

## STATEMENT 8: STATEMENT OF RISKS

A range of factors may influence the actual budget outcome in future years. The *Charter of Budget Honesty Act 1998* requires these factors to be disclosed in a statement of risks in each Budget and Mid-Year Economic and Fiscal Outlook. This statement outlines general fiscal risks, specific contingent liabilities and specific contingent assets that may affect the budget balances.

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The forward estimates of revenue and expenses in the 2015-16 Budget incorporate assumptions and judgments based on the best information available at the time of publication. A range of factors may influence the actual budget outcome in future years. The disclosure of these factors in this statement increases the transparency of the fiscal projections.

Events that could affect fiscal outcomes include:

- changes in economic and other parameters, particularly global economic developments;
- matters not included in the fiscal forecasts because of uncertainty about their timing, magnitude or likelihood; and
- the realisation of contingent liabilities or assets.

### RISKS TO THE BUDGET — OVERVIEW

The revenue and expense estimates and projections published in the 2015-16 Budget Papers are based on a range of economic and other parameters. If the economic outlook were to differ from that presented in the Budget, the revenue and expense estimates and projections would also change. The sensitivity of budget estimates to changes in economic assumptions is discussed in *Statement 7: Forecasting Performance and Scenario Analysis*.

To the extent that unanticipated changes in economic conditions occur, their impact will flow through to government expense and revenue forecasts. For example, over the past year weaker than expected growth in wages has been reflected in weaker forecasts for tax revenue and higher than expected social services payments.

In addition, revenue forecasting relies on the observed historical relationships between the economy, tax bases and tax revenues. Such relationships may shift as conditions change and present a further risk to the estimates. For example, losses incurred during the global financial crisis have posed particular challenges in estimating both the quantum and timing of loss utilisation. Revenue forecasts also incorporate costings for new policies which also typically have a margin of uncertainty.

The Budget is subject to a number of contingent liabilities. A large number of these contingent liabilities reflect indemnities, including those relating to the Department of Defence, the Defence Materiel Organisation, the Future Fund Management Agency and Future Fund Board of Guardians, and the Reserve Bank of Australia.

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The Australian Government has also issued a number of guarantees, such as those relating to guarantee schemes for the banking and financial sector, payments by the Export Finance and Insurance Corporation and the superannuation liabilities of the Commonwealth Bank prior to its sale to the private sector.

Other significant contingent liabilities relate to uncalled capital subscriptions and credit facilities to international financial institutions and legal cases concerning the Australian Government. The Government has robust and conservative strategies in place to reduce its potential exposure to these contingent liabilities.

There have been several changes to both the quantifiable and unquantifiable risks since the 2014-15 *Mid-Year Economic and Fiscal Outlook* (MYEFO). General revaluations of securities and deposits have led to certain risks such as the Guarantee of State and Territory Borrowings and the Financial Claims Scheme being modified. Two new risk items have also arisen since the MYEFO.

Contingent liabilities, contingent assets and other fiscal risks with a possible impact on the forward estimates greater than \$20 million in any one year, or \$50 million over the forward estimates period, are listed in this statement. Some financial information in the text may not add to totals due to rounding. Information on contingent liabilities and contingent assets is also provided in the Australian Government's annual consolidated financial statements and in the annual financial statements of departments and other Government entities.

Table 1 outlines how fiscal risks, assets and liabilities and contingent assets and liabilities are disclosed in the Budget.

**Table 1: Disclosure of fiscal risks, contingent assets and contingent liabilities, and assets and liabilities in the Budget Papers**

Category	Type <sup>(a)</sup>	Disclosure
Fiscal Risks	Fiscal Risks	Statement of Risks
Contingent assets and contingent liabilities	Significant contingent assets and liabilities considered remote	Statement of Risks
	Unquantifiable contingent assets and liabilities that are improbable but not remote	Statement of Risks
	Quantifiable contingent assets and liabilities that are improbable but not remote	Statement of Risks
	Contingent assets and liabilities excluded on the basis of immateriality <sup>(b)</sup>	None
Assets and liabilities	Assets and liabilities that are probable and can be reliably measured	Balance sheet <sup>(c)(d)</sup>
	Assets and liabilities that are probable but have an uncertain timing or amount (provisions)	Balance sheet

(a) Items that are described as probable have a 50 per cent or higher chance of occurrence.

(b) Only risks with a possible impact on the forward estimates greater than \$20 million in any one-year, or \$50 million over the forward estimates period, are considered material and disclosed in this Statement.

(c) Unearned income from charging guarantee fees is shown as a liability in the balance sheet.

(d) Additional disclosure to increase transparency on loans over \$200 million has been included in the Statement of Risks since the 2014-15 Budget.

## **ECONOMIC AND OTHER PARAMETERS**

Changes in economic parameters represent a risk to the estimates included in the Budget. The realisation of any of the domestic or internationally based risks discussed in Statement 2 could potentially affect the budget estimates. *Statement 7: Forecasting Performance and Scenario Analysis* examines the impact on receipts and payments of altering some of the key economic assumptions underlying the Budget estimates.

## **FISCAL RISKS**

Fiscal risks comprise general developments or specific events that may affect the fiscal outlook. Some developments or events raise the possibility of a fiscal impact. In other cases, the likelihood of a fiscal impact may be reasonably certain, but will not be included in the forward estimates because the timing or magnitude is not known. Specific fiscal risks to the budget and forward estimates are detailed below.

The estimates for the Department of Defence include the cost of major operations of the Australian Defence Force in 2015-16. Funding is considered on a year-by-year basis and the forward estimates do not provide for extensions of currently approved operations beyond 2015-16. This is consistent with past practice. Funding for Operations Accordion, Highroad, Okra, Manitou, and Resolute have been agreed to 30 June 2016. The Department of Defence will likely have additional funding requirements for major operations beyond 30 June 2016.

Since 19 July 2013, Australia has made up to A\$1 billion available to the Government of Indonesia in the form of a standby loan facility, to be drawn down should Indonesia be unable to raise sufficient funds at reasonable interest rates on global capital markets due to the impact of financial market volatility. Contributions to the standby loan facility have also been provided by the World Bank, the Asian Development Bank and the Government of Japan. Australia's contribution to the facility is available to Indonesia up to 30 June 2015. A drawdown from the facility will be dependent on a request from the Government of Indonesia and subject to certain criteria being met. Any funds provided will be repaid in full with interest.

The Australian Government has supported the Gold Coast's bid to host the 2018 Commonwealth Games through the provision of commitments in areas such as immigration, customs, work permits, taxation, security, protection of commercial rights, and communications and information technology. Not all costs associated with delivery of the commitments are available at this time.

The introduction of a 1500 gigalitre (GL) cap on Australian Government water buybacks comes with a potential, but currently unquantifiable, fiscal risk for the Government. If there is a substantial shortfall in sustainable diversion limit (SDL) adjustments from supply measures, then the cap on water buybacks will be reached and other potentially more expensive means of water recovery will need to be used to meet SDLs. It will not be possible to identify whether this risk will be realised, and

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what the financial implications are, until the SDL adjustment mechanism operates in 2016.

There are a significant number of measures which impact on the Budget aggregates that remain subject to the legislative process. If legislation is not passed by Parliament as proposed, this may affect the estimates and projections of the Budget.

### CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities and contingent assets of the Australian Government are listed below by portfolio. These contingent liabilities and assets are a specific category of fiscal risks. Broadly, they represent possible costs or gains to the Australian Government arising from past events or decisions which will be confirmed or otherwise by the outcome of future events that are not within the Government's control.

Contingencies reported in this statement include loan guarantees, non-loan guarantees, warranties, indemnities, uncalled capital and letters of comfort, together with those contingencies considered remote. These contingencies are in addition to the liabilities and assets already recognised in the consolidated financial statements of the Australian Government general government sector in Statement 9.

In general, information on contingent liabilities and assets is based on information provided by Australian Government departments and entities and is current to 31 March 2015. In some cases, other dates are used and those are noted in the relevant section.

**Table 2: Summary of contingent liabilities and contingent assets in the Statement of Risks since the 2014-15 Budget and the 2014-15 MYEFO<sup>(a)</sup>**

Significant but remote contingencies	Status	Category <sup>(b)(c)(d)</sup>
<b>Communications</b>		
NBN Co Limited — Equity Agreement	Modified	Guarantee
Telstra Financial Guarantee	Modified	Guarantee
Termination of the funding agreement with OPEL Network Pty Ltd	Modified	Other
<b>Defence</b>		
ADI Limited — Officers' and Directors' indemnities	Unchanged	Indemnity
Remote contingencies	Modified	Indemnity
Litigation cases	Modified	Other
<b>Employment</b>		
Job Services Australia — Employment Pathway Fund	Modified	Other
<b>Industry and Science</b>		
Liability for damages caused by space activities	Modified	Other
<b>Infrastructure and Regional Development</b>		
Maritime Industry Finance Company Limited — Board Members' Indemnity	Unchanged	Indemnity
Moorebank Intermodal Company Limited — Board Members' Indemnity	Modified	Indemnity
Tripartite deeds relating to the sale of federal leased airports	Modified	Other

**Table 2: Summary of contingent liabilities and contingent assets in the Statement of Risks since the 2014-15 Budget and the 2014-15 MYEFO<sup>(a)</sup> (continued)**

