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 2015-16*. The following statement updates fiscal risks and contingent liabilities and assets that have materially changed since the 2015-16 Budget.

The forward estimates of revenue and expenses in the Mid-Year Economic and Fiscal Outlook 2015-16 (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.

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 programs. 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 2015-16 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, entities and non-budget entities.

Table C1: Summary of material changes to the Statement of Risks since the 2015-16 Budget[(a)]

Significant but remote contingencies	
Communications and the Arts	
NBN Co Limited — Equity Agreement	Modified
Optus financial guarantee	New
Telstra financial guarantee	Modified
Termination of the funding agreement with OPEL Network Pty Ltd	Modified
Defence	
Remote contingencies	Modified
Litigation cases	Modified
Employment	
Job Services Australia — Employment Pathway Fund	Removed
jobactive — Employment Fund	New
Treasury	
Financial Claims Scheme	Modified
Guarantee of State and Territory Borrowing	Modified
Guarantee Scheme for Large Deposits and Wholesale funding	Removed
Guarantees under the *Commonwealth Bank Sale Act 1995*	Modified
Reserve Bank of Australia — guarantee	Modified
Contingent liabilities — unquantifiable	
Agriculture and Water Resources	
Compensation claims arising from suspension of livestock exports to Indonesia	Modified
Defence	
Non-remote contingent liabilities	Modified
Foreign Affairs and Trade	
Export Finance and Insurance Corporation — board member and senior management indemnities	Removed
Health	
Termination of Medicare Local Deed for Funding	Removed
Immigration and Border Protection	
Northern Patrol and Response — Triton	Removed
Immigration detention services by State and Territory governments — liability limit	Modified
Garrison and welfare services at Regional Processing Countries contract — liability limit	New
Infrastructure and Regional Development	
Aviation Rescue & Fire Fighting potential Polyfluorinated Chemical Contamination	New
Social Services	
National Disability Insurance Scheme	Modified
Contingent assets — unquantifiable	
Defence	
Non-remote contingent assets	Modified
Contingent liabilities — quantifiable	
Defence	
Claims against the Department of Defence	Modified

Table C1: Summary of material changes to the Statement of Risks since the 2015-16 Budget[(a)] (continued)

Contingent liabilities — quantifiable (continued)	
Environment	
Low Carbon Australia Limited — Board of Directors' and senior management indemnities	Modified
Foreign Affairs and Trade	
Export Finance and Insurance Corporation	Modified
Australian Response to the outbreak of Ebola in West Africa	Removed
Infrastructure and Regional Development	
Virgin Australia Airlines Pty Ltd Confidentiality and Non-Disclosure Agreement	New
Treasury	
Australian Taxation Office — tax disputes	Modified
International financial institutions — uncalled capital subscriptions	Modified
International Monetary Fund	Modified
Contingent assets — quantifiable	
Defence	
Claims against the Department of Defence	Modified

(a) Risks appearing in Budget Paper No. 1, *Budget Strategy and Outlook 2015-16*, 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.

SIGNIFICANT BUT REMOTE CONTINGENCIES

Communications and the Arts

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 costs arising from that termination. Although the NBN Co Equity Funding Agreement will end in 2019, the Commonwealth would retain obligations to meet NBN Co's costs arising from a termination of the roll-out. As at 30 September 2015, NBN Co's termination liabilities were estimated at $9.1 billion.

Optus financial guarantee

The Australian Government has provided a guarantee in respect of the NBN Co Limited's (NBN Co) financial obligations to Optus Networks Pty Ltd, Optus Internet Pty Limited, Optus Vision Media Pty Limited and SingTel Optus Pty Ltd (collectively, Optus) under the Optus HFC Subscriber Agreement. An amended version of that Agreement came into effect on 19 September 2015. The Agreement extends for the period of the National Broadband Network roll-out in Optus Hybrid Fibre Coaxial areas. As at 30 September 2015, NBN Co had generated liabilities covered by the Optus Agreement estimated at $23.8 million. The Guarantee will terminate in 2021.

Telstra financial guarantee

The Australian Government has provided a guarantee to Telstra Corporation Limited (Telstra) in respect of NBN Co Limited's (NBN Co) financial obligations to Telstra under the Definitive Agreements. The Agreements were amended on 14 December 2014. The Guarantee was not amended at that time and it continues in force in accordance with its terms in respect of the amended Definitive Agreements. The liabilities under the agreements between Telstra and NBN Co arise progressively during the roll-out of the National Broadband Network as Telstra's infrastructure is accessed and Telstra's customers are disconnected from its copper and Hybrid Fibre Coaxial cable networks. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Definitive Agreements. As at 30 September 2015, NBN Co had generated liabilities covered by the guarantee estimated at $4.1 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

As at 31 October 2015, the Australian Government is a party to legal action brought by OPEL Networks Pty Ltd (in Liquidation) (OPEL) and Optus Networks Pty Ltd (Optus) in relation to an agreement under the Broadband Connect Infrastructure Programme. OPEL is a joint venture between Optus and Elders Telecommunications Infrastructure Pty Ltd. The outcome of that litigation is unknown as the proceedings are ongoing.

