of containment and/or remediation strategies, and stakeholder communications and engagement activities.

Legal claims

A representative class action was commenced against Airservices by a former employee in the Federal Court of Australia, alleging underpayment of employment benefits, including redundancy payments, to managerial level employees. Airservices defended the claims. On 26 July 2019, the Federal Court found in favour of Airservices and the proceedings were dismissed. Following judgment there is a 28 day period during which the Applicant may lodge an appeal. If an appeal is not lodged, there is no further liability for Airservices in relation to this matter. Airservices is now considering whether it will seek costs in relation to the litigation.

Brisbane Airport Corporation (BAC) has commenced proceedings against Airservices in the Queensland Supreme Court seeking compensation for alleged Per- and Poly- Fluorinated Alkyl Substances (PFAS) contamination by Airservices at Brisbane Airport from the historical use of PFAS containing firefighting foams. Airservices disputes BAC's claim and has filed its defence. The matter is in its early stages, with discovery activities still underway, and Airservices is not in a position to quantify any potential liability at this stage.

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.