<b>Significant but remote contingencies (continued)</b>	<b>Status</b>	<b>Category<sup>(b)(c)(d)</sup></b>
<b>Treasury</b>		
Financial Claims Scheme	Modified	Guarantee
Guarantee of State and Territory borrowing	Modified	Guarantee
Guarantee Scheme for Large Deposits and Wholesale funding	Modified	Guarantee
Guarantees under the <i>Commonwealth Bank Sale Act 1995</i>	Modified	Guarantee
Reserve Bank of Australia — guarantee	Modified	Guarantee
<b>Contingent liabilities — unquantifiable</b>		
<b>Agriculture</b>		
Compensation claims arising from suspension of livestock exports to Indonesia	Unchanged	Other
Compensation claims arising from equine influenza outbreak	Unchanged	Other
Emergency pest and disease response arrangements	Unchanged	Other
<b>Attorney-General's</b>		
Native Title agreements — access to geospatial data	Unchanged	Indemnity
Australian Victims of Terrorism Overseas Payment	Modified	Other
Disaster Recovery	Modified	Other
Native Title costs	Unchanged	Other
<b>Communications</b>		
NBN Co Limited — Board Members' Insolvency Indemnity	Modified	Indemnity
<b>Defence</b>		
Cockatoo Island Dockyard	Unchanged	Indemnity
Land decontamination, site restoration and decommissioning of Defence assets	Unchanged	Other
Non-remote contingent liabilities	Unchanged	Other
<b>Finance</b>		
ASC Pty Ltd — Directors' indemnities	Modified	Indemnity
Commonwealth Superannuation Corporation — immunity and indemnity	Unchanged	Indemnity
Future Fund Management Agency and Future Fund Board of Guardians — indemnity	Modified	Indemnity
Googong Dam	Unchanged	Indemnity
Indemnities for the Reserve Bank of Australia and private sector banks	Unchanged	Indemnity
Indemnities relating to other former asset sales, privatisations and information technology outsourcing projects	Modified	Indemnity
Australian Government general insurance fund — Comcover	Unchanged	Other
Australian Government domestic property	Modified	Other
<b>Foreign Affairs and Trade</b>		
Export Finance and Insurance Corporation — board member and senior management indemnities	Unchanged	Indemnity
<b>Health</b>		
Australian Medical Association — Private Mental Health Alliance	Unchanged	Indemnity
Australian Red Cross Society — indemnities	Unchanged	Indemnity
Blood and blood products liability cover	Unchanged	Indemnity
CSL Ltd	Unchanged	Indemnity
Indemnities relating to vaccines	Unchanged	Indemnity
Medical Indemnity Exceptional Claims Scheme	Unchanged	Indemnity
New South Wales Health Administration Council — indemnity	Unchanged	Indemnity

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**Table 2: Summary of contingent liabilities and contingent assets in the Statement of Risks since the 2014-15 Budget and the 2014-15 MYEFO<sup>(a)</sup> (continued)**

<b>Contingent liabilities — unquantifiable (continued)</b>		
<b>Health (continued)</b>		
Tobacco plain packaging litigation	Unchanged	Other
Termination of Medicare Local Deed for Funding	Unchanged	Other
<b>Immigration and Border Protection</b>		
Northern Patrol and Response — Triton	Modified	Indemnity
Southern Ocean Maritime Patrol and Response Programme	Removed	Indemnity
Immigration detention services by state and territory governments — liability limit	Modified	Indemnity
Immigration detention services contract — liability limit	New	Indemnity
<b>Industry and Science</b>		
Australian Nuclear Science and Technology Organisation — indemnity	Unchanged	Indemnity
British atomic test site at Maralinga	Unchanged	Indemnity
Gorgon liquefied natural gas and carbon dioxide storage project — long-term liability	Modified	Indemnity
Snowy Hydro Limited — water releases	Unchanged	Indemnity
Liability for costs incurred in a national liquid fuel emergency	Unchanged	Other
<b>Infrastructure and Regional Development</b>		
Indemnity provided to the New South Wales Rural Fire Fighting Service in relation to the Jervis Bay Territory	Unchanged	Indemnity
Australian Maritime Safety Authority incident costs	Unchanged	Other
Service Delivery Arrangement Indemnities — Indian Ocean Territories	Modified	Indemnity
<b>Social Services</b>		
Business Services Wage Assessment Tool	Modified	Other
National Disability Insurance Scheme	Modified	Other
<b>Treasury</b>		
Terrorism insurance — commercial cover	Unchanged	Guarantee
<b>Contingent assets — unquantifiable</b>		
<b>Defence</b>		
Non-remote contingent assets	Unchanged	Other
<b>Health</b>		
Legal action seeking compensation from Sanofi	Unchanged	Other
Legal action seeking compensation from Wyeth	Unchanged	Other
<b>Industry and Science</b>		
Wireless Local Area Network	Unchanged	Other
<b>Contingent liabilities — quantifiable</b>		
<b>Defence</b>		
Claims against the Department of Defence	Unchanged	Other
<b>Employment</b>		
Indemnity provided to the Administrator and the Assistant Administrators of the Health Services Union	Modified	Indemnity
<b>Environment</b>		
Low Carbon Australia Limited — Board of Directors' and senior management indemnities	Unchanged	Indemnity



**Table 2: Summary of contingent liabilities and contingent assets in the Statement of Risks since the 2014-15 Budget and the 2014-15 MYEFO<sup>(a)</sup> (continued)**

<b>Contingent liabilities — quantifiable (continued)</b>		
<b>Foreign Affairs and Trade</b>		
Export Finance and Insurance Corporation	Modified	Guarantee
Australian Response to the outbreak of Ebola in West Africa	Modified	Indemnity
<b>Infrastructure and Regional Development</b>		
Commonwealth contribution to the East West Link project	New	Other
<b>Social Services</b>		
Accommodation Payment Guarantee Scheme	Modified	Guarantee
<b>Treasury</b>		
Australian Taxation Office — tax disputes	Modified	Other
International financial institutions — uncalled capital subscriptions	Modified	Other
International Monetary Fund	Modified	Other
<b>Contingent assets — quantifiable</b>		
<b>Defence</b>		
Claims against the Department of Defence	Unchanged	Other
<b>Foreign Affairs and Trade</b>		
Export Finance and Insurance Corporation	Removed	Other

(a) Detailed descriptions of these items are in the following text.

(b) Guarantees — a guarantee is where one party promises to be responsible for the debt or performance obligations of another party should that party default in some way.

(c) Indemnities — an indemnity is a legally binding promise whereby a party undertakes to accept the risk of loss or damage another party may suffer.

(d) Other — contingent liabilities and assets which are not guarantees or indemnities.

## **SIGNIFICANT BUT REMOTE CONTINGENCIES**

### **Communications**

#### **NBN Co Limited — Equity Agreement**

The Australian Government has entered into an Equity Funding Agreement with NBN Co Limited (NBN Co). The Agreement formalises the Australian Government's intention to provide equity to fund the roll-out of the National Broadband Network, with such funding being conditional on the annual appropriation processes. In addition, it commits the Australian Government, in the event of a termination of the National Broadband Network roll-out, to provide sufficient funds to NBN Co to meet its direct costs arising from that termination. Although the NBN Co Equity Funding Agreement will terminate in 2019, the Commonwealth's obligations to meet NBN Co's direct costs arising from termination of the roll-out will continue. As at 28 February 2015, NBN Co's termination liabilities were estimated at \$7.3 billion.

#### **Telstra Financial Guarantee**

The Australian Government has provided a guarantee to Telstra in respect of NBN Co's financial obligations to Telstra under the original Definitive Agreements. The Agreements were amended on 14 December 2014 and further agreements were

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entered into at that time, which will also be covered by the guarantee. The amendments and new agreements will not take effect until the conditions precedent within the agreements are satisfied, which is expected to occur in June 2015. The liabilities under the agreements between Telstra and NBN Co arise progressively during the roll-out of the multi-technology mix National Broadband Network as infrastructure is accessed and subscribers to Telstra's existing network are disconnected. As at 28 February 2015, NBN Co had generated liabilities covered by the guarantee estimated at \$3.7 billion. The guarantee will terminate when NBN Co achieves specified credit ratings for a period of two continuous years and either:

- the company is capitalised by the Commonwealth to the agreed amount; or
- the Communications Minister declares, under the *National Broadband Network Companies Act 2011*, that, in his or her opinion, the National Broadband Network should be treated as built and fully operational.

#### **Termination of the funding agreement with OPEL Network Pty Ltd**

Following the termination of its agreement with OPEL Network Pty Ltd (OPEL) under the Broadband Connect programme, the Australian Government made provision towards costs incurred by OPEL in producing its Implementation Plan. OPEL was wound up on 13 March 2009. Proceedings were commenced in the New South Wales Federal Court by the OPEL Liquidators and Optus on 5 September 2013 in respect of the termination of the funding agreement (including a claim relating to the costs for the preparation of the Implementation Plan). The court timetable for the trial hearing has not yet been determined.

#### **Defence**

##### **ADI Limited — Officers' and Directors' indemnities**

Under the sale agreements for ADI Limited, the Australian Government agreed to indemnify the Directors, officers and employees of ADI Limited for claims and legal costs associated with assistance related to the sale of the Australian Government's shares in the company. The Australian Government has provided an indemnity to ADI Limited for uninsured losses relating to specific heads of claims.

##### **Remote contingencies**

These significant remote contingent liabilities are restricted in nature and details are not given due to reasons of commercial in confidence and/or national security.

