# Appendix C: Statement of Risks

## Overview

Full details and explanations of fiscal risks, contingent liabilities and assets, and Government loans are provided in the 2025–26 Budget Statement 8: Statement of Risks. That Statement includes all risks that have been assessed as meeting a materiality threshold – which is that they would have a possible impact on the forward estimates greater than $20 million in any one year, or $50 million over the forward estimates period.

Consistent with the Charter, the 2025 PEFO updates only those fiscal risks, contingent liabilities and assets, and Government loans that have arisen or materially changed since the 2025–26 Budget, and other risks that may affect the fiscal outlook.

There is one contingent liability that has been modified since the 2025–26 Budget, which is outlined below. All other risk and loan items included in the 2025–26 Budget Statement 8: Statement of Risks still accurately reflect the risk to the fiscal outlook.

## Fiscal Risks

Fiscal risks comprise general economic developments or specific events or factors that may affect the fiscal outlook. In some 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.

The receipt and payment estimates and projections published in the 2025 PEFO are based on a range of economic and other parameters, and are consistent with the 2025–26 Budget.

The economic and fiscal estimates and projections are based on the best professional judgment of the Treasury and the Department of Finance, reflecting all known information at the time of the issue of the election writs. To the extent that unanticipated changes in economic conditions or program specific parameters occur, their impact will flow through to government payment and receipt forecasts and hence the fiscal position.

As discussed in the Economic Outlook, recent trade hostilities present material downside risks to the economic outlook, which, if realised, could in turn affect the fiscal outlook.   
The fiscal outlook could also be impacted by the recent significant flooding in Western Queensland.

### Unlegislated measures

In line with normal practice, and as was the case at the 2025–26 Budget, the forward estimates in the 2025 PEFO reflect the impact of all policy decisions, including those that remain unlegislated.

Consistent with normal practice, the estimates in the 2025 PEFO assume that unlegislated policy decisions will be legislated and take effect from the next possible commencement date. Where legislation is not passed by the scheduled commencement date, is passed with amendments to the original decision, or is rejected, there is a risk of a variation to the fiscal position outlined in the 2025 PEFO.

The Parliamentary Budget Office regularly publishes a list of unlegislated budget measures with significant financial implications. The latest list was published on 19 February 2025 and is available at [www.pbo.gov.au](https://www.pbo.gov.au/).

## Contingent Liabilities and Assets

There are a range of factors that may influence the actual budget outcome in future years, including matters that are not included in the fiscal forecasts because of uncertainty about their timing, magnitude or likelihood, and the realisation of contingent liabilities or assets.

As outlined in the 2025–26 Budget, a large number of the contingent liabilities reflect indemnities, including those relating to the Department of Defence, the Future Fund Management Agency and Future Fund Board of Guardians, and the Reserve Bank of Australia.

The fiscal position is also subject to a number of guarantees issued by the Australian Government, such as those relating to guarantee schemes for the banking and financial sector, payments by the Export Finance and Insurance Corporation and the superannuation liabilities of the Commonwealth Bank prior to its sale to the private sector.

Other significant contingent liabilities relate to uncalled capital subscriptions and credit facilities to international financial institutions and legal cases concerning the Australian Government.

There is one material update to an existing contingent liability since the 2025–26 Budget.

### Indemnity provided to the Administrator of the Construction and General Division of the Construction, Forestry and Maritime Employees Union

Since the 2025–26 Budget, the Commonwealth has entered into a deed of indemnity with the Administrator of the Construction and General Division (and its branches) of the Construction, Forestry and Maritime Employees Union. The indemnity is to ensure that, in the event relevant provisions in the Fair Work (Registered Organisations) Act 2009 and/or the Fair Work (Registered Organisations) (CFMEU Construction and General Division Administration) Determination 2024 (which contain an indemnity) are found to be invalid, the Administrator and persons acting under his direction have continued indemnity in certain circumstances. The indemnity is uncapped for certain liabilities (although subject to compliance with its terms) and currently unquantifiable as the potential liability cannot be accurately estimated at present.

## Government Loans

The 2025–26 Budget estimates include a number of loans, which all contain some element of credit risk that they will not be repaid in full, although in most cases this risk is small. There are no new loans and no material updates to the Government loans disclosed in the 2025–26 Budget Statement 8: Statement of Risks.