



IAN STORKEY  
INTERNATIONAL CONSULTANT

ADB

# Recording and Monitoring Contingent Liabilities

Presentation at the  
Fourth Asian Public Debt Management  
Forum

Tbilisi, Georgia  
23-25 April 2014

# International Standards

## IPSAS 19—PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### Acknowledgment

This International Public Sector Accounting Standard is drawn primarily from International Accounting Standard (IAS) 37 (1998), "Provisions, Contingent Liabilities and Contingent Assets" published by the International Accounting Standards Committee (IASC). The International Accounting Standards Board (IASB) and the International Accounting Standards Committee Foundation (IASCF) were established in 2001 to replace the IASC. The International Accounting Standards (IASs) issued by IASC remain in force until they are amended or withdrawn by IASB. Extracts from IAS 37 are reproduced in this publication of the Public Sector Committee of the International Federation of Accountants with the permission of IASB.

The approved text of the IASs is that published by IASB in the English language, and copies may be obtained directly from IASB Publications Department, 7th Floor, 166 Fleet Street, London EC4A 2DY, United Kingdom.

E-mail: [publications@iasb.org](mailto:publications@iasb.org)  
Internet: <http://www.iasb.org>

IASs, exposure drafts and other publications of IASC and IASB are copyright of IASCF.

"IAS," "IASB," "IASC," "IASCF" and "International Accounting Standards" are trademarks of IASCF and should not be used without the approval of IASCF.