As at 31 March 2015, the Department of Defence carried 1,440 instances of quantifiable remote contingent liabilities valued at \$3.6 billion and 23 instances of unquantifiable remote contingent liabilities. In addition, Defence had three instances of quantifiable remote contingent assets valued at \$0.6 million and two instances of unquantifiable remote contingent assets.

As at 31 March 2015, the Defence Materiel Organisation carried 70 contingencies that are quantifiable, to the value of \$1.8 billion and 420 instances of contingencies (relating to Foreign Military Sales) that are unquantifiable and are considered remote. While these contingencies are considered remote, they have been reported for completeness.

### **Litigation cases**

The Department of Defence is involved in a wide range of litigation and other claims for compensation and/or damages that may result in litigation where the matters are not able to be finalised by use of negotiation. The litigation includes common law liability claims, including alleged injuries from workplace systems, practices, conduct and property damage. A number of claims have also been received for damage caused by the use of a Defence Practice Area. There is the potential for a number of claims to arise out of reviews into Australian Defence Force and Defence culture and from the disposal of assets to third parties where such assets contain hazardous materials or components that have the potential to cause injury.

### **Employment**

#### **Job Services Australia — Employment Pathway Fund**

The estimates for the Department of Employment Job Services Australia (JSA) programme include anticipated expenditure for the Employment Pathway Fund (EPF). The EPF provides a flexible pool of funding available to JSA providers to deliver assistance to job seekers to help them find and keep a job. Amounts are credited to the EPF based on a job seeker's assessed level of disadvantage. Experience with the EPF suggests that all credits will not be used during the life of the JSA contracts. The forward estimates do not include the value of residual credits from the EPF that are not expected to be spent during the current contract period. The EPF will cease on 30 June 2015 and will be replaced by the Employment Fund.

### **Industry and Science**

#### **Liability for damages caused by space activities**

Under the United Nations Convention on International Liability for Damage Caused by Space Objects, the Australian Government is liable to pay compensation for damage caused to nationals of other countries by space objects launched from, or by, Australia or Australian nationals. The Government requires the responsible party for a space activity approved under the *Space Activities Act 1998* (the Act) to insure against liability for damage to third parties for an amount not less than the maximum probable loss or a minimum amount of insurance determined by an insurance analyst, up to a maximum of \$750 million indexed for inflation. Under the Act, the Government also accepts liability for damage suffered by Australian nationals, to a maximum value of \$3 billion above the insured level.

## **Infrastructure and Regional Development**

### **Maritime Industry Finance Company Limited — Board Members' Indemnity**

Indemnities for Maritime Industry Finance Company Limited (MIFCO) board members were provided to protect them against civil claims relating to their employment and conduct as Directors. MIFCO was placed into voluntary liquidation on November 2006 and was deregistered on 24 April 2008. The indemnity is not time limited and continues even though the company has been liquidated. Until the indemnity agreements are varied or brought to an end, they will remain as contingent and unquantifiable liabilities.

### **Moorebank Intermodal Company Limited — Board Members' Indemnity**

The Australian Government has provided certain indemnities for the Directors and Officers of the Moorebank Intermodal Company Limited (MIC) to protect them against civil claims relating to their employment and conduct. The indemnities apply to the period of appointment as Directors or Officers of the company. Until the indemnity agreements are varied or brought to an end, they will remain as contingent and unquantifiable liabilities.

### **Tripartite deeds relating to the sale of federal leased airports**

The tripartite deeds between the Australian Government, the airport lessee company and financiers amend airport (head) leases to provide for limited step-in-rights for financiers in circumstances where the Australian Government terminates the head lease to enable the financiers to correct the circumstances that triggered such a termination event. The tripartite deeds may require the Australian Government to pay financiers compensation as a result of its termination of the (head) lease, once all Australian Government costs have been recovered. The Australian Government's contingent liabilities are considered to be unquantifiable and remote.

## **Treasury**

### **Financial Claims Scheme**

The Financial Claims Scheme provides depositors of authorised deposit-taking institutions (ADIs) and claimants of general insurers with timely access to their funds in the event of a financial institution failure.

Under the *Banking Act 1959* the scheme provides a mechanism for making payments to depositors under the Government's guarantee of deposits in ADIs. Payments are capped at \$250,000 per account holder per ADI. As at 31 December 2014, deposits eligible for coverage under the Financial Claims Scheme were estimated to be \$766 billion, increasing slightly from an estimated \$732 billion at 30 June 2014, reflecting overall deposit growth in the financial system.

Under the *Insurance Act 1973* the scheme provides a mechanism for making payments to eligible beneficiaries with a valid claim against a failed general insurer.

In the very unlikely event of an ADI or general insurer failure, any payments made under the Financial Claims Scheme would be recovered through the liquidation of the failed institution. If there was a shortfall in the amount recovered through the liquidation of the failed institution, a levy could be applied to the relevant industry to recover the difference between the amount expended and the amount recovered in the liquidation.

From 2016, subject to the Government's response to the Financial System Inquiry, any payment under the Financial Claims Scheme relating to ADIs would initially be met from the Financial Stability Fund announced in the 2013 Economic Statement. In this case, a levy could be applied to ADIs to recover the difference between the amount expended by the Government (excluding amounts drawn from the Financial Stability Fund) and the amount recovered in the liquidation.

The Australia Prudential Regulation Authority (APRA) is responsible for the Financial Claims Scheme. Under the Financial Claims Scheme, any payments to eligible depositors or claimants will be made out of APRA's Financial Claims Scheme Special Account. Under the legislation, initial amounts available to meet payments and administer the Financial Claims Scheme, in the event of activation are \$20.1 billion per institution.

### **Guarantee of State and Territory Borrowing**

The Australian Government announced on 25 March 2009 that a voluntary, temporary guarantee would be put in place over state and territory borrowing. The Guarantee of State and Territory Borrowing commenced on 24 July 2009 and closed on 31 December 2010.

Securities covered by the guarantee will continue to be guaranteed until these securities either mature or are bought back and extinguished by the issuer.

The expected liability under the guarantee is remote and unquantifiable. Australian Government expenditure would arise under the guarantee, only in the unlikely event that a state or territory failed to meet its obligations with respect to a commitment that was subject to the guarantee and the guarantee was called upon. In such a case, the Government would likely be able to recover any such expenditure through a claim on the relevant state or territory at a future date. The impact on the Government's budget would depend upon the extent of the default and the state or territory's ability to meet the Government's claim.

As at 31 March 2015, the face value of state and territory borrowings covered by the guarantee was \$12.3 billion, down from \$13.3 billion at 31 October 2014.

### **Guarantee Scheme for Large Deposits and Wholesale Funding**

The Australian Government announced the guarantee of eligible deposits and wholesale funding for authorised deposit-taking institutions (ADIs) from 12 October 2008 under the Guarantee Scheme for Large Deposits and Wholesale Funding.

On 7 February 2010, the then Government announced that the Guarantee Scheme would close to new liabilities on 31 March 2010. Since 31 March 2010, Australian ADIs have been prohibited from issuing any new guaranteed wholesale funding or accepting new guaranteed deposits above \$1 million. Existing guaranteed wholesale funding is guaranteed to maturity until October 2015. Depositors who covered their balances above \$1 million under the Guarantee Scheme can have those funds covered to maturity for term deposits up to five years, or until October 2015 for at call deposits.

Government expenditure would arise under the guarantee in the unlikely event that an institution failed to meet its obligations with respect to a commitment that was subject to the guarantee and the guarantee was called upon. In such a case, the Government would seek to recover any such expenditure through a claim on the relevant institution. The impact on the budget would depend on the extent of the institution's default and its ability to meet the Government's claim.

As at 27 March 2015, total liabilities covered by the Guarantee Scheme were estimated at \$1.4 billion, down from \$2.5 billion at 5 December 2014. The total liabilities are comprised entirely of \$1.4 billion of large deposits. All guaranteed short-term wholesale funding matured in March 2011 and all guaranteed long-term wholesale funding matured in March 2015.

As at 28 February 2015, institutions participating in the Guarantee Scheme had paid fees of \$4.5 billion since its inception.

### **Guarantees under the Commonwealth Bank Sale Act 1995**

Under the terms of the *Commonwealth Bank Sale Act 1995*, the Australian Government has guaranteed various superannuation and other liabilities: \$473.6 million is attributable to liabilities of the Commonwealth Bank of Australia, as at 31 December 2014; and \$4.4 billion is attributable to liabilities of the Commonwealth Bank Officers' Superannuation Corporation, as at 31 December 2014.

### **Reserve Bank of Australia — guarantee**

The Australian Government guarantees the liabilities of the Reserve Bank of Australia, measured as the Bank's total liabilities excluding capital, reserves, and Australian Government deposits. The major component of the Bank's liabilities is notes (that is, currency) on issue. Notes on issue amount to \$65.6 billion, as at 25 March 2015, and the total guarantee is \$101.9 billion (\$90.4 billion at the 2014-15 MYEFO).

## **CONTINGENT LIABILITIES — UNQUANTIFIABLE**

### **Agriculture**

#### **Compensation claims arising from suspension of livestock exports to Indonesia**

The Australian Government has received a statement of claim seeking compensation for alleged losses due to the temporary suspension of exports of live animals to Indonesia that was put in place on 7 June 2011.

#### **Compensation claims arising from equine influenza outbreak**

The Australian Government may become liable for compensation should it be found negligent in relation to the outbreak of equine influenza in 2007.

