

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**7. Managing Uncertainties**

**7.1 Contingent Assets and Liabilities**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are reported when settlement is probable but not virtually certain and contingent liabilities are disclosed when the probability of settlement is greater than remote.

**Note 7.1A: Contingent Liabilities and Assets**

	Guarantees		Claims for damages or costs		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Contingent liabilities</b>						
Balance from previous period	101	98	572	539	673	637
New contingent liabilities recognised	600	-	-	-	600	-
Re-measurement	(1)	3	34	199	33	202
Obligations expired	-	-	(4)	(166)	(4)	(166)
<b>Total contingent liabilities</b>	<b>700</b>	<b>101</b>	<b>602</b>	<b>572</b>	<b>1,302</b>	<b>673</b>
<b>Net contingent assets / (liabilities)</b>	<b>(700)</b>	<b>(101)</b>	<b>(602)</b>	<b>(572)</b>	<b>(1,302)</b>	<b>(673)</b>

**Quantifiable Contingencies**

The above table reports contingent liabilities in respect of claims for damages / costs of \$0.602m (2016: \$0.572m). This amount represents an estimate of DFAT's liability based on precedent cases and on advice from DFAT's external legal service providers. The department is defending the claims.

The above table also reports contingent liabilities in respect of bank and residential lease guarantees made by DFAT of \$0.700m (2016: \$0.101m).

**Unquantifiable Contingencies**

At 30 June 2017, DFAT was involved in a number of litigation matters for losses allegedly suffered by claimants. DFAT is defending these claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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#### **Note 7.1B: Administered - Contingent Assets and Liabilities**

DFAT has no Administered contingent assets or liabilities (2016: nil).

#### **Quantifiable Administered Contingencies**

There are no quantifiable administered contingencies disclosed in the Administered Schedule of Assets and Liabilities.

#### **Unquantifiable Administered Contingencies**

At 30 June 2017, DFAT was involved in a number of matters relating to the recovery of funds. It is not possible to estimate the amounts of any eventual recoveries that may be received in relation to these matters. There are no unquantifiable administered liabilities.

#### **Significant Remote Administered Contingencies**

Under section 62 of the *Export Finance and Insurance Corporation Act 1991*, the Australian Government guarantees Efic's creditors the due payment of all monies payable, or that may at any time become payable, by Efic on the Commercial Account and has a \$200 million callable capital facility available for this purpose. This guarantee has never been utilised. Details of remote contingencies are shown in the following table.

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Contracts of insurance and guarantees	<b>663,100</b>	690,600
Statement of financial position liabilities	<b>2,084,800</b>	2,313,400
NIA contracts of insurance, guarantees and statement of position liabilities	<b>530,500</b>	608,300
<b>Total</b>	<b>3,278,400</b>	3,612,300

#### **Guarantees to Subsidiaries**

At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

#### **Indemnities**

At the time of the completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.