

IAN STORKEY
INTERNATIONAL CONSULTANT

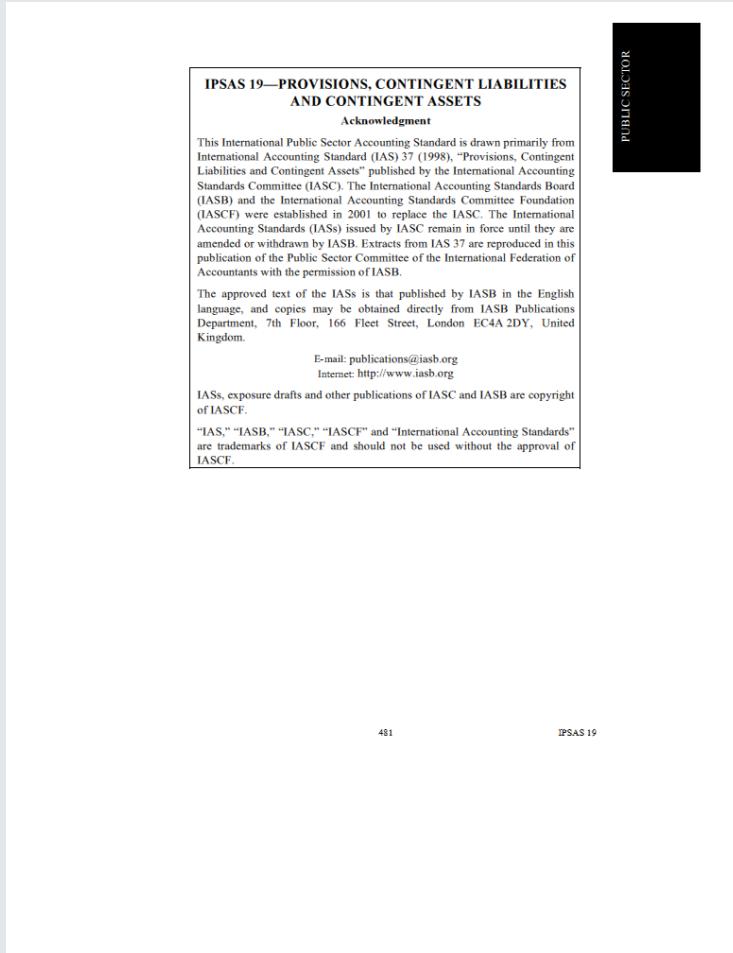


Recording and Monitoring Contingent Liabilities

