APPENDIX C: STATEMENT OF RISKS

OVERVIEW

Full details of fiscal risks and contingent liabilities are provided in Budget Paper No. 1, *Budget Strategy and Outlook 2014-15*. The following statement updates fiscal risks and contingent liabilities and assets that have materially changed since the 2014-15 Budget.

The forward estimates of revenue and expenses in the Mid-Year Economic and Fiscal Outlook 2014-15 (MYEFO) incorporate assumptions and judgments based on the best information available at the time of publication, together with a range of economic assumptions and other forecasts and projections.

To the extent that unanticipated changes in economic circumstances occur, their impact will flow through to government expense and revenue forecasts in particular.

Major taxes such as company and individuals' income taxes fluctuate significantly with economic activity. Capital gains tax is particularly volatile and is affected by both the level of gains in asset markets and the timing of when those gains are realised.

In addition, revenue forecasting relies heavily on the observed historical relationships between the economy, tax bases and tax revenues. Such relationships may shift over time as the economy changes, presenting a further risk to the estimates. Revenue forecasts also incorporate costings for new policies that typically have a margin of uncertainty.

The estimates and projections of revenue are subject to a number of general risks that can affect taxation collections. These general pressures include failure of the tax system to keep pace with changes in the business environment, tax avoidance, court decisions and Australian Taxation Office rulings, and the outcome of compliance programmes. These pressures may result in a shift in the composition of taxation collected from the various tax bases and/or a change in the size of the tax base.

DETAILS OF FISCAL RISKS AND CONTINGENT LIABILITIES

New or revised fiscal risks and contingent liabilities with a possible impact on the forward estimates greater than $20 million in any one year, or $50 million over the forward estimates period, that have arisen or changed since the 2014-15 Budget are described below and summarised in Table C1.

Information on both contingent assets and contingent liabilities is also provided in the annual financial statements of departments, agencies and non-budget entities.

Table C1: Summary of material changes to the Statement of Risks since the 2014-15 Budget[(a)]

Fiscal risks	
Defence	
Major overseas operations of the Australian Defence Force in the Middle East in 2014-15	Modified
Treasury	
Standby loan facility for the Government of Indonesia	Modified
Significant but remote contingencies	
Communications	
NBN Co Limited — Equity Agreement	Modified
Telstra Financial Guarantee	Modified
Defence	
Remote contingencies	Modified
Litigation cases	Modified
Treasury	
Financial Claims Scheme	Modified
Guarantee of State and Territory Borrowing	Modified
Guarantee Scheme for Large Deposits and Wholesale Funding	Modified
Guarantees under the *Commonwealth Bank Sale Act 1995*	Modified
Reserve Bank of Australia — guarantee	Modified
Contingent liabilities — unquantifiable	
Agriculture	
Compensation claims arising from suspension of livestock exports to Indonesia	Modified
Defence	
Non-remote contingent liabilities	Modified
Finance	
Indemnities relating to other former asset sales, privatisations and information technology outsourcing projects	Modified
Litigation — Davis Samuel case	Removed
Health	
Australian Medical Association — Private Mental Health Alliance	Modified
Termination of Medicare Local Deed for Funding	New
Infrastructure and Regional Development	
Service Delivery Arrangements Indemnities	New
Contingent assets — unquantifiable	
Defence	
Non-remote contingent assets	Modified
Contingent liabilities — quantifiable	
Defence	
Claims against the Department of Defence	Modified
Foreign Affairs and Trade	
Export Finance and Insurance Corporation	Modified
Australian Response to the outbreak of Ebola in West Africa	New
Treasury	
Australian Taxation Office — tax disputes	Modified
International Financial Institutions — uncalled capital subscriptions	Modified
International Monetary Fund	Modified

Table C1: Summary of material changes to the Statement of Risks since the 2014-15 Budget[(a)] (continued)

Contingent assets — quantifiable	
Defence	
Claims against the Department of Defence	New
Foreign Affairs and Trade	
Export Finance and Insurance Corporation	New

(a) Risks appearing in Budget Paper No. 1, *Budget Strategy and Outlook 2014-15*, Statement 8, but not listed in the table above are substantially unchanged.

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.

Defence

Major overseas operations of the Australian Defence Force in the Middle East in 2014-15

The estimates for the Department of Defence include the cost of major overseas operations of the Australian Defence Force in the Middle East in 2014-15. Funding is considered on a year-by-year basis and the forward estimates do not provide for extensions of currently approved operations beyond 2014-15. This is consistent with past practice. Funding for Operation Okra has been agreed to 30 June 2015 and funding for Operation Accordion, originally agreed until 31 December 2014, has been extended to 30 June 2015. The Department of Defence will likely have additional funding requirements for Middle East operations beyond 30 June 2015.

Treasury

Standby loan facility to the Government of Indonesia

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 31 December 2014. 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.

