

5. Managing uncertainties

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

5.1 Contingent liabilities

Airservices had contingent liabilities at 30 June 2024 in respect of:

Aviation rescue fire fighting (ARFF) potential contaminated site management

Airservices and its predecessor organisations, including the Civil Aviation Authority and the Commonwealth Department of Transport used fire fighting foams containing per- and poly- fluorinated alkyl substances (PFAS) for operational and training purposes as part of aviation rescue and fire fighting services.

PFAS, which are non-biodegradable and persistent in the environment, can bio-accumulate and may potentially be harmful to animals and human health. PFAS-containing foams were widely used around the world because of their superior performance. Airservices ceased using PFAS-containing fire fighting foams at civilian airports in 2010.

Airservices is committed to identifying practicable solutions to manage PFAS for which Airservices is responsible. Airservices has developed and is implementing a National PFAS Management Plan, which provides an overarching strategy and governance structure for Airservices to manage the environmental and associated risk in relation to PFAS.

Airservices also continues to work with the Commonwealth and other stakeholders to manage PFAS contamination at airports where we operate, noting that there are likely to have been other historic users of PFAS at these locations.

Significant investment continues to be made to enable site investigations, site specific management actions including research and development, and stakeholder engagement activities.

During the 2023-24 financial year, Airservices has continued to progress site investigations to understand the extent of PFAS contamination across Airservices' leased sites due to past operations by Airservices and those of our predecessor organisations. To facilitate this work and continued PFAS-related activity, a sum of \$88.3m has been provided as at 30 June 2024 (2023: \$129.0m) which includes legal fees.

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 reliably 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. However, they are likely to be significant and we continue to keep the Commonwealth informed on this issue.

Notes to and forming part of the financial statements

Legal claims

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

Australia Pacific Airports (Launceston) Pty Ltd (APAL) continues to pursue proceedings against Airservices in the Federal Court in Tasmania seeking orders relating to the requirements of lease terms dealing with the preparation of a PFAS Management Plan for the leased site. The proceedings do not include a claim for damages or other financial relief. Airservices has potential liability in respect of APAL's legal costs if APAL is successful in the proceedings. At this point in time, Airservices is not able to reliably quantify any such potential liability.

Perth Airport Pty Ltd (PAPL) continues to pursue proceedings against Airservices in the Federal Court in Western Australia seeking, amongst other things, compensation for alleged PFAS contamination by Airservices at Perth Airport. At this point in time, Airservices is not able to reliably 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.