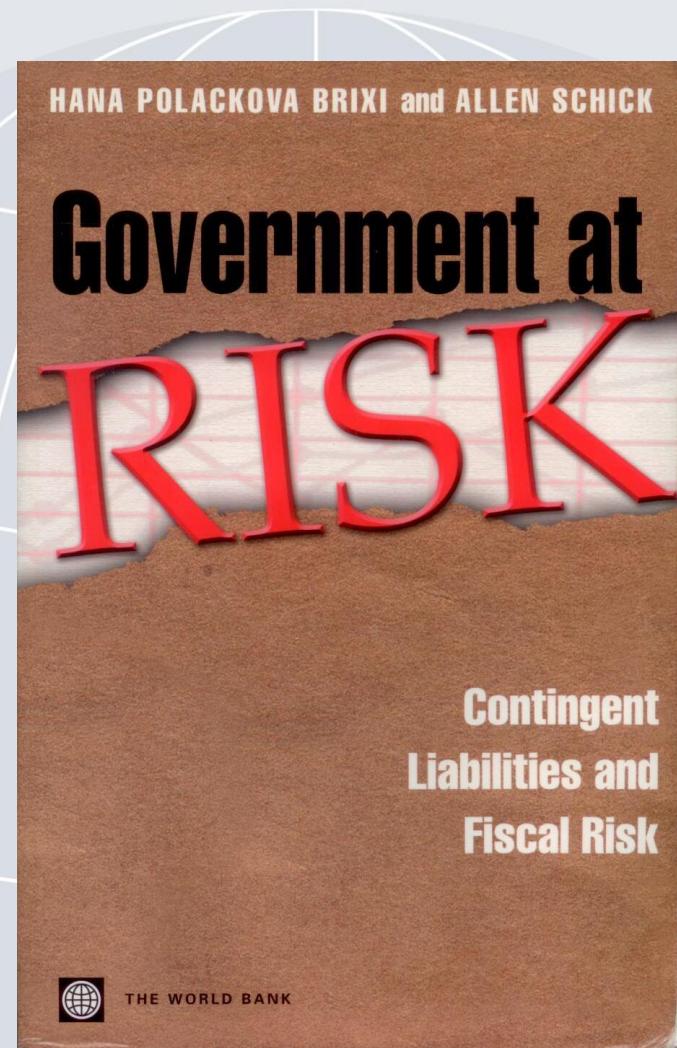
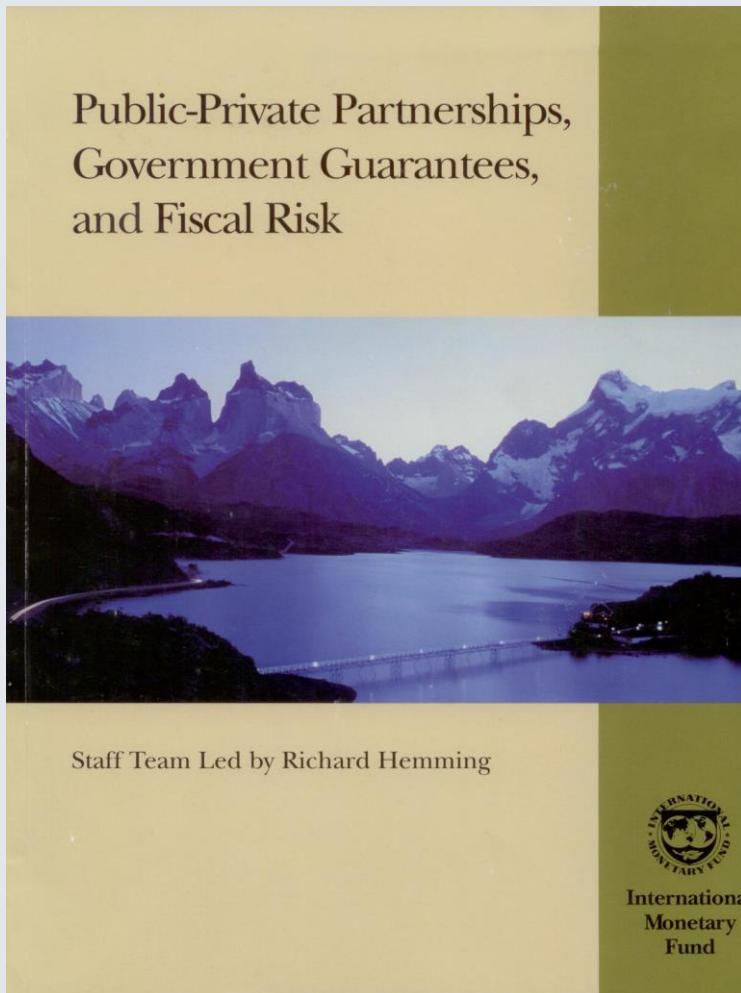
Presentation at the
Fourth Asian Public Debt Management
Forum