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. The NBN Co Equity Funding Agreement terminates in 2019. As at 30 September 2014, NBN Co's termination liabilities were estimated at $7.1 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 Definitive Agreements. The Definitive Agreements are long-term contracts and, in the case of the infrastructure component, involve terms of at least 35 years. The liabilities under the Definitive Agreements arise progressively during the roll out of the National Broadband Network as infrastructure is accessed and subscribers to Telstra's existing network are disconnected. As at 30 September 2014, NBN Co had generated liabilities covered by the guarantee estimated at $3.5 billion. The guarantee will terminate when NBN Co achieves specified credit ratings for a period of two continuous years and either:

- the company is fully capitalised; 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.

Defence

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 30 October 2014, the Department of Defence carried 1,466 instances of quantifiable remote contingent liabilities valued at $3.8 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 30 October 2014, the Defence Materiel Organisation carried 70 contingencies that are quantifiable, to the value of $1.8 billion and 473 instances of contingencies (including Foreign Military Sales) that are unquantifiable and are considered remote. While these contingencies are considered remote, they have been reported in aggregate for completeness.

Litigation cases

The Department of Defence is involved in a wide range of litigation and other claims for compensation and/or damages 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. This includes claims arising out of reviews into Australian Defence Force and Defence culture. A number of claims have also been received for damage caused by the use of a Defence Practice Area. There is also potential for claims to arise from the disposal of assets to third parties where such assets contain hazardous materials or components that have the potential to cause injury.

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 30 June 2014, deposits eligible for coverage under the Financial Claims Scheme were estimated to be $732.4 billion, increasing slightly from an estimated $722.8 billion at 31 December 2013, 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.

The Australian Prudential Regulation Authority (APRA) is responsible for the administration of 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 October 2014, the face value of State and Territory borrowings covered by the guarantee was $13.3 billion, down from $19.0 billion at 31 March 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 only 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 likely be able to recover any such expenditure through a claim on the relevant institution. The impact on the Government's budget would depend on the extent of the institution's default and its ability to meet the Government's claim.

As at 5 December 2014, total liabilities covered by the Guarantee Scheme were estimated at $2.5 billion, down from $25.3 billion at 28 March 2014. This is made up of

$1.5 billion of large deposits and $1.1 billion of long-term wholesale funding. All guaranteed short-term wholesale funding matured in March 2011.

As at 31 October 2014, 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: $745.5 million is attributable to liabilities of the Commonwealth Bank of Australia, as at 30 September 2014; and $4.3 billion is attributable to liabilities of the Commonwealth Bank Officers' Superannuation Corporation, as at 30 September 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 $62.9 billion, as at 29 October 2014, and the total guarantee is $90.4 billion ($91.7 billion at the 2014-15 Budget).

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.

Defence

Non-remote contingent liabilities

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

Finance

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), 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), National Transmission Network (1999), Sydney Airports Corporation Ltd (2001), Telstra (1996, 1999 and 2006), and Wool International (1999). Apart from instances noted elsewhere, Finance does not currently expect any other action to be taken in respect of these indemnities.

Health

Australian Medical Association — Private Mental Health Alliance

Since the 2014-15 Budget, a new 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.

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.

Infrastructure and Regional Development

Service Delivery Arrangement Indemnities

A range of services are delivered to the Indian Ocean Territories and Jervis Bay Territory through arrangements that are in place with the WA and ACT governments respectively (referred to as Service Delivery Arrangements or SDAs). In WA, there are 40 government agencies delivering services to the Indian Ocean Territories. For the Jervis Bay Territory, there are six ACT Government Directorates involved with service delivery.

The Australian Government has provided certain indemnities for the WA and ACT Governments, 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.

CONTINGENT ASSETS — UNQUANTIFIABLE

Defence

Non-remote contingent assets

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

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.

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 October 2014, the Government's total contingent liability was $5.3 billion, representing an increase of $1.9 billion from that reported at the 2014-15 Budget. Further detail on this increase is provided under the contingent asset entry for EFIC. The $5.3 billion contingent liability comprises EFIC's liabilities to third parties ($4.3 billion) and EFIC's overseas investment insurance, contracts of insurance and guarantees ($1.0 billion). Of the total contingent liability, $4.7 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 — indemnity

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.

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 October 2014, for which a provision has not been made, is $5.1 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$4.1 billion as at 31 October 2014).

The Australian Government has also held an uncalled capital subscription in the European Bank for Reconstruction and Development (EBRD) since 1991. Australia increased its uncalled capital subscription (effective 20 April 2011) to the EBRD as part of its 2010 general capital increase, so that it totals EUR237.5 million (estimated value A$339.6 million as at 31 October 2014).

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$7.0 billion (estimated value A$8.0 billion as at 31 October 2014).

