

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 5. Managing Uncertainties

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

### 5.1 CONTINGENT LIABILITIES

Airservices had contingent liabilities in respect of:

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

Airservices has identified a number of sites around the country that may have been contaminated with chemicals contained in certain fire fighting foams formerly used by Airservices. Airservices has been managing issues arising from the use of these fire fighting 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 approximately 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 2019-20 financial year has been to continue to progress site investigations to understand the extent of potential PFAS contamination due to Airservices past operations; to conduct research and development activities 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 consistently manage PFAS contamination at airports within Australia at which Airservices operates.

To facilitate this work and continued PFAS related activity, a sum of \$59.3m has been provided as at 30 June 2020 (2019: \$54.5m).

As site investigations progress and jurisdictional requirements mature, further investigations and site specific management actions may be required to mitigate specific risks. While uncertainty remains in relation to the regulatory environment, these actions may include implementation of containment strategies, stakeholder communications and engagement activities. These actions cannot be quantified at this time as the extent of any Airservices obligation is not known or otherwise cannot be estimated with sufficient reliability to be provisioned.

#### **Legal claims**

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 fire fighting foams containing PFAS. Airservices disputes BAC's claim and has filed its defence. The matter is in its early stages, 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.