Proceedings have commenced in the Federal Court of Australia by Maurice Blackburn Lawyers with Attwood Marshall Lawyers who represent a closed class of 586 applicants claiming damages as a result of the 2007 equine influenza outbreak. No final quantum of damages sought can be calculated. The Department of Finance, which has responsibility for Comcover (the Australian Government's general insurance fund), has assumed responsibility for the potential claims under its insurance arrangements with the Department of Agriculture.

#### **Emergency pest and disease response arrangements**

National emergency response arrangements for animal, plant and environmental pest and disease outbreaks are largely funded through cost sharing agreements between Australian governments and, where relevant, agricultural industry bodies. Under the terms of the agreements, the Australian Government is typically liable for 50 per cent of total government funding to respond to a disease or pest outbreak. Limited funding is provided in the forward estimates for the Australian Government's contribution under emergency response agreements with states and territories. This funding is unlikely to be sufficient to meet the unquantifiable costs of a major outbreak or large scale emergency response exercise.

The Australian Government may be expected to contribute bilaterally in situations where an incursion is not covered by a cost sharing agreement or where the relevant industry body is not party to an agreement. The Australian Government may also provide financial assistance to an industry party by funding its initial share of the response. These contributions may subsequently be recovered from the industry over a period of up to 10-years, usually by a levy.

### **Attorney-General's**

#### **Native Title agreements — access to geospatial data**

The Australian Government has entered into agreements with state and territory government bodies and/or their agents to access their geospatial data, which is

#### *Statement 8: Statement of Risks*

essential to support the National Native Title Tribunal in achieving its outcomes. Under these agreements, the Australian Government provides indemnities against third-party claims arising from errors in the data.

#### **Australian Victims of Terrorism Overseas Payment**

The *Social Security Amendment (Supporting Australian Victims of Terrorism Overseas) Act 2012* inserted Part 2.24AA into the *Social Security Act 1991* to create a scheme for providing financial assistance to Australians who are victims of an overseas terrorist act that has been declared by the Prime Minister. The scheme commenced on 22 January 2013. Under the scheme, Australians harmed (primary victims) and Australians who are close family members of a person who dies as a direct result of a declared terrorist act (secondary victims) are eligible to claim one-off payments of up to \$75,000. As acts of terrorism are unpredictable, and the declaration of overseas terrorists acts discretionary, the cost of the scheme is unquantifiable.

#### **Disaster Recovery**

The Australian Government provides funding to states and territories through the Natural Disaster Relief and Recovery Arrangements (NDRRA) to assist with natural disaster relief and recovery costs. A state or territory may claim NDRRA funding if a natural disaster occurs and state or territory relief and recovery expenditure for that event meets the requirements set out in the NDRRA Determination. For major disasters, payments to individuals may be approved under the *Social Security Act 1991*. These include the Disaster Recovery Payment and Disaster Recovery Allowance. As natural disasters and their impacts are unpredictable, the cost of future disasters is unquantifiable and not included in the forward estimates.

Further, while current forward estimates for the programme are based on the best information available at the time of preparation, preliminary estimates of the cost of a disaster and the timing of expenditure are subject to change and the total cost of relief and recovery from these events may not be completely realised for some years. Estimates of all natural disasters are regularly reviewed and revised by the states and territories as new information becomes available, and this, or the occurrence of future natural disasters, can in turn significantly affect the estimated NDRRA liability and payments.

#### **Native Title costs**

The Commonwealth can assist state and territory governments in meeting certain Native Title costs pursuant to the *Native Title Act 1993* (the NTA), including compensation costs. A National Partnership Agreement was executed in 2010 between the Australian Government and Victoria, under which the Commonwealth provided a contribution towards the settlement of two native title claims. No other agreement has been entered into to date.

The Australian Government will also be liable for any compensation found to be payable under the NTA (and potentially also the Constitution) in respect of



compensable acts for which the Australian Government is responsible. The Australian Government's liability in both scenarios cannot be quantified owing to uncertainty about the number and effect of compensable acts and the value of Native Title affected by those acts.

## **Communications**

### **NBN Co Limited — Board Members' Insolvency Indemnity**

The Australian Government has provided each Director of NBN Co with an indemnity against liability as a result of the Government failing to meet its funding obligations to NBN Co. The liabilities covered by this indemnity would be no greater than those covered by the NBN Co Equity Agreement, with the exception of any legal expenses incurred by individual Directors arising from this indemnity. Directors are also indemnified in relation to claims arising out of their involvement in the negotiation and entry by NBN Co into the Financial Heads of Agreement with Telstra.

## **Defence**

### **Cockatoo Island Dockyard**

On 13 October 2001, Cockatoo Island Dockyard (CODOCK) commenced proceedings against the Australian Government (Defence) in the New South Wales (NSW) Supreme Court seeking full reimbursement from the Australian Government for personal injury claims costs incurred by CODOCK after 31 October 1995 in relation to asbestos exposure. Following decisions in the NSW Supreme Court on 17 December 2004 and 4 February 2005, and the NSW Court of Appeal on 23 November 2006, CODOCK was awarded a complete indemnity from the Australian Government for its uninsured exposure to asbestos damages claims, plus 7.5 per cent.

### **Land decontamination, site restoration and decommissioning of Defence assets**

The Department of Defence (Defence) has made a financial provision for the future estimates involved in land decontamination, site restoration and decommissioning of Defence assets where a legal or constructive obligation has arisen in relation to those underlying assets. For those decontamination, restoration and decommissioning activities for which there is no legal or constructive obligation, the potential costs have not been assessed and are unquantifiable. Where there is a possible legal or constructive obligation and potential costs are unquantifiable, these have been disclosed as a note to Defence's financial statements.

### **Non-remote contingent liabilities**

The Department of Defence has eight instances of unquantifiable non-remote contingent liabilities.

## **Finance**

### **ASC Pty Ltd — Directors' indemnities**

The Australian Government has provided former Directors of the then Australian Submarine Corporation Pty Ltd (now known as ASC Pty Ltd – ASC) with indemnities in relation to any claim against them as a result of complying with the ASC's obligations under the Process Agreement between the Electric Boat Corporation (EBC), the Australian Government and the ASC; for any claim against them as a result of complying with the ASC's obligations under the Service Level Agreement between the ASC, the Department of Defence, EBC and Electric Boat Australia; and for any claims and legal costs arising from the Directors acting in accordance with the Board's tasks and responsibilities, as defined under the indemnity.

### **Commonwealth Superannuation Corporation — immunity and indemnity**

The *Governance of Australian Government Superannuation Schemes Act 2011* (the Governance Act) provides for specific immunities for activities undertaken in good faith by Directors and delegates of the board of the Commonwealth Superannuation Corporation (CSC), provided these activities relate to the performance of their functions. These immunities do not prevent CSC from being subject to any action, liability, claim or demand. Under the Governance Act, other than in cases where the *Superannuation Industry (Supervision) Act 1993* or regulations under that Act do not so permit, any money that becomes payable by CSC in respect of an action, liability, claim or demand that relates to the superannuation schemes or funds for which it is responsible, is to be paid out of the relevant superannuation fund or if there is no fund, the Consolidated Revenue Fund (CRF). Amounts paid from a superannuation fund are reimbursed to the fund from the CRF.

### **Future Fund Management Agency and Future Fund Board of Guardians — indemnity**

The Australian Government has provided certain staff members of the Future Fund Management Agency (the Agency) and the members (Board members) of the Future Fund Board of Guardians (the FFBG) with deeds of indemnity. The indemnities are intended to cover liabilities in excess of the insurance cover (including Comcover) of the FFBG, its subsidiary entities and the Agency. Board members are indemnified for liabilities incurred arising out of an act, omission or breach of statutory duty by the Board or a Board member that relates to the performance of the FFBG's functions or the exercise of the FFBG's powers or that relates to any act, omission or breach of statutory duty by a Board member as a director or officer of a wholly owned Australian subsidiary of the FFBG. Certain Agency staff members are indemnified in connection with the performance of functions or the exercise of powers in their capacity as a director or officer of investee companies or subsidiaries of the FFBG. Subject to certain exceptions or qualifications, Board members and Agency staff members are indemnified for amounts up to the value of the relevant funds.

Board members are not indemnified in respect of any liability owed by them to the FFBG or its subsidiary, or which results from a contravention of a civil penalty provision of the *Future Fund Act 2006* or the *Corporations Act 2001*. Agency staff members are not indemnified to the extent they are indemnified by the relevant investee company or subsidiary, in respect of any liability owed to the FFBG or the Commonwealth, or to the extent that they are granted and receive financial assistance under Appendix E of the Legal Services Directions 2005. Both Board members and Agency staff members are not indemnified for any liability resulting from conduct they engage in other than in good faith, to the extent they recover a liability under a Directors and Officers insurance policy (including Comcover) or in respect of legal costs incurred by them in unsuccessfully defending or resisting criminal proceedings or proceedings regarding a contravention of a civil penalty provision.

### **Googong Dam**

On 4 September 2008, a 150 year lease for Googong Dam was signed between the Australian Government and the Australian Capital Territory (ACT) Government. The Australian Government is liable to pay just terms compensation if the terms of the lease are breached by introducing new legislation or changing the *Canberra Water Supply (Googong Dam) Act 1974* in a way that impacts on the rights of the ACT. The lease includes a requirement for the Australian Government to undertake rectification of easements or any defects in title in relation to Googong Dam, and remediation of any contamination it may have caused to the site. It also gives an indemnity in relation to acts or omissions by the Australian Government.