PUBLIC SECTOR

481

IPSAS 19

GUIDE



## EXTERNAL DEBT STATISTICS GUIDE FOR COMPILERS AND USERS

Pre-Publication Draft



The Commonwealth



eurostat  
EUROPEAN UNION



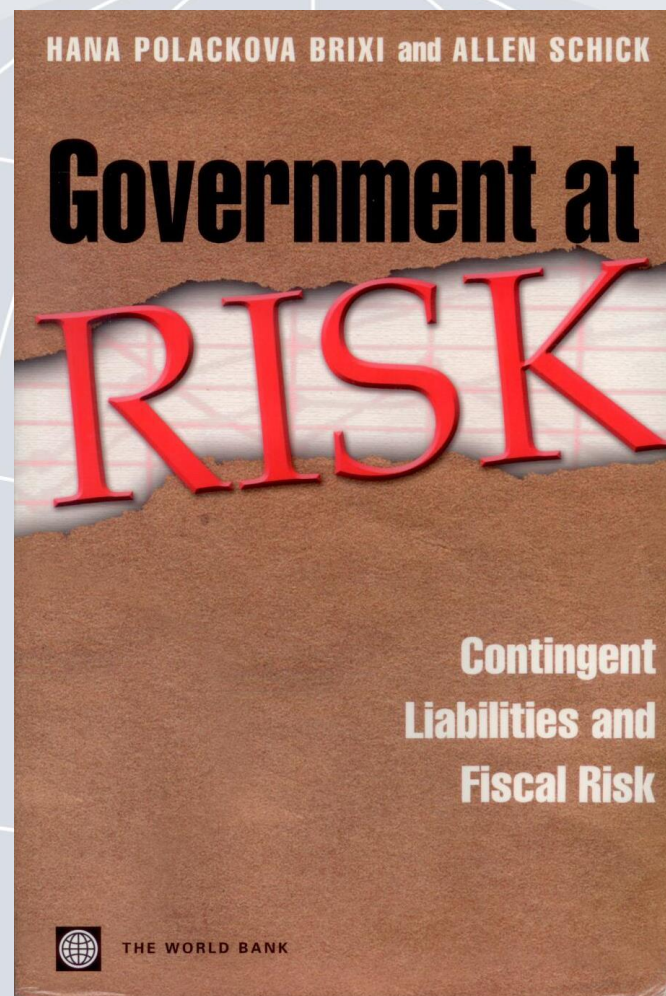
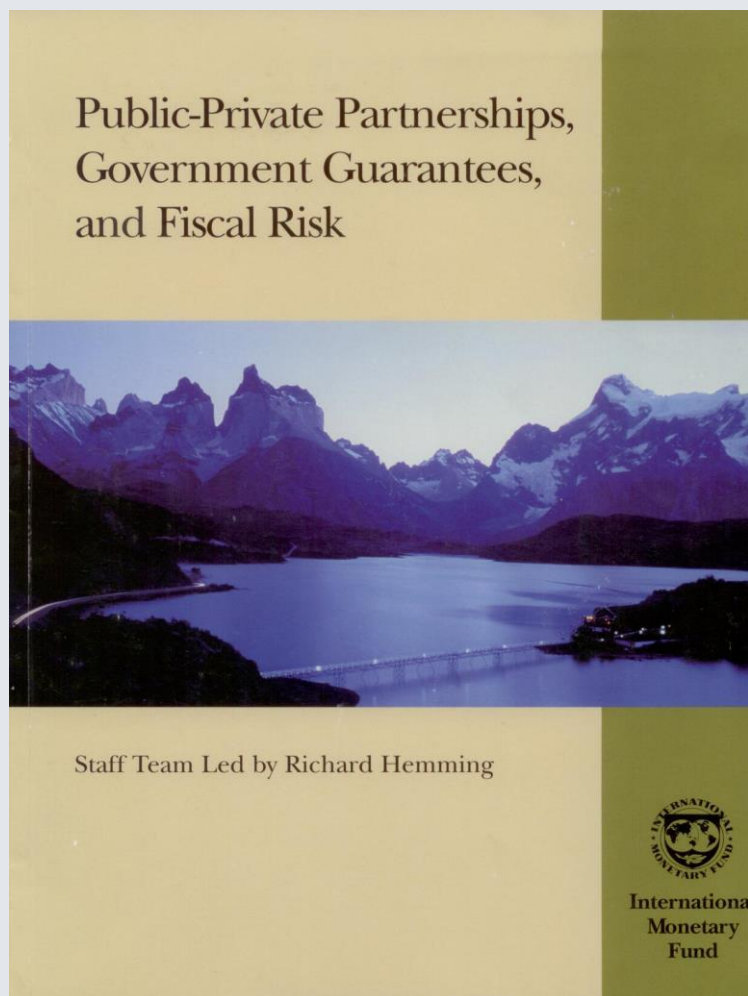
OECD  
ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT



THE WORLD BANK  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL MONETARY FUND