Tbilisi, Georgia
23-25 April 2014

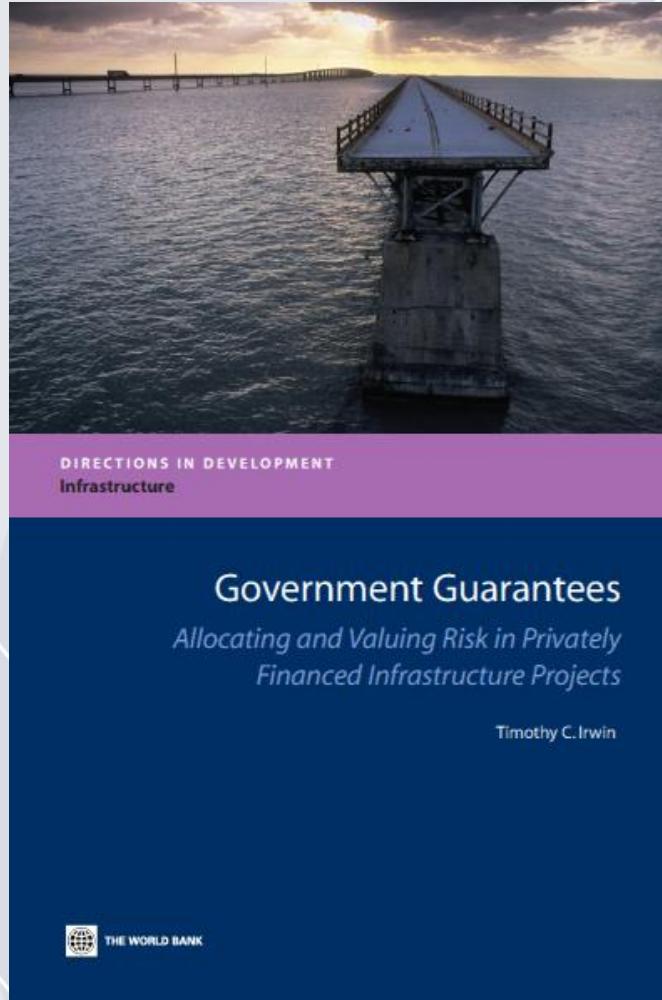
International Standards



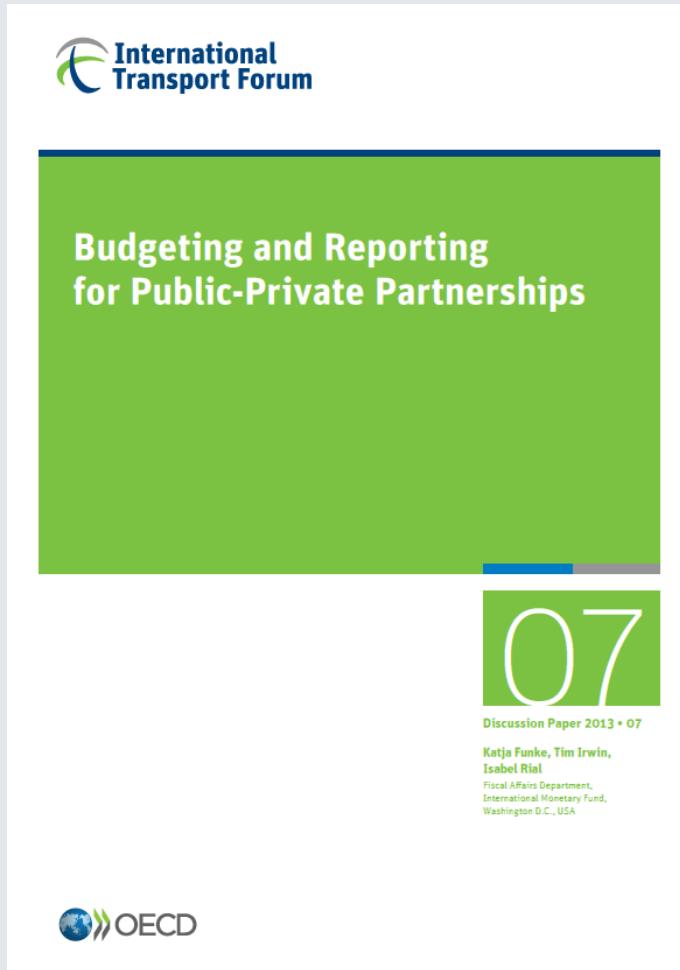