The Australian Government has further held an uncalled capital subscription in the Multilateral Investment Guarantee Agency of US$26.5 million (estimated value A$30.1 million as at 31 October 2014).

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$7.4 billion at 31 October 2014). 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$7.8 billion at 31 October 2014) 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.

Foreign Affairs and Trade

Export Finance and Insurance Corporation

As at 31 October 2014, the Government's total contingent asset was $1.9 billion comprising the associated contingent assets due to changes in the Cross Currency liabilities and Foreign Exchange liabilities.

This contingent asset is being reported for the first time following the introduction of the *AASB 2012-3 Amendments to the Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*. A matching increase to EFIC's contingent liability of $1.9 billion is also being reported for the first time.

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 the 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 C2 summarises changes to Government loans and new loans that have arisen since the 2014-15 Budget, estimated to exceed $200 million at 30 June 2015.

Table C2: Summary of material changes to Australian Government loans exceeding $200 million since the 2014-15 Budget[(a)]

Agency	Loan amount[(b)] ($m)	Borrower	Interest rate	Term	Status
Department of Education					
Higher Education Loan Programme	30,622	Eligible tertiary education students	Consumer Price Index (CPI)	8.5 years*	Modified
Australian Office of Financial Management					
Commonwealth-State financing arrangements — Housing and Specific Purpose Capital	2,033	State and Northern Territory governments	3.5-6 per cent	Up to 30 June 2042	Modified
Department of the Treasury					
International Monetary Fund New Arrangements to Borrow	916	International Monetary Fund	0.05 per cent at 31 October 2014	10 years	Modified
Department of Infrastructure and Regional Development					
Concessional Loan for Asbestos removal in the ACT — Mr Fluffy loose fill asbestos remediation	750	Australian Capital Territory Government	Commonwealth Government borrowing rate[(c)]	10 years[(c)]	New
Clean Energy Finance Corporation					
Clean Energy Finance Corporation	735	Eligible entities undertaking clean energy technology projects	7 per cent	5-10 years	Modified
Indigenous Business Australia					
Indigenous Home Ownership	679	Eligible Indigenous persons	4.7 per cent*	29.4 years*	Modified
Department of Social Services					
Student Financial Supplement Scheme	554	Eligible recipients of Youth Allowance (student), Austudy and ABSTUDY	CPI	Various	Modified

Table C2: Summary of material changes to Australian Government loans exceeding $200 million since the 2014-15 Budget[(a)] (continued)

Agency	Loan amount[(b)] ($m)	Borrower	Interest rate	Term	Status
Department of Agriculture					
Farm Finance Concessional Loans	420	State governments	4.5 per cent	5 years	Modified
Indigenous Land Corporation					
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
Export Finance and Insurance Corporation					
Papua New Guinea Liquefied Natural Gas	284	Entities associated with the Papua New Guinea Liquefied Natural Gas project	Commercial-In-Confidence	Until 2026	Modified
Development Import Finance Facility	282	The Republic of Indonesia acting through its Ministry of Finance	Various	Various	Modified
Department of Agriculture					
Drought Concessional Loans	270	State governments	4.0 per cent	5 years	New
Department of Social Services					
Zero Real Interest Loans	246	Residential aged care providers establishing new residential aged care facilities	CPI	12-22 years	Modified

* Average
(a) Loans appearing in Budget Paper No. 1, *Budget Strategy and Outlook 2014-15*, Statement 8, but not listed in the table above are substantially unchanged.
(b) Loan amount is the estimated loan programme amounts outstanding as at 30 June 2015 in $ million.
(c) The final terms of the loan are currently being settled and repayment and interest arrangements are subject to change.

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 $30.6 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 $2.0 billion.

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

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 $916 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$7.4 billion at 31 October 2014).

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

The Commonwealth 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's interest rate for a period of 10 years.

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 2012* (Investment Mandate). As at 30 June 2015, loans outstanding are estimated to total $735 million.

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

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 7 per cent. Loans have various maturity dates, typically in the range of 5-10 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. As at 30 June 2014, loans outstanding were $598 million. The average interest rate is set at 4.7 per cent per annum, and as at 30 June 2014 the average loan term was 29.4 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 term. Loans will be issued for the purpose of productivity enhancements and debt refinancing.

Loans are made to state governments that, through state delivery agents, on-lend to eligible farm businesses. Currently the interest rate is at 4.5 per cent, but 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 exceptional 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 (VITA) 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 VITA) have occurred 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 $284 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 $282 million.

Drought Concessional Loans

The Drought Concessional Loans Scheme provides up to $270 million until 30 June 2015 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 agents, on lend to eligible farm businesses. Currently the interest rate is at 4.0 per cent, but is reviewed on a six-monthly basis and revised in accordance with changes to the Farm Finance Concessional Loan rate. Loans are provided for a term of five years, with an exceptional 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 $246.4 million.