



# ANNUAL REPORT

Asbestos Compensation Commissioner







# ASBESTOS COMPENSATION COMMISSIONER

ANNUAL REPORT  
2020-21

This publication is available online at [worksafe.tas.gov.au](https://worksafe.tas.gov.au)  
Asbestos Compensation Commissioner, PO Box 56, Rosny Park Tasmania 7018

We welcome your feedback on this report

Send to: [acc@justice.tas.gov.au](mailto:acc@justice.tas.gov.au)

## Asbestos Compensation Commissioner

PO Box 56, Rosny Park 7018  
Phone 1300 366 322  
Email [acc@justice.tas.gov.au](mailto:acc@justice.tas.gov.au)  
Web [www.worksafe.tas.gov.au](http://www.worksafe.tas.gov.au)

The Hon. Elise Archer MP

### **Asbestos Compensation Commissioner Annual Report 2020-21**

I am pleased to submit the Asbestos Compensation Commissioner Annual Report 2020-21 to you, for presentation to Parliament. The financial statements presented here have been prepared in compliance with the provisions of the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011*.



Robyn Pearce  
**Asbestos Compensation Commissioner**



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## Glossary

the Act: *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011*

the Commissioner: Asbestos Compensation Commissioner

the Scheme: Asbestos Compensation Scheme

the year: reporting period from 1 July 2020 to 30 June 2021



# COMMISSIONER'S MESSAGE

## About the Asbestos Compensation Scheme

*The Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* (the Act) provides a statutory compensation framework for workers suffering from asbestos-related diseases attributable to exposure to asbestos at work in connection with Tasmania.

The asbestos compensation scheme (the scheme) administers compensation benefits including lump sum compensation, weekly payments, payment of medical and other expenses, and funeral costs. The scheme is non-adversarial and provides no-fault and timely compensation to eligible workers and certain family members of deceased workers.

To be eligible for compensation, a person must be (or have been) a worker in connection with the State, as defined by the legislation, at the time of exposure to asbestos. A person who has retired from the workforce may still be eligible for compensation.

Workers and family members of deceased workers who have been diagnosed with an asbestos-related disease may lodge an application with the Asbestos Compensation Commissioner, accompanied by the medical and occupational evidence necessary to facilitate a determination of their claim.

Asbestos compensation payments are paid out of the Asbestos Compensation Fund, which receives contributions as a percentage of the workers compensation premiums of licensed insurers, self-insurers and State Service Agencies.

## Scheme objectives

The scheme aims to ensure that eligible workers and their families living with asbestos-related diseases can access statutory compensation to assist them during a difficult period of their lives. The objectives of the scheme are to:

- provide fair and appropriate compensation and pay certain expenses to workers with asbestos-related diseases, and family members of deceased workers
- ensure applications are resolved promptly and effectively
- provide an effective and economical mechanism for resolving disputes
- provide a mechanism in which medical determinations are made accurately, and are based on evidence.

## The role and functions of the Commissioner

The Asbestos Compensation Commissioner oversees the administration of the scheme and exercises the decision-making powers provided by the legislation.

In determining applications for compensation, the Commissioner is not the sole decision maker. For cases involving imminently

fatal disease, non-imminently fatal disease with 10% or more whole person impairment, and member of the family claims, the Commissioner is required to refer all medical questions to a medical panel. Once the medical panel decides a medical question, the Commissioner is bound by the decision of the medical panel. Medical panels therefore provide a crucial role and the success of the scheme is very much dependent on the availability and expertise of a relatively small group of medical specialists.

Where a dispute arises in relation to asbestos compensation, certain matters may be referred to the Asbestos Compensation Tribunal for resolution.

The functions of the Commissioner include:

- managing and administering the investments of the Fund
- providing advice to the Minister on matters relating to asbestos compensation in Tasmania
- providing information to the Department of Justice for developing policy in relation to asbestos-related diseases and related matters.

The Act provides the Commissioner with the capacity to do all things necessary for, in connection with, or incidental to, the performance of the Commissioner's functions. This includes issuing notices to applicants or other third parties requiring provision of information necessary to exercise the functions of the Commissioner. In the 12 months to 30 June 2021, the Commissioner made one request for information from an applicant under section 41 of the Act, and four requests for information from third parties pursuant to section 180.

The Commissioner also has the ability, in a court of competent jurisdiction, to recover amounts from culpable manufacturers, suppliers and employers responsible for contraction of asbestos-related diseases.

The Commissioner is supported by staff from the Department of Justice, in line with a Service Level Agreement.

## Supporting workers and members of their families

Scheme staff work closely with applicants to ensure their applications are processed accurately and promptly. This often requires meeting with applicants to ensure accurate occupational and asbestos exposure history is recorded. In addition, discussions occur with employers, legal representatives and other third parties to ensure the necessary information about each application is obtained.