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 31 October 2015, the Department of Defence carried 1,455 instances of quantifiable remote contingent liabilities valued at $5.5 billion and 448 instances of unquantifiable remote contingent liabilities, of which 439 relate to Foreign Military Sales. Defence also had three instances of quantifiable remote contingent assets valued at $0.3 million.

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 for personal injury and property damage. A number of claims have been received seeking compensation for loss, injury or damage caused by the use of a Defence Practice Area. A number of claims have also been received following reviews into Australian Defence Force and Defence culture. There is 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.

Employment

jobactive — Employment Fund

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

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 2015, deposits eligible for coverage under the Financial Claims Scheme were estimated to be $777 billion, compared to an estimated $766 billion as at 31 December 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.

The Australia Prudential Regulation Authority (APRA) is responsible for the Financial Claims Scheme. Under the Financial Claims Scheme, any payments to account-holders with eligible protected accounts or eligible claimants would be made from APRA's Financial Claims Scheme Special Account. Under the legislation, upon activation, up to $20 billion per institution would be available to meet Financial Claims Scheme payments and up to $100 million for administration costs 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 2015, the face value of State and Territory borrowings covered by the guarantee was $10.8 billion, down from $12.3 billion at 31 March 2015.

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: $553 million is attributable to liabilities of the Commonwealth Bank of Australia, as at 30 September 2015; and $4.4 billion is attributable to liabilities of the Commonwealth Bank Officers' Superannuation Corporation, as at 30 September 2015.

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 Australian banknotes on issue. Notes on issue amount to $68.3 billion, as at 20 October 2015, and the total guarantee is $102.7 billion ($101.9 billion at the 2015-16 Budget).

CONTINGENT LIABILITIES — UNQUANTIFIABLE

Agriculture and Water Resources

Compensation claims arising from suspension of livestock exports to Indonesia

Proceedings have commenced in the Federal Court of Australia 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.

The final quantum of any damages sought cannot be predicted. 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 and Water Resources.

Defence

Non-remote contingent liabilities

The Department of Defence has 25 instances of unquantifiable non-remote contingent liabilities.

Immigration and Border Protection

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.

	Service streams			
Jurisdictions	**Health**	**Education**	**Corrections**	**Police**
WA	$5 million per claim or event	Uncapped liability	$5 million per claim or event	$5 million per claim or event
NSW	N/A	$5 million per claim or event	Uncapped liability	$5 million per claim or event
Vic	Uncapped liability	Uncapped liability	$5 million per claim or event	$5 million per claim or event
Qld/Tas/ACT/NT	N/A	$5 million per claim or event	$5 million per claim or event	$5 million per claim or event
SA	$5 million per claim or event	$5 million per claim or event	$5 million per claim or event	$5 million per claim or event

Garrison and welfare services at Regional Processing Countries contract — liability limit

The Department of Immigration and Border Protection (DIBP) entered into a contract with Transfield Services (Australia) Pty Limited (Transfield), which commenced on 24 March 2014, for the provision of garrison and welfare services at Regional Processing Countries on behalf of the Australian Government. The contract terms limit Transfield's liability to DIBP to a maximum of any insurance proceeds recovered by Transfield up to a value of $50 million.

Infrastructure and Regional Development

Aviation Rescue & Fire Fighting potential Polyfluorinated Chemical Contamination

Airservices Australia has identified a number of sites around the country that potentially have been contaminated with polyfluorinated chemicals (PFC) that were contained in firefighting foams. The foams containing these chemicals were widely used internationally and were used by Airservices Australia from 1980 until 2010. The identified contaminants do not breakdown in the natural environment. Testing and assessment of the fire training grounds commenced in 2008-09 with some additional site assessments conducted in the years following. The amount for potential long-term remediation costs cannot be quantified at this time.

Social Services

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 participating jurisdictions reach full scheme, whether Western Australia signs up to full scheme after the evaluation of the comparative trials has been considered by governments, and any impact resulting from the Commonwealth Grants Commission's treatment of the NDIS. Any impact on the Australian Government is not expected to occur before 2016-17.