References



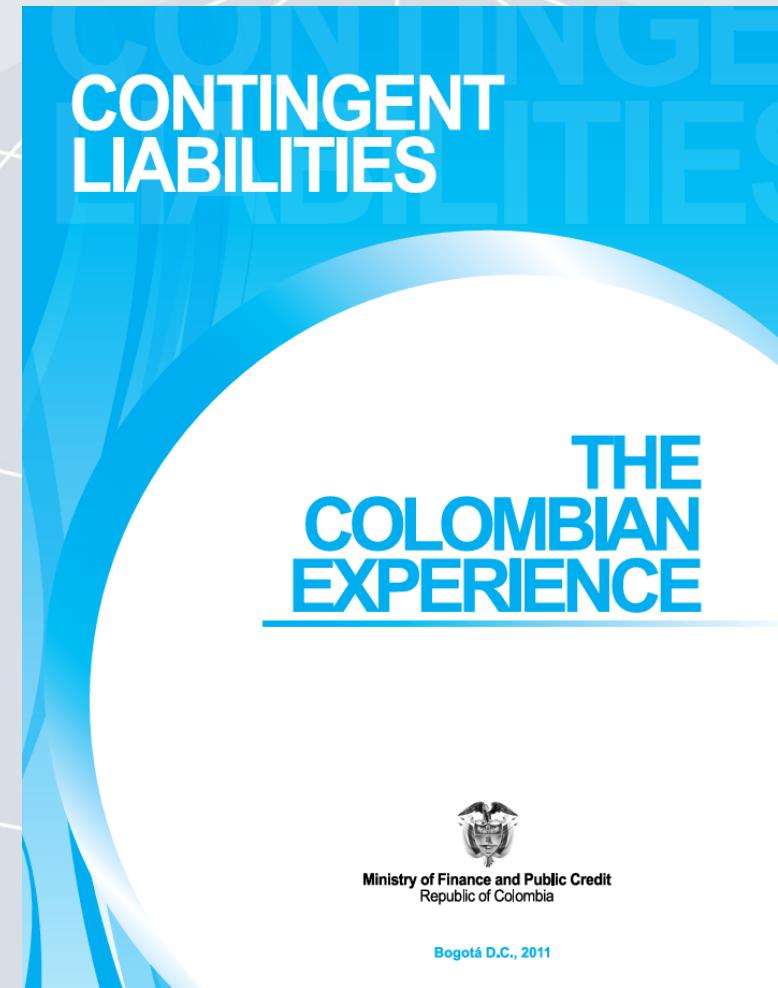
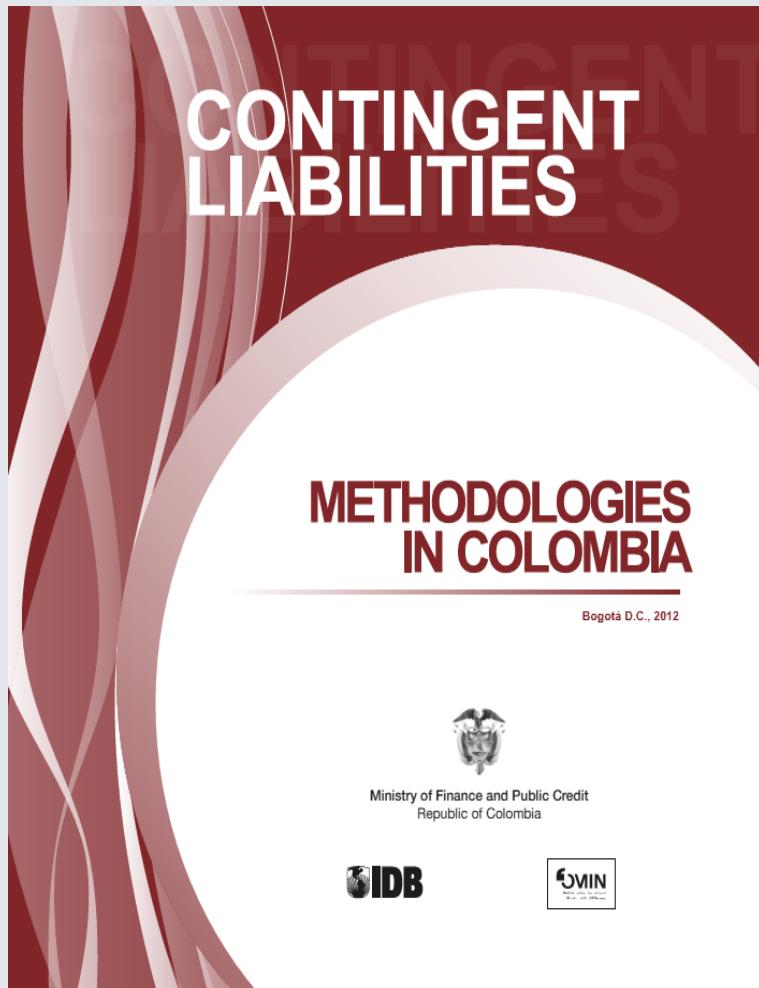
References