### **Indemnities for the Reserve Bank of Australia and private sector banks**

In accordance with Government entities' contracts for transactional banking services, the Australian Government has indemnified the Reserve Bank of Australia and contracted private sector banks against loss and damage arising from error or fraud by the entity, or transactions made by the bank with the authority of the entity.

### **Indemnities relating to other former asset sales, privatisations and information technology outsourcing projects**

Ongoing indemnities have been given in respect of a range of asset sales, privatisations and information technology (IT) outsourcing projects that have been conducted by the Department of Finance (Finance), and the former Office of Asset Sales and Commercial Support and its predecessors. The probability of an action being made under one of these indemnities diminishes over time. Details of indemnities in respect of the other asset sales and privatisations have been provided in previous Budget and MYEFO papers, and previous annual reports of Finance and the Office of Asset Sales and Commercial Support.

Indemnities (including the year they were raised) are still current for: ADI Ltd (1998), Australian Airlines (1991), Australian Industry Development Corporation (1996), Australian Multimedia Enterprise (1997), Australian National Rail Commission and National Rail Corporation Ltd (1997 and 2000), Australian River Co Ltd (1999),

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Australian Submarine Corporation Pty Ltd (2000), ComLand Ltd (2004), Bankstown Airport Limited (2002), Camden Airport Ltd (2002), Commonwealth Accommodation and Catering Services (1988), Commonwealth Bank of Australia (1993 to 1996), Commonwealth Funds Management and Total Risk Management (1996 to 1997), Employment National Ltd (2003), Essendon Airport Ltd (2001), Federal Airports Corporation's Airports (1995 to 1997), Housing Loans Insurance Corporation Ltd (1996), Health Insurance Commission (2000), Hoxton Park Airport Limited (2002), Medibank Private Limited (2014) – these indemnities cease after 30 June 2022, National Transmission Network (1999), Sydney Airports Corporation Ltd (2001), Telstra (1996, 1999 and 2006), Wool International (1999), and the Albury-Wodonga Development Corporation (2014). Apart from instances noted elsewhere, Finance does not currently expect any other action to be taken in respect of these indemnities.

#### **Australian Government general insurance fund — Comcover**

The Department of Finance (Finance) through Comcover, the Australian Government's general insurance fund, provides insurance and risk management services to the Australian Government general government sector. Finance's liability for outstanding claims, which includes the expected future cost of claims notified and claims incurred but not reported, is subject to inherent uncertainty in the estimation process.

#### **Australian Government domestic property**

The Australian Government's domestic property portfolio managed by the Department of Finance has approximately 190 properties. This has increased from 100 reported at the 2014-15 Mid-Year Economic and Fiscal Outlook due to the incorporation of the Albury-Wodonga Development Corporation into the Australian Government domestic property portfolio. A small number of these have had potential remediation issues identified, which are currently the subject of further investigation. Except for the properties at Lucas Heights, New South Wales; Kingston Foreshore, Australian Capital Territory; and Cox Peninsula, Northern Territory, none of the remaining properties with potential remediation issues has had a provision recognised, as neither the conditions for legal nor constructive obligations have been met, nor is a reliable estimate of the obligation currently possible.

#### **Foreign Affairs and Trade**

##### **Export Finance and Insurance Corporation — board member and senior management indemnities**

The Australian Government has provided indemnities to Export Finance and Insurance Corporation (EFIC) board members and senior management to protect against civil claims and legal expenses for unsuccessful criminal claims relating to the implementation of EFIC's alliance/divestment of its short-term export credit insurance business.

## **Health**

### **Australian Medical Association — Private Mental Health Alliance**

An agreement has been entered into between the Australian Medical Association Ltd (AMA), the Commonwealth, the Australian Private Hospitals Association Ltd and Private Healthcare Australia for participation in, and support of the Private Mental Health Alliance. Each party has agreed to indemnify each other in respect of any loss, liability, cost, claim or expense, misuse of confidential information, or breach of the *Privacy Act 1988* in respect of identified information collected, held or exchanged by the parties in connection with the National Model for the Collection and Analysis of a Minimum Data Set with Outcome Measures in Private, Hospital-based Psychiatric Services. The AMA's liability to indemnify the other parties will be reduced proportionally to the extent that any unlawful or negligent act or omission of the other parties or their employees or agents contributed to the loss or damage. The indemnity survives the expiration or termination of the agreement.

### **Australian Red Cross Society — indemnities**

Deeds of Agreement between the Australian Red Cross Society (the Red Cross) and the National Blood Authority in relation to the operation of the Australian Red Cross Blood Service and the development of principal manufacturing sites in Sydney and Melbourne include certain indemnities and a limitation of liability in favour of the Red Cross. These cover defined sets of potential business, product and employee risks and liabilities. The indemnities and limitation of liability only operate in the event of the expiry and non-renewal, or the earlier termination, of the Deed of Agreement relating to the operation of the Red Cross or the cessation of funding for the principal sites, and only within a certain scope. They are also subject to appropriate limitations and conditions including in relation to mitigation, contributory fault, and the process of handling relevant claims.

### **Blood and blood products liability cover**

A National Managed Fund (NMF) has been established between the Australian Government, the Australian Red Cross Blood Service (the Blood Service) and the state and territory governments which spreads the liability risks associated with the supply of blood and blood products by the Blood Service. The NMF provides for liabilities incurred by the Blood Service where other available mitigation or cover is not available. Under certain conditions, the Australian Government and the state and territory governments may jointly provide indemnity for the Blood Service through a cost sharing arrangement for claims, both current and potential, regarding personal injury and loss or damage suffered by a recipient of certain blood products. If there are insufficient funds in the NMF to cover claim costs, the Jurisdictional Blood Committee will consider a report provided by the National Funds Manager to determine the level of additional funds required. The Australian Government's share of any additional liability is limited to 63 per cent of any agreed net cost.

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### **CSL Ltd**

CSL Ltd (CSL) is indemnified against claims made by individuals who contract specified infections from specified products and against employees contracting asbestos-related injuries. CSL has unlimited cover for most events that occurred before the sale of CSL on 1 January 1994, but has more limited cover for a specified range of events that occurred during the operation of the Plasma Fractionation Agreement from 1 January 1994 to 31 December 2004. Where alternative cover was not arranged by CSL, the Australian Government may have a contingent liability.

The Australian Fractionation Agreement with CSL Behring (Australia) Ltd, a subsidiary of CSL Ltd, which has operated since 1 January 2010, includes a requirement that the National Blood Authority make a defined payment to CSL Behring (Australia) Ltd, in certain circumstances only, in the event that the volume of plasma supplied annually to CSL Behring (Australia) Ltd is less than a specified amount.

### **Indemnities relating to vaccines**

The Australian Government has provided an indemnity to the manufacturer of smallpox vaccine held by the Australian Government, covering possible adverse events that could result from the use of the vaccine in an emergency situation. Further, under certain conditions, certain indemnities have been provided to particular manufacturers of pandemic and pre-pandemic influenza vaccines for the supply or future supply of influenza vaccines (including H1N1 and H5N1).

### **Medical Indemnity Exceptional Claims Scheme**

In May 2003, the Australian Government announced that the Medical Indemnity Exceptional Claims Scheme was to assume liability for 100 per cent of any damages payable against a doctor that exceeds a specified level of cover provided by that doctor's medical indemnity insurer (currently \$20 million). These arrangements would apply to payouts either related to a single large claim or to multiple claims that in aggregate exceed the cover provided by the doctor's medical indemnity insurer, and would apply to claims notified under contracts-based cover since 1 January 2003.

### **New South Wales Health Administration Council — indemnity**

The National Health Funding Body (NHFB) provided an indemnity to the New South Wales government through the New South Wales Health Administration Council (NSW HAC), in relation to a state funding pool account with the Reserve Bank of Australia. The indemnity includes liabilities or claims arising in relation to the NHFB in two respects:

- (i) liabilities or claims arising from acts or omissions of NHFB staff as users of pool account information; and
- (ii) liabilities or claims arising from unauthorised access to the banking services or system from NHFB premises.

NSW HAC has provided a reciprocal indemnity for the actions of staff of the NHFB to the Reserve Bank of Australia.

**Tobacco plain packaging litigation**

The Australian Government will continue to fund the defence of legal challenges to the tobacco plain packaging legislation in international forums. Further information about these cases has not been disclosed on the grounds that it may prejudice the outcomes of these cases or may relate to commercial information.

**Termination of Medicare Local Deed for Funding**

The Government intends to refocus primary care funding by replacing Medicare Locals with Primary Health Networks from 1 July 2015. Due to the early termination of the Medicare Local Deed for Funding, the Commonwealth may be liable for the payment of reasonable costs incurred by the Medicare Locals which are directly attributable to the termination.

**Immigration and Border Protection**

**Northern Maritime Patrol and Response — Triton**

The Australian Government has entered into a contractual arrangement with Gardline Australia Pty Ltd until 30 June 2015 for the provision of a vessel to strengthen enforcement activities in Australia's northern waters. The contract with Gardline Australia contains unquantifiable indemnities relating to the use, or other operations, of armaments and the presence of armaments on the vessel. It also contains unquantifiable indemnities relating to damage to any property or injury to any person caused by the apprehended or escorted persons or their vessel.

**Immigration detention services by state and territory governments — liability limit**

The Department of Immigration and Border Protection (DIBP) has negotiated arrangements with a number of state and territory governments for the provision of various services (including health, education, corrections and policing services) to immigration detention facilities and people in immigration detention. Some jurisdictions sought indemnification by the Australian Government for the provision of those services. These agreements, as listed below, contain unquantifiable indemnities relating to any damage or loss incurred by state and territory governments arising out of, or incidental to, the provision of services under the proposed agreements.