CONTINGENT ASSETS — UNQUANTIFIABLE

Defence

Non-remote contingent assets

The Department of Defence has 17 instances of unquantifiable non-remote contingent assets.

CONTINGENT LIABILITIES — QUANTIFIABLE

Defence

Claims against the Department of Defence

The Department of Defence (Defence) has 19 instances of non-remote, quantifiable contingent liabilities in respect of claims on Defence valued at $25 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.

Environment

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

The Australian Government has provided indemnities to directors and company officers of the former Low Carbon Australia Limited (LCAL). A total of seven indemnity deeds were executed in 2014. 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 (to 2020).

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 30 September 2015, the Government's total contingent liability was $3.8 billion, which is consistent with the figure reported at the 2015-16 Budget. The $3.8 billion contingent liability comprises EFIC's liabilities to third parties ($3.0 billion) and EFIC's overseas investment insurance, contracts of insurance and guarantees ($0.8 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.

Infrastructure and Regional Development

Virgin Australia Airlines Pty Ltd Confidentiality and Non-Disclosure Agreement

Under the 2002 Sydney (Kingsford-Smith) Airport Sale Agreement, the owners of Sydney Airport have a Right of First Refusal, which gives them first opportunity to develop and operate a second major airport within 100 kilometres of Sydney's centre. The Australian Government must seek the views of major airlines during the consultation phase.

When establishing the industry consultations, Virgin Australia Airlines Pty Ltd sought a capped indemnity whereby they could seek damages for any financial loss they may suffer in the event of unauthorised disclosure by the Australian Government of confidential information. Until the information becomes publically available (not through a breach of confidentiality by the Commonwealth) the contingent liability remains capped at a maximum cumulative liability of $20 million. The risk of an event occurring that may result in a liability for the Australian Government is currently mitigated through the training of staff and compliance with a comprehensive information management plan.

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 2015, for which a provision has not been made, is $4.7 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 has contributed additional resources to the IBRD as part of the general capital increase agreed in 2010. As part of this process, completed in 2015, Australia increased its uncalled capital subscription so that it totals US$3.6 billion (estimated value A$5.0 billion as at 29 October 2015).

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$365 million as at 29 October 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$7.0 billion (estimated value A$9.9 billion as at 29 October 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$37.3 million as at 29 October 2015).

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

The Australian Government will hold an uncalled capital subscription in the Asian Infrastructure Investment Bank (AIIB), which is expected to be established by the end of 2015. Australia's uncalled capital subscription to the AIIB will be US$3.0 billion (estimated value A$4.2 billion as at 29 October 2015).

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$8.6 billion at 29 October 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$9.1 billion at 29 October 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 25 instances of non-remote, quantifiable contingent assets in respect of claims on the Department valued at $7.2 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 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 Government loans estimated to exceed $200 million at 30 June 2016.

Table C2: Summary of material changes to Australian Government loans exceeding $200 million since the 2015-16 Budget[(a)]

Entity	Loan amount[(b)] ($m)	Borrower	Interest rate	Term	Status
Department of Education and Training					
Higher Education Loan Programme	37,284	Eligible tertiary education students	Consumer Price Index (CPI)	8.7 years*	Modified
Australian Office of Financial Management					
Commonwealth-State financing arrangements — Housing and Specific Purpose Capital	1,958	State and Northern Territory governments	3.5-6 per cent	Up to 30 June 2042	Modified
Department of Infrastructure and Regional Development					
Concessional Loan for Asbestos removal in the ACT — Mr Fluffy loose fill asbestos remediation	981	Australian Capital Territory Government	Commonwealth Government 10-year bond rate	Up to 30 June 2024	Modified
Clean Energy Finance Corporation					
Clean Energy Finance Corporation	874	Eligible entities undertaking clean energy technology projects	5.5 per cent	5-10 years	Modified
Department of the Treasury					
International Monetary Fund New Arrangements to Borrow	870	International Monetary Fund	0.05 per cent at 31 October 2015	10 years	Modified
Indigenous Business Australia					
Indigenous Home Ownership	670	Eligible Indigenous persons	4.4 per cent*	28.9 years*	Modified
Department of Social Services					
Student Financial Supplement Scheme	483	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 2015-16 Budget[(a)] (continued)