In 2020–21, 12 applications were received by the Commissioner which did not constitute a claim under section 33 of the Act. In nine of those cases, staff worked with applicants and other parties to facilitate complete applications for determination by the Commissioner.



Scheme staff:

- provide advice to potential applicants on eligibility for compensation
- where necessary, collate evidence, and provide advice and assistance in completing applications
- keep applicants informed of the progress of their application
- ensure compensation entitlements and expenses are paid promptly.

In collecting medical and occupational evidence, staff liaise with medical and legal professionals, past employers, and other relevant sources. This ensures that the medical panel and the Commissioner have all the necessary information to determine each claim.

## Collecting data

This year, a project was completed to enhance the framework for recording and managing asbestos compensation claims data. The updated system provides for a more streamlined claims management process, managed through a dedicated user interface; and simplified monitoring of expenditure against each claim. Asbestos levy payment data was also migrated to the system for enhanced monitoring and reporting.

## Review of the Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011

Under section 187, an independent review of the operation of the Act is required every five years. The report of the First Five Yearly Review was tabled in both Houses of Parliament in October 2017. The next statutory review is due to commence in the second half of 2021.

## Internal review of claims activity

This year the Commissioner continued to progress initiatives arising from an internal review of overdue claims that was completed last year. The findings and recommendations of the Internal Review of Claims Activity related primarily to process and system improvements, which the Commissioner has been implementing over time.

The review identified five priority areas for targeted attention aimed at improving the application process and adherence to statutory timeframes. These are:

- resolving operational constraints
- increasing community and stakeholder awareness

- enhancing reporting capabilities
- maximising accessibility of service providers
- and reviewing statutory timeframes.

## Annual review of the Asbestos Compensation Fund

An actuarial review of the operation of the Fund was carried out to provide an estimate of the outstanding claims liabilities of the Fund and enable the Commissioner to report on the ongoing performance and operation of the scheme.

The actuary conducted a Liability Valuation for the Fund as at 30 June 2021. The actuary predicted that while net assets will decrease in 2021–22, Fund revenue is expected to exceed expenditure over the next five years to 2026.



Robyn Pearce  
Asbestos Compensation Commissioner



# MEDICAL PROCESS

## Impairment Assessment

Assessment of whole person impairment (WPI) forms an important part of the application process for workers who have been diagnosed with a non-imminently fatal asbestos-related disease.

The Commissioner refers the medical question as to the degree of impairment to impairment assessors who are accredited by the WorkCover Tasmania Board. Impairment assessors provide the Commissioner with an assessment about the percentage of WPI in relation to asbestos-related disease. The degree of impairment helps inform the Commissioner's determination as to whether or not a person is entitled to compensation and the amount payable.

If an applicant is assessed as having 10% or more WPI attributable to asbestos-related disease, the Commissioner refers medical questions in relation to the applicant to a medical panel. Where an applicant is assessed as having less than 10% WPI, they are not entitled to receive compensation.

Individuals who are assessed as having less than 51% WPI as a result of asbestos-related disease are entitled to apply to the Commissioner for one free impairment assessment each calendar year.

Impairment assessments are undertaken by accredited impairment assessors in accordance with the relevant guidelines issued by the WorkCover Tasmania Board under the *Workers Rehabilitation and Compensation Act 1988*. Other guides or methods may also be used in certain circumstances, as specified under section 46(3) of the Act. For a list of medical practitioners accredited to assess permanent impairment, or to read WorkCover Tasmania's guidelines for assessment of permanent impairment, go to [worksafe.tas.gov.au](https://worksafe.tas.gov.au) and look under the compensation section.

## Medical practitioner register

Section 50 of the Act requires the Commissioner to establish and maintain a register of medical practitioners who are specialists in a field of medicine in which asbestos-related diseases occur, and who are willing to be selected for a medical panel. The current register comprises:

- Dr Emma Ball
- Professor David Bryant
- Dr Christopher Clarke
- Dr Peter Corte
- Dr Ian Gardiner
- Dr Nick Harkness
- Associate Professor Graham Hart
- Dr Robert Hewer
- Dr Cameron Hunter
- Dr Gregory Kaufman
- Dr Gaurie Palnitkar
- Dr David Stock.

## Medical panel

The Commissioner convenes three practitioners from the medical register to form a medical panel to assess certain applications for compensation.

The medical panel determines the medical questions specified under section 8 of the Act which include (but are not limited to):

- whether the person has an asbestos-related disease
- if contracting the asbestos-related disease is reasonably attributable to exposure to asbestos in the course of their employment as a worker
- whether or not the person with the asbestos-related disease is reasonably likely to die within two years
- the degree of impairment or incapacity of the person
- whether the person may recover or has recovered from the disease.

The Commissioner