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Jurisdictions	Service Streams			
	Health	Education <sup>(a)</sup>	Corrections	Police
NSW	N/A	\$5 million per claim or event	Uncapped liability	\$5 million per claim or event
Vic/WA	Uncapped liability	Uncapped liability	N/A	\$5 million per claim or event
Qld/Tas/ACT/NT	N/A	\$5 million per claim or event	N/A	\$5 million per claim or event
SA	\$5 million per claim or event	\$5 million per claim or event	N/A	\$5 million per claim or event

(a) To date, none of the agreements in place relating to education have included any such indemnities.

### Immigration detention services contract — liability limit

The Department of Immigration and Border Protection (DIBP) entered into a contract with Serco Australia Pty Ltd (Serco), which commenced on 11 December 2014, to deliver immigration detention services in Australia on behalf of the Australian Government at immigration detention facilities. The contract terms limits Serco's liability to DIBP to a maximum of any insurance proceeds recovered by Serco up to a value of \$330 million. Serco's liability is unlimited for specific events defined under the contract.

## Industry and Science

### Australian Nuclear Science and Technology Organisation — indemnity

The Australian Government has indemnified the Australian Nuclear Science and Technology Organisation and its officers from any liability that might be incurred from the conduct of activities authorised under the *Australian Nuclear Science and Technology Organisation Act 1987*. This indemnity is in addition to commercial insurance cover obtained from the Comcover Insurance Pool and other insurers.

### British atomic test site at Maralinga

The Australian Government is responsible for 14 unlimited indemnities relating to the Maralinga Rehabilitation Project (1995-2000). In November 2009, the Australian Government agreed to the handback of the former nuclear test site – Maralinga section 400 – to the site's Traditional Owners, Maralinga Tjarutja. Under the terms of the *Maralinga Nuclear Test Site Handback Deed*, the Australian Government has indemnified the Maralinga Tjarutja people and the South Australian Government in respect of claims arising from test site contamination.

### Gorgon liquefied natural gas and carbon dioxide storage project — long-term liability

The Australian and Western Australian Governments have agreed to provide an indemnity to the Gorgon Joint Venture Partners (GJV) to indemnify the GJV against independent third-party claims (relating to stored carbon dioxide) under common law following closure of the carbon dioxide sequestration project, and subject to conditions equivalent to those set out in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.



The Western Australian Government will indemnify the GJV, and that the Australian Government will indemnify the Western Australian Government for 80 per cent of any amount determined to be payable under that indemnity. The formal agreement between the Australian and Western Australian Governments in relation to the indemnity was signed by the Prime Minister and the Premier of Western Australia on 13 February 2015.

### **Snowy Hydro Limited — water releases**

The Australian, New South Wales and Victorian Governments have indemnified Snowy Hydro Limited for liabilities arising from water releases in the Snowy River below Jindabyne Dam, where these releases are in accordance with the water licence and related regulatory arrangements agreed between the three governments. The indemnity applies to liabilities for which a claim is notified within 20 years from 28 June 2002.

### **Liability for costs incurred in a national liquid fuel emergency**

The Australian Government has responsibility for the *Liquid Fuel Emergency Act 1984* (the Act). In addition, the Australian Government and state and territory governments have entered into an inter-governmental agreement in relation to a national liquid fuel emergency (IGA 2006). Under the IGA, the Australian Government agrees to consult IGA parties on a likely shortage and, if necessary after those consultations, to advise the Governor-General to declare a national emergency under the Act.

The IGA also contains three areas where the Australian Government may incur expenses in the unlikely event of a national liquid fuel emergency. These relate to the direct costs of managing a liquid fuel emergency and include the possibility of the Australian Government reimbursing the state and territory governments for costs arising from their responses, and potential compensation for industry arising from Australian Government directions under the Act.

## **Infrastructure and Regional Development**

### **Indemnity provided to the New South Wales Rural Fire Fighting Service in relation to the Jervis Bay Territory**

The Department of Infrastructure and Regional Development is required to engage the New South Wales Rural Fire Service (NSW RFS) to provide fire management support for the volunteer brigade located in the Jervis Bay Territory (JBT). To provide this service, the NSW RFS requires the Australian Government to provide an uncapped indemnity whereby the Australian Government would be liable for any damage caused as a result of the actions of the NSW RFS in the JBT while fighting a fire. The likelihood of an event occurring that may result in a liability for the Australian Government has been assessed as very remote and the risks are currently mitigated through the training and professional qualifications of the NSW RFS staff.

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### **Australian Maritime Safety Authority incident costs**

In the normal course of operations, the Australian Maritime Safety Authority is responsible for the provision of funds necessary to meet the clean-up costs arising from ship-sourced marine pollution and, in all circumstances, is responsible for making appropriate efforts to recover the costs of any such incidents. The Australian Government meets costs that cannot be recovered from such incidents. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these incident costs. The Australian Maritime Safety Authority has established a pollution response reserve of \$10 million supported by a commercial line of credit of \$40 million to provide funding should the overall clean-up costs exceed the liability limit of the ship owner.

### **Service Delivery Arrangement Indemnities — Indian Ocean Territories**

A range of services are delivered to the Indian Ocean Territories through arrangements that are in place with the Western Australian (WA) Government (referred to as Service Delivery Arrangements or SDAs). There are 40 WA government agencies delivering services to the Indian Ocean Territories.

The Australian Government has provided certain indemnities for the WA Government, their respective officers, agents, contractors and employees against civil claims relating to their employment and conduct as officers.

The likelihood of an event occurring that may result in a liability for the Australian Government has been assessed as remote and the risks are currently mitigated through the training and professional qualifications of the staff of these agencies.

## **Social Services**

### **Business Services Wage Assessment Tool**

The Australian Government may potentially become liable for a significant range of costs following the Full Federal Court ruling (21 December 2012) that the use of the Business Services Wage Assessment Tool to assess the wages of two intellectually disabled employees constituted unlawful discrimination under the *Disability Discrimination Act 1992*.

The Australian Government's potential liability cannot be quantified at this time. A representative proceeding against the Commonwealth continues in the Federal Court.

### **National Disability Insurance Scheme**

In bilateral negotiations, the Australian Government has committed to provide temporary, untied financial assistance to some jurisdictions that expect to have their GST entitlements adversely affected during the transition to the National Disability Insurance Scheme (NDIS).

Under this commitment, the expected liability will depend on a range of factors including when all jurisdictions reach full scheme and any impact resulting from the Commonwealth Grants Commission's 2015 Methodology Review. The Review considered the most appropriate treatment of disability services for GST distribution purposes, both during the transition to the NDIS and once the full scheme is operating nationally. Any impact on the Australian Government is not expected to occur before 2016-17.

## **Treasury**

### **Terrorism insurance — commercial cover**

The *Terrorism Insurance Act 2003* established a scheme for terrorism insurance covering damage to commercial property, including associated business interruption and public liability. The Australian Reinsurance Pool Corporation (ARPC) uses reinsurance premiums paid by insurers to meet its administrative expenses and to maintain a fund and purchase reinsurance to help meet future claims. The Australian Government guarantees to pay any liabilities of the ARPC, but the Treasurer must declare a reduced payout rate to insured entities if the Government's liability would otherwise exceed \$10 billion.

## **CONTINGENT ASSETS — UNQUANTIFIABLE**

### **Defence**

#### **Non-remote contingent assets**

The Department of Defence has 11 instances of unquantifiable non-remote contingent assets.

### **Health**

#### **Legal action seeking compensation from Sanofi**

The Department of Health has initiated legal action to seek compensation from Sanofi, the original patent owner of clopidogrel (Plavix®), for additional costs to the Pharmaceutical Benefits Scheme (PBS) resulting from a delay in listing a generic version of clopidogrel. Listing a generic form of clopidogrel on the Australian market in 2008 would have triggered an automatic reduction to the price paid by the Government for clopidogrel through the PBS and is likely to have resulted in a Price Disclosure reduction in 2010. The first generic version of this medicine was listed in 2010 and the first Price Disclosure reduction occurred in 2012.

#### **Legal action seeking compensation from Wyeth**

The Department of Health has initiated legal action to seek compensation from Wyeth, the original patent owner of venlafaxine (Efexor®), for additional costs to the Pharmaceutical Benefits Scheme (PBS) resulting from a delay in listing a generic version of venlafaxine. Listing a generic form of venlafaxine on the Australian market

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in 2009 would have triggered an automatic reduction to the price paid by the Government for venlafaxine through the PBS. The first generic version of this medicine was listed in 2012.

### **Industry and Science**

#### **Wireless Local Area Network**

The Commonwealth Scientific and Industrial Research Organisation (CSIRO) has ongoing patent infringement proceedings in the United States of America and Europe against multiple defendants. The patents cover CSIRO's invention of a wireless local area network. CSIRO expects to receive additional revenue which would exceed the associated legal costs.

### **CONTINGENT LIABILITIES — QUANTIFIABLE**

#### **Defence**

##### **Claims against the Department of Defence**

The Department of Defence (Defence) has 16 instances of non-remote, quantifiable contingent liabilities in respect of claims on Defence valued at \$39 million. The estimated figure is determined by conducting an objective analysis of the probable amount payable for all matters managed by the members of Defence's Legal Services Panel and those being handled in-house by Defence Legal Division. However, the exact amount payable under those claims is uncertain. Defence is defending the claims or is trying to resolve them by recourse to alternative dispute resolution measures.