Entity	Loan amount[(b)] ($m)	Borrower	Interest rate	Term	Status
Department of Education and Training					
Trade Support Loans Programme	398	Eligible Australian apprentices	CPI	— #	New
Export Finance and Insurance Corporation					
Papua New Guinea Liquefied Natural Gas	340	Entities associated with the Papua New Guinea Liquefied Natural Gas project	Commercial-In-Confidence	Until 2026	Modified
Department of Agriculture and Water Resources					
Drought Concessional Loans	332	State governments	3.05 per cent	5 years	Modified
Department of Health					
Zero Real Interest Loans	311	Residential aged care providers building or extending residential aged care facilities in areas of high need	CPI	12-22 years	Modified
Export Finance and Insurance Corporation					
Development Import Finance Facility	280	The Republic of Indonesia acting through its Ministry of Finance	Various	Various	Modified
Indigenous Land Corporation					
Voyages Indigenous Tourism Australia Pty Ltd	206	Voyages Indigenous Tourism Australia Pty Ltd	90 Day bank bill swap reference rate + 5 per cent	9 years, 11 months	Modified
Department of Agriculture and Water Resources					
Farm Finance Concessional Loans	155	State governments	3.55 per cent	5 years	Removed

*Average

#To be determined after sufficient numbers of compulsory repayments commence.

(a) Loans appearing in Budget Paper No. 1, *Budget Strategy and Outlook 2015-16*, 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 2016 in $ million.

Higher Education Loan Programme

The Higher Education Loan Programme (HELP) is an income contingent loan program that assists eligible tertiary education students with the cost of their fees. As at 30 June 2016, the fair value of debt outstanding is estimated to be $37.3 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 2,223,041 HELP debtors as at 30 June 2015. The repayment term of a HELP debt can only be determined for people who have fully repaid their debt. As at the end of June 2015, the average time taken to repay HELP debts was 8.7 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 2016, the estimated amortised value of the advances is $1.96 billion.

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

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

On 27 January 2015, the Australian Government provided the ACT Government with a $1.0 billion concessional loan to deliver a program to buy-back and demolish houses in the ACT affected by Mr Fluffy loose fill asbestos.

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, as required by the *Clean Energy Finance Corporation Act 2012*. This portfolio has an acceptable but not excessive level of risk relative to the sector, as required under the Clean Energy Finance Corporation Investment Mandate Direction 2015 (Investment Mandate). Loans contracted and outstanding totalled a net $955 million as at 30 September 2015, and are expected to total $874 million at year's end of 30 June 2016.

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 5.5 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. It is expected that loans will total $870 million as at 30 June 2016.

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$8.6 billion at 29 October 2015).

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 4.4 per cent per annum, with an average loan term of 28.9 years.

Student Financial Supplement Scheme

The Student Financial Supplement Scheme (SFSS) was a program 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 2016 loans outstanding are estimated to total $483.2 million.

Trade Support Loans Programme

The Trade Support Loans programme is an income contingent, concessional loan programme that assists eligible Australian apprentices by providing financial support of up to $20,000 to assist with the costs of living, learning and completing an apprenticeship.

Eligible Australian apprentices can access up to $8,000 in their first year, $6,000 in the second, $4,000 in the third and $2,000 in the fourth year. The lifetime limit of $20,000 will be indexed on 1 July 2017 and each year after on 1 July to maintain its real value.

Upon successful completion of an apprenticeship, Australian apprentices will be entitled to a 20 per cent discount on the loan. The loans become repayable at the same thresholds as the Higher Education Loan Programme (HELP), which is $54,126 in 2015-16.

Papua New Guinea Liquefied Natural Gas

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 2016, the loan amount outstanding is estimated to total $339.7 million.

Drought Concessional Loans

The Drought Concessional Loans Scheme has been in place since June 2014 and in 2014–15, operated in all States and Territories except Tasmania and the ACT. The scheme provides loans to drought affected farm businesses for debt restructuring, operating expenses and drought recovery and preparedness activities. In 2015–16, the government will provide up to $150 million for Drought Concessional Loans until 30 June 2016 and the scheme has been offered to all States and Territories except the ACT. Loans have a maximum loan term of five years with interest only payments required during the loan term. The variable interest rate will remain 0.5 per cent below the Farm Finance Concessional Loan rate.

Loans are made to the State and Northern Territory governments that, through State delivery agencies, on lend to eligible farm businesses.

From 1 August 2015, the interest rate is 3.05 per cent and will continue to be reviewed on a six–monthly basis and revised in accordance with changes to the Farm Finance Concessional Loans interest rate. Loans have a maximum term of five years, with an extenuating circumstances clause in some jurisdictions, which allows a maximum two year extension to the loan at commercial rates.

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 round of offers completed in 2013. No further new loan offers will be available under the programme. As at 30 June 2016, the total amount owed to the Commonwealth is estimated to be $310.6 million.

Development Import Finance Facility

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 2016, loans outstanding are estimated to total $279.9 million.

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. In 2015-16 external borrowings will need to be refinanced.