

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	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contingent liabilities						
Balance from previous period	700	101	602	572	1,302	673
New contingent liabilities recognised	-	600	-	-	-	600
Re-measurement	6	(1)	16	34	22	33
Obligations expired	-	-	(195)	(4)	(195)	(4)
Total contingent liabilities	706	700	423	602	1,129	1,302
Net contingent (liabilities) / assets	(706)	(700)	(423)	(602)	(1,129)	(1,302)

Quantifiable Contingencies

The above table reports contingent liabilities in respect of claims for damages / costs of \$0.423m (2017: \$0.602m). 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 financial guarantees made by the department of \$0.706m (2017: \$0.700m)

Unquantifiable Contingencies

At 30 June 2018, DFAT was involved in a number of litigation matters for alleged losses 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.

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Note 7.1B: Administered - Contingent Assets and Liabilities

DFAT has no Administered contingent assets or liabilities (2017: 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 2018, 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.

	2018	2017
	\$'000	\$'000
Contracts of insurance and guarantees	715,100	663,100
Statement of financial position liabilities	2,212,100	2,084,800
NIA contracts of insurance, guarantees and statement of position liabilities	415,800	530,500
Total	3,343,000	3,278,400