#### **Employment**

##### **Indemnity provided to the Administrator and the Assistant Administrators of the Health Services Union**

The Australian Government continues to provide the Administrator and the Assistant Administrators of the Health Services Union with indemnities associated with their performance, pursuant to section 323 of the *Fair Work (Registered Organisations) Act 2009 (Cth)*.

The Commonwealth will irrevocably indemnify the indemnified parties against any and all demands, claims, suits, actions, liabilities, losses, costs and expenses which may be made or brought against or suffered or incurred by the indemnified parties in respect of the indemnified event or as a direct or indirect result of any claim made or purported to be made in respect of the indemnified event as evidenced in writing up to \$20 million.

There are three indemnities, each of which is to the value of \$20 million.

## **Environment**

### **Low Carbon Australia Limited — Board of Directors' and senior management indemnities**

The Australian Government has provided indemnities to directors and company officers of Low Carbon Australia Limited (LCAL). A total of seven indemnity deeds have been executed. Each indemnity covers liability incurred by a director or officer arising from the implementation of the merger of LCAL with the Clean Energy Finance Corporation. An aggregate cap of \$100 million to cover all claims has been established, and the indemnities will operate for seven years from execution.

## **Foreign Affairs and Trade**

### **Export Finance and Insurance Corporation**

The Australian Government guarantees the due payment of money that is, or may at any time become, payable by the Export Finance and Insurance Corporation (EFIC) to anybody other than the Government. The Government also has in place a \$200 million callable capital facility available to EFIC on request to cover liabilities, losses and claims. As at 31 March 2015, the Government's total contingent liability was \$3.8 billion, representing a decrease of \$1.5 billion from that reported at the 2014-15 Mid-Year Economic and Fiscal Outlook. The \$3.8 billion contingent liability comprises EFIC's liabilities to third parties (\$2.7 billion) and EFIC's overseas investment insurance, contracts of insurance and guarantees (\$1.1 billion). Of the total contingent liability, \$3.1 billion relates to EFIC's Commercial Account and \$0.7 billion relates to the National Interest Account.

### **Australian Response to the outbreak of Ebola in West Africa**

The Department of Foreign Affairs and Trade has provided an indemnity capped at \$50 million to Aspen Medical for the operation of a 100-bed medical treatment centre in Sierra Leone, as part of Australia's response to the recent outbreak of Ebola Virus Disease in West Africa. The indemnity is for all liabilities suffered or incurred by Aspen Medical in respect of a claim made by a third party (other than an Aspen employee) against Aspen arising out of the transmission of Ebola by an Aspen employee who has contracted Ebola while engaged in the provision of treatment services. The Ebola Treatment Centre closed on 30 April 2015 and the contract with Aspen will conclude on 31 May 2015.

## **Infrastructure and Regional Development**

### **Commonwealth contribution to the East West Link project**

The Commonwealth Government remains committed to the construction of East West Link, despite the decision of the Victorian Government not to proceed with the project.

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To this end, the Commonwealth Government will provide \$3 billion to the first Victorian Government willing to build the East West Link and is therefore recording this commitment as a contingent liability in the Budget.

### **Social Services**

#### **Accommodation Payment Guarantee Scheme**

The Accommodation Payment Guarantee Scheme (the Guarantee Scheme) guarantees the repayment of aged care residents' accommodation bond, entry contribution balances and, from 1 July 2014, refundable accommodation deposits and contributions if the approved provider becomes insolvent or bankrupt and defaults on its refund obligations. In return for the payment, the rights that the resident had to recover the amount from their approved provider are transferred to the Australian Government so it can pursue the approved provider for the funds. In cases where the funds are unable to be recovered, the Australian Government may levy all approved providers holding bonds, entry contributions and refundable accommodation deposits to meet any shortfall. On 30 June 2014, the maximum contingent liability, in the unlikely event that all providers defaulted, was approximately \$15.6 billion.

### **Treasury**

#### **Australian Taxation Office — tax disputes**

At any point in time the Australian Taxation Office is involved in a range of dispute resolution processes, including litigation, relating to tax disputes.

Details of the outcome of dispute resolution processes are uncertain until a court ruling is made and/or an agreement is reached with the taxpayer. As a result, in most cases it is not possible to estimate with any reliability the likely financial impact of current disputes. The estimated aggregate value of tax in dispute as at 31 March 2015, for which a provision has not been made, is \$4.9 billion.

Outcomes of dispute resolution processes are included in the Commissioner of Taxation's Annual Report each year. This may include disputes resolved through objections, settlements and court and tribunal decisions. It may also include amounts owed by taxpayers that are subject to dispute but not finalised.

#### **International financial institutions — uncalled capital subscriptions**

The Australian Government has held an uncalled capital subscription in the International Bank for Reconstruction and Development (IBRD) since 1947. The Government is contributing additional resources to the IBRD as part of the general capital increase agreed in 2010. As part of this process, Australia will increase its uncalled capital subscription so that it totals US\$3.6 billion (estimated value A\$4.7 billion as at 31 March 2015).

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The Australian Government has also held an uncalled capital subscription in the European Bank for Reconstruction and Development (EBRD) since 1991. Australia's uncalled capital subscription to the EBRD totals EUR237.5 million (estimated value A\$336 million as at 31 March 2015).

The Australian Government has further held an uncalled capital subscription in the Asian Development Bank (ADB) since 1966. Australia increased its uncalled capital subscription (effective 11 January 2010) to the ADB as part of its 2010 general capital increase, so that it totals US\$7 billion (estimated value A\$9.2 billion as at 31 March 2015).

The Australian Government has further held an uncalled capital subscription in the Multilateral Investment Guarantee Agency of US\$26.5 million (estimated value A\$34.7 million as at 31 March 2015).

None of these international financial institutions have ever drawn on Australia's uncalled capital subscriptions.

#### **International Monetary Fund**

Australia has made a line of credit available to the International Monetary Fund (IMF) under its New Arrangements to Borrow (NAB) since 1998. The value of Australia's NAB credit arrangement is Special Drawing Rights (SDR, the IMF's unit of account) 4.4 billion (estimated value A\$7.9 billion at 31 March 2015). This is a contingent loan to help ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. As agreed by G20 Finance Ministers and IMF Governors in 2010, the credit arrangements of all NAB participants, including Australia, will be reduced when a proposed increase in IMF quotas comes into effect. The quota increase has not yet occurred, due to a delay in implementing the above agreement by the United States.

In addition to the NAB credit line, as part of a broad international effort to increase the resources available to the IMF, Australia has made available a SDR4.6 billion, (approximately A\$8.4 billion at 31 March 2015) contingent bilateral loan to the IMF. The contingent loan is on terms consistent with separate bilateral loan and note purchase agreements between the IMF and all contributing countries. It will be drawn upon by the IMF only if needed to supplement the IMF's quota and NAB resources and any loans would be repaid in full with interest. The increase in the IMF's resources will help ensure that it has the capability to address any potential vulnerability facing the global economy.

## **CONTINGENT ASSETS — QUANTIFIABLE**

### **Defence**

#### **Claims against the Department of Defence**

The Department of Defence has 12 instances of non-remote, quantifiable contingent assets in respect of claims on the Department valued at \$3.8 million. Defence is expecting to succeed in its claims. The estimated figure is determined by conducting an objective analysis of the probable amounts owing to Defence.

## **GOVERNMENT LOANS**

Loans are recorded as financial assets and accordingly the amounts advanced and repaid do not normally affect the budget aggregates of fiscal balance and underlying cash balance. Loans that are concessional (lower than market interest rate) or are agreed to be written off may result in an impact on fiscal balance in some circumstances.

The Government makes loans for policy purposes. All loans contain some element of credit risk that they will not be repaid in full, although in many cases this risk is small. Table 3 summarises Government loans estimated to exceed \$200 million at 30 June 2015.



**Table 3: Summary of Australian Government loans exceeding \$200 million**<sup>(a)(b)(c)</sup>

Agency	Loan amount <sup>(d)</sup> (\$m)	Borrower	Interest rate	Term	Status
<b>Department of Education and Training</b>					
Higher Education Loan Programme	30,220	Eligible tertiary education students	Consumer Price Index (CPI)	8.5 years*	Modified
<b>Australian Office of Financial Management</b>					
Commonwealth-State financing arrangements — Housing and Specific Purpose Capital	2,025	State and Northern Territory governments	3.5-6 per cent	Up to 30 June 2042	Modified
<b>Clean Energy Finance Corporation</b>					
Clean Energy Finance Corporation	955	Eligible entities undertaking clean energy technology projects	6 per cent	5-10 years	Modified
<b>Department of the Treasury</b>					
International Monetary Fund New Arrangements to Borrow	804	International Monetary Fund	0.05 per cent at 31 March 2015	10 years	Modified
<b>Department of Infrastructure and Regional Development</b>					
Concessional Loan for Asbestos removal in the ACT — Mr Fluffy loose fill asbestos remediation	750	Australian Capital Territory Government	Commonwealth Government 10-year bond rate	Up to 30 June 2024	Modified
<b>Indigenous Business Australia</b>					
Indigenous Home Ownership	640	Eligible Indigenous persons	4.8 per cent*	29.2 years*	Modified
<b>Department of Social Services</b>					
Student Financial Supplement Scheme	553	Eligible recipients of Youth Allowance (student), Austudy and ABSTUDY	CPI	Various	Modified

**Table 3: Summary of Australian Government loans exceeding \$200 million<sup>(a)(b)(c)</sup> (continued)**

Agency	Loan amount <sup>(d)</sup> (\$m)	Borrower	Interest rate	Term	Status
<b>Indigenous Business Australia</b>					
Indigenous Home Ownership	640	Eligible Indigenous persons	4.8 per cent*	29.2 years*	Modified
<b>Department of Social Services</b>					
Student Financial Supplement Scheme	553	Eligible recipients of Youth Allowance (student), Austudy and ABSTUDY	CPI	Various	Modified
<b>Export Finance and Insurance Corporation</b>					
Development Import Finance Facility	331	The Republic of Indonesia acting through its Ministry of Finance	Various	Various	Modified
Papua New Guinea Liquefied Natural Gas	328	Entities associated with the Papua New Guinea Liquefied Natural Gas project	Commercial-In-Confidence	Until 2026	Modified
<b>Department of Agriculture</b>					
Farm Finance Concessional Loans	324	State governments	4.5 per cent	5 years	Modified
<b>Indigenous Land Corporation</b>					
Voyages Indigenous Tourism Australia Pty Ltd	319	Voyages Indigenous Tourism Australia Pty Ltd	90 Day bank bill swap reference rate + 5 per cent	9 years, 11 months	Modified
<b>Department of Social Services</b>					
Zero Real Interest Loans	291	Residential aged care providers building or extending residential aged care facilities in areas of high need	CPI	12-22 years	Modified

**Table 3: Summary of Australian Government loans exceeding \$200 million<sup>(a)(b)(c)</sup> (continued)**

Agency	Loan amount <sup>(d)</sup> (\$m)	Borrower	Interest rate	Term	Status
<b>Department of Agriculture</b>					
Drought Concessional Loans	270	State governments	3.8 per cent	5 years	Modified

\* Average

(a) The Government has decided to provide a concessional loan of up to \$2 billion to accelerate the delivery of the WestConnex Stage 2 project in Sydney. The loan would first be available for drawdown on 1 July 2015.

(b) The Government will establish a concessional loan facility of up to \$5 billion, with the objective of increasing private sector investment in infrastructure in northern Australia. The loan will first be available for drawdown on 1 July 2016. Further details are provided in Budget Paper No. 2, *Budget Measures 2015-16*.

(c) Loan amount is the estimated loan programme amounts outstanding as at 30 June 2015 in \$ million.

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### **Higher Education Loan Programme**

The Higher Education Loan Programme (HELP) is an income contingent loan programme that assists eligible tertiary education students with the cost of their fees and overseas study expenses. As at 30 June 2015, the fair value of loans outstanding is estimated to be \$30.2 billion. The fair value takes into account the concessionality of HELP loans and makes an allowance for debt not expected to be repaid.

Debts are indexed annually by the Consumer Price Index. The repayment term depends on individual circumstances including the amount borrowed and each debtor's income. There were 1,997,973 HELP debtors as at 30 June 2014. The term of a HELP loan can only be determined for people who have fully repaid their debt. As at the end of June 2014, the average duration of HELP loans was 8.5 years.

### **Commonwealth-State financing arrangements — Housing and Specific Purpose Capital**

From 1945 to 1989, the Australian Government made concessional advances to the State and Northern Territory Governments under Commonwealth-State financing arrangements for housing and for specific purpose capital. The advances are concessional fixed rate loans to be repaid over 53 years, with the last loans maturing in 2042. Annual payments, comprising both interest and principal repayment, are made by the states and the Northern Territory. As at 30 June 2015, the estimated amortised value of the advances is \$2 billion.

The Australian Office of Financial Management manages the receipt of interest and principal repayments from the State and Northern Territory Governments.

### **Clean Energy Finance Corporation**

The Clean Energy Finance Corporation (CEFC) has developed a portfolio of loans and investments across the spectrum of clean energy technologies that, in aggregate, has an acceptable but not excessive level of risk relative to the sector, as required under the Clean Energy Finance Corporation Investment Mandate Directions 2015 (Investment Mandate). As at 30 June 2015, loans contracted and outstanding are estimated to total \$955 million.

The CEFC's portfolio consists of predominantly senior ranking, secured loans, and secured project finance facilities, typically secured against energy generating assets such as wind or solar farms or biogas facilities or other assets such as building or council rates.

The Government has announced its intention to abolish the CEFC. Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth is currently before Parliament.

The CEFC has predominantly made loans as a co-financier either jointly or in consortiums with private sector financial institutions. Interest rates vary with an

average expected return of approximately 6 per cent. Loans have various maturity dates, typically in the range of 5-10 years.

### **International Monetary Fund New Arrangements to Borrow**

Australia has made a line of credit available to the International Monetary Fund (IMF) under its New Arrangements to Borrow (NAB) since 1998. In line with G20 Leaders' commitments, Australia has joined with other countries to increase its credit line under an expanded NAB. The NAB is a contingent loan to help ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. The funds are drawn upon by the IMF as needed to supplement the IMF's usual quota resources and will be repaid in full with interest. As at 30 June 2015, loans outstanding are expected to total \$804 million.

The value of Australia's NAB credit arrangement is Special Drawing Rights (SDR, the IMF's unit of account) 4.4 billion (estimated value A\$7.9 billion at 31 March 2015).

### **Concessional Loan for Asbestos removal in the ACT — Mr Fluffy loose fill asbestos remediation**

The Australian Government has agreed to provide the ACT Government with a concessional loan of up to \$1 billion to deliver a programme to buy-back and demolish houses in the ACT affected by Mr Fluffy loose fill asbestos.

This facility will allow the ACT to borrow up to \$1 billion at the Commonwealth Government's 10-year bond rate for a period of 10 years.

### **Indigenous Home Ownership**

Indigenous Business Australia delivers flexible loans with concessional interest rates to improve Indigenous home ownership across Australia, including in remote Indigenous communities. The average interest rate is currently 4.76 per cent per annum, with an average loan term of 29.2 years.

### **Student Financial Supplement Scheme**

The Student Financial Supplement Scheme was a programme whereby student income support recipients could trade one dollar of entitlement for two dollars provided as an income contingent loan. The programme closed for new recipients on 1 January 2004. The outstanding debt relates to debtors who received loans prior to 2004. As at 30 June 2015, loans outstanding are estimated to total \$553.2 million.

### **Farm Finance Concessional Loans**

The Farm Finance Concessional Loans Scheme provides up to \$420 million over two years to 2014-15 for the provision of concessional loans to eligible farm businesses experiencing financial difficulties, but considered commercially viable in the long

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term. Loans will be issued for the purpose of productivity enhancements and debt refinancing.

Loans are made to state governments that, through state delivery agencies, on-lend to eligible farm businesses. The interest rate is 4.34 per cent, and is reviewed on a six-monthly basis and revised in accordance with material changes in the five-year Commonwealth bond rate. Loans are provided for a term of five years, with an extenuating circumstances clause in some jurisdictions, which allows a maximum two-year extension to the loan, on commercial terms.

#### **Indigenous Land Corporation**

The Indigenous Land Corporation (ILC) purchased Ayers Rock Resort (ARR) for \$292 million in May 2011 and immediately on-sold it to its wholly-owned subsidiary Voyages Indigenous Tourism Australia Pty Ltd (Voyages) creating an intercompany loan that is partly funded by borrowings. The interest rate is set at the 90 day bank bill swap reference rate plus 5 per cent, and is reset six-monthly. An additional \$26.9 million in accrued interest on the intercompany loan and other advances (between the ILC and Voyages) has been incurred since the purchase of ARR, with the total amount owing now at \$318.9 million.

#### **Export Finance and Insurance Company**

The loan in support of the Papua New Guinea Liquefied Natural Gas (PNG LNG) project involves the development, construction, operation and maintenance of a LNG liquefaction plant, gas production and processing, facilities, onshore and offshore pipelines, associated ancillary facilities and infrastructure. As at 30 June 2015, the loan amount outstanding is estimated to total \$327.5 million.

The Development Import Finance Facility (DIFF), administered by the Export Finance and Insurance Corporation on behalf of the former Australian Agency for International Development (AusAID), provided concessional loans to Indonesia to deliver development benefits to that country. The DIFF was discontinued in 1996 with no further concessional loans being provided. As at 30 June 2015, loans outstanding are estimated to total \$331.3 million.

#### **Drought Concessional Loans**

The Drought Concessional Loans Scheme provides up to \$420 million until 30 June 2016 for loans to drought-affected farm businesses for debt restructuring, operating expenses, and drought recovery and preparedness activities. The variable interest rate is set at 0.5 per cent below the Farm Finance Concessional Loan rate.

Loans are made to state governments that, through state delivery agencies, on lend to eligible farm businesses. The interest rate is 3.84 per cent, and is reviewed on a six-monthly basis and revised in accordance with changes to the Farm Finance Concessional Loan interest rate. Loans are provided for a term of five years, with an

extenuating circumstances clause, which allows a maximum two-year extension to the loan, on commercial terms.

### **Zero Real Interest Loans**

The Zero Real Interest Loans Programme provides loans to assist aged care providers to build or extend residential aged care services in areas of high need. Loans provided under the Programme attract an interest rate equivalent to the Consumer Price Index. Four funding rounds were completed with the final funding round completed in 2013. No further new loan offers will be available under the Programme. As at 30 June 2015, the total amount owed to the Commonwealth is estimated to be \$290.8 million.