



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

COMMITTEES

Public Accounts and Audit Committee

Report

SPEECH

Wednesday, 8 December 1999

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Wednesday, 8 December 1999	Source	House
Page	13121	Proof	No
Questioner		Responder	
Speaker	Cox, David, MP	Question No.	

Mr COX (Kingston) (6.08 pm)—by leave—I will confine myself to that part of Australian National Audit Office report No. 370 relating to Commonwealth guarantees, indemnities and letters of comfort. This is a critical issue in terms both of risk management and accountability. The Joint Standing Committee of Public Accounts and Audit held a public hearing on this issue to ensure that it maintained the maximum amount of profile and to remind all Commonwealth agencies of its importance.

The peak of these identified exposures was at 30 June 1996 when they amounted to \$415 billion. This figure included both Commonwealth superannuation liabilities and \$233 billion off-balance sheet liabilities from the Commonwealth Bank. These exposures were estimated at \$215 billion a year later after the removal of the public sector superannuation liabilities and the sale of the Commonwealth Bank. The sale of the last tranche of the Commonwealth Bank was a decision of the former Labor government in its last budget; a decision in part informed by a desire to reduce the Commonwealth government's exposure to its off-balance sheet liabilities.

The remaining \$215 billion of exposures comprised loan guarantees of \$10 billion, of which \$6 billion was in the Industry, Science and Tourism portfolio; non-loan guarantees of \$201 billion, of which almost \$195 billion was in the Treasury portfolio; and indemnities of \$3 million, of which \$1.8 billion was given by Primary Industries and Energy and \$1 billion by Defence. Letters of comfort of an unspecified value had been given by Finance and Administration and Transport and Regional Development. These exposures are significant, and the parliament's interest in this issue should, I hope, ensure that agencies act to minimise them and, where they are unavoidable, seek diligently to manage the attendant risks.