References



Case of Colombia



Case of Australia, Chile and South Africa

Managing Contingent Liabilities in Public-Private Partnerships

Practice in Australia, Chile, and South Africa

Timothy Irwin

Tanya Mokdad



THE WORLD BANK



PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY FACILITY

Case of New Zealand

B.11

Financial Statements of the Government of New Zealand

for the year ended 30 June 2013

Notes to the Financial Statements

Note 32: Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets involving amounts of over \$20 million are separately disclosed. Any quantifiable contingencies less than \$20 million are included in the "other quantifiable" total. Some contingencies of the Crown are not able to be quantified; these unquantifiable contingent liabilities and contingent assets are disclosed as at 30 June 2013 where they are expected to be material but not remote.

Contingent liabilities are:

- costs that the Crown will have to face if a particular event occurs, or
- present liabilities that are unable to be measured with sufficient reliability to be recorded in the financial statements (unquantifiable liabilities).

Typically, contingent liabilities consist of guarantees and indemnities, legal disputes and claims, and uncalled capital. The contingent liabilities facing the Crown are a mixture of operating and balance sheet risks, and they can vary greatly in magnitude and likelihood of realisation.

In general, if a contingent liability was realised, or the amount becomes sufficiently reliable to record as a liability, it would reduce the operating balance and net worth and increase net core Crown debt. However, in the case of some contingencies (e.g. uncalled capital), the negative impact would be restricted to net core Crown debt.

Contingent assets are possible assets that have arisen from past events but the amount of the asset, or whether it will eventuate, will not be confirmed until a particular event occurs.

Contingent Liabilities

Note	Actual		
	30 June 2013	30 June 2012	\$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	a	225	430
Uncalled capital	b	6,286	6,327
Legal proceedings and disputes	c	707	411
Other contingent liabilities	d	432	584
Total quantifiable contingent liabilities		7,650	7,752
 <i>By source</i>			
Core Crown		7,350	7,622
Crown entities		35	40
State-owned enterprises		265	90
Total quantifiable contingent liabilities		7,650	7,752

References

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[<http://www.internationaltransportforum.org/jtrc/DiscussionPapers/DP201307.pdf>]
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- World Bank and Public-Private Infrastructure Advisory Facility (2010) **“Managing Contingent Liabilities in Public-Private Partnerships: Practice in Australia, Chile, and South Africa”** by Timothy Irwin and Tanya Mokdad
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