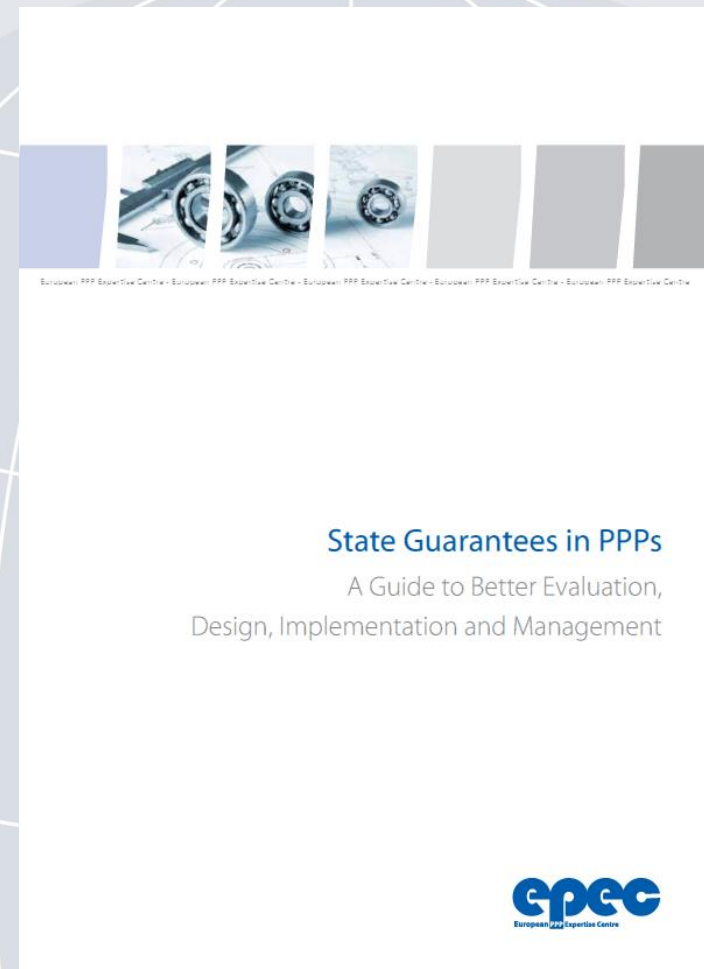
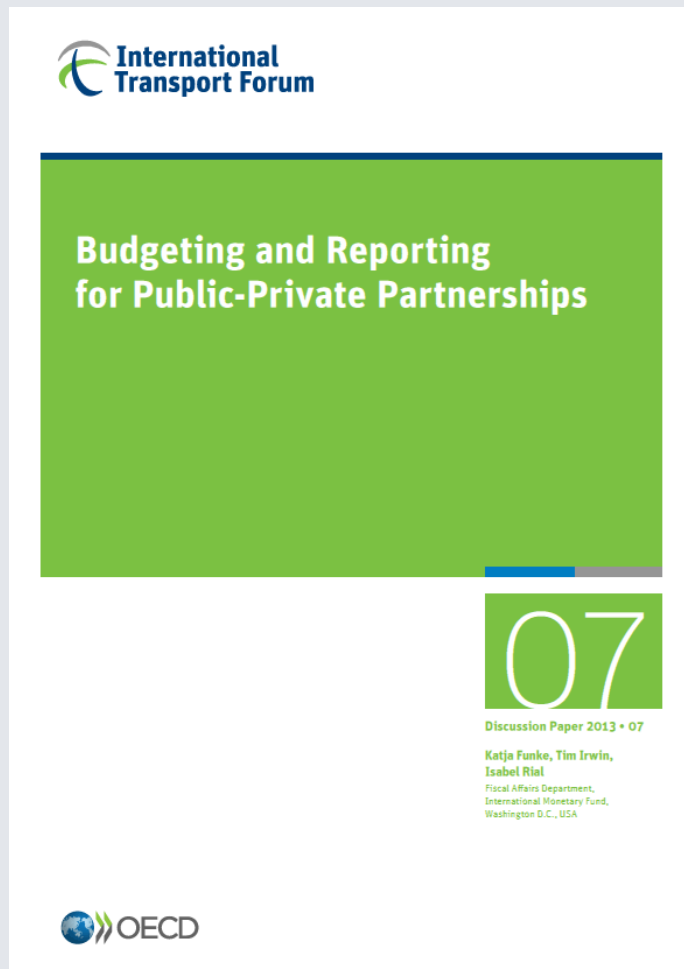
# References



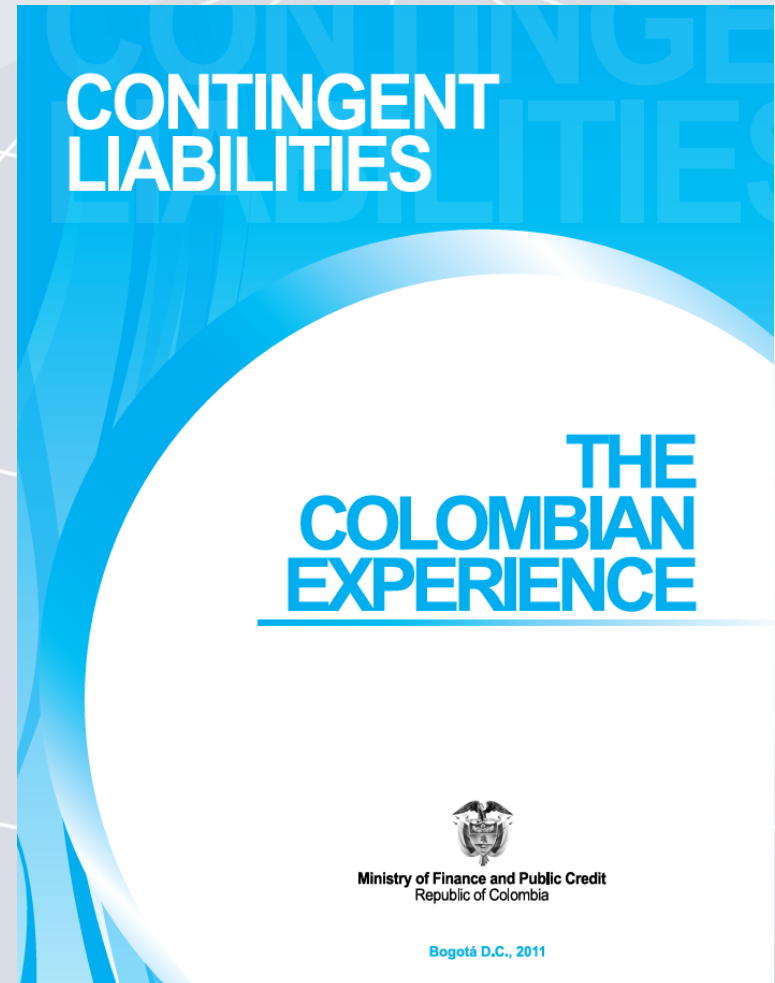
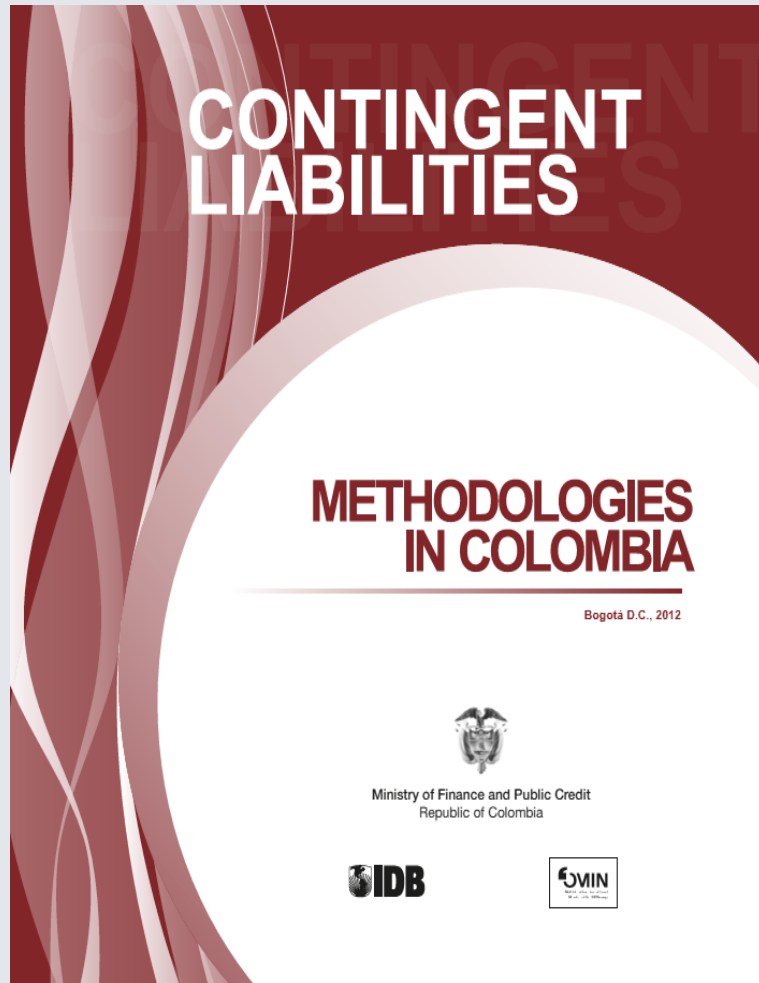
# References



# 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

## Financial Statements of the Government of New Zealand

for the year ended 30 June 2013

B.11

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 \$m	30 June 2012 \$m
<b>Quantifiable Contingent Liabilities</b>		
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
<b>Total quantifiable contingent liabilities</b>	<b>7,650</b>	<b>7,752</b>
<b>By source</b>		
Core Crown	7,350	7,622
Crown entities	35	40
State-owned enterprises	265	90
<b>Total quantifiable contingent liabilities</b>	<b>7,650</b>	<b>7,752</b>



# References

- International Monetary Fund (2013) **“External Debt Statistics: Guide for Compliers and Users”**  
Pre-Publication Draft (chapter 9) by the Inter-Agency Task Force on Finance Statistics  
[<http://www.tffs.org/pdf/edsg/edsgft2013.pdf>]
- New Zealand Government (2013) **“Crown Financial Statements for the year ending 30 June 2013”**  
[<http://www.treasury.govt.nz/government/financialstatements/yearend/jun13/fsgnz-year-jun13.pdf>]
- International Transport Forum (2013) **“Budgeting and Reporting for Public-Private Partnerships”** by Katja Funke, Tim Irwin, Isabel Rial  
[<http://www.internationaltransportforum.org/jtrc/DiscussionPapers/DP201307.pdf>]
- General Directorate of Public Credit and National Treasury, Ministry of Finance and Public Credit, Republic of Colombia (2012) **“Contingent Liabilities: Methodologies in Colombia”**  
[<http://www.minhacienda.gov.co/HomeMinhacienda/creditoydeudapublicos/Riesgo/Informes/ObligacionesContingentesIngles.pdf>]
- Ministry of Finance and Public Credit, Republic of Colombia (2011) **“Contingent Liabilities: The Colombian Experience”**  
[[http://treasury.worldbank.org/bdm/pdf/Contingent\\_Liabilities\\_Colombian\\_Experience.pdf](http://treasury.worldbank.org/bdm/pdf/Contingent_Liabilities_Colombian_Experience.pdf)]

# References

- EPEC (2011) **“State Guarantees in PPPs: A Guide to Better Evaluation, Design, Implementation and Management”**  
[<http://www.eib.org/epec/resources/epec-state-guarantees-in-ppps-public.pdf>]
- 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  
[<http://www.ppiaf.org/sites/ppiaf.org/files/publication/WB-ManagingContingentLiabilitiesAustraliaChileSoAfrica.pdf>]
- World Bank (2007) **“Government Guarantees: Allocating and Valuing Risk in Privately Financed Infrastructure Projects”** by Timothy Irwin  
[[http://siteresources.worldbank.org/INTSDNETWORK/Resources/Government\\_Guarantees.pdf](http://siteresources.worldbank.org/INTSDNETWORK/Resources/Government_Guarantees.pdf)]
- IMF (2006) **“Public-Private Partnerships, Government Guarantees, and Fiscal Risk”**, Staff Team Led by Richard Hemming  
[<http://www.imf.org/External/Pubs/NFT/2006/ppp/eng/ppp.pdf>]
- International Accounting Standards Board (2002) **“IPSAS 19—Provisions, Contingent Liabilities and Contingent Assets”**  
[<http://www.ifac.org/sites/default/files/publications/files/ipsas-19-provisions-cont-1.pdf>]

