

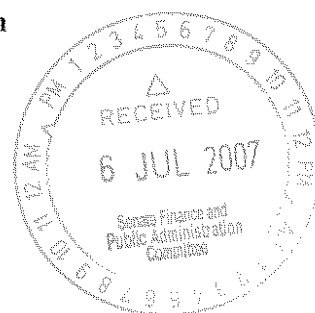
Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Budget Estimates Hearing – May 2007



Question: F17

Outcome 1, Output

Topic: List of indemnities to members and/or officers of boards

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Senator Brown asked:

I would appreciate it if you could supply me, if there is a list, with the other agencies or instrumentalities that have indemnities for board members. The minister might help you in getting that list together.

Answer:

Budget Paper No.1 (2007-08) contains 'Statement 11: Statement of Risks', which summarises risks to the budget, including contingent liabilities with a possible impact on the forward estimates greater than \$20 million in any one year, or \$40 million over the forward estimates. Contingent liabilities include loan guarantees, non-loan guarantees, warranties, indemnities, uncalled capital and letters of comfort.

The Statement of Risks lists the following indemnities offered by the Commonwealth to members and/or officers of boards currently in the public sector:

- Military Superannuation and Benefits Scheme board;
- Australian Submarine Corporation Pty Ltd board;
- Australian Nuclear Science and Technology Organisation and its officers;
- Australian Technology Group Limited;
- trustees of the Australian Reward Investment Alliance and delegates of the trustee board;
- Telstra Sale Company Limited and its officers;
- Export Finance and Insurance Corporation board members and senior management;
- Snowy Hydro Limited board; and
- Maritime Industry Finance Company Limited board.

Consistent with provisions under the *Corporations Act 2001* (Corporations Act), Commonwealth companies¹ have the power to indemnify their directors, within statutory limitations contained in the Corporations Act. For Commonwealth authorities, the *Commonwealth Authorities and Companies Act 1997* (CAC Act) contains equivalent provisions to the Corporations Act relating to officer duties and restrictions on indemnities and insurance. Commonwealth authorities have the power to indemnify their directors, within statutory limitations under Division 4A of the CAC Act. These types of indemnities issued by Commonwealth authorities and Commonwealth companies are not indemnities issued by the Commonwealth.

¹ Commonwealth companies under the *Commonwealth Authorities and Companies Act 1997* are companies under the *Corporations Act 2001* in which the Commonwealth has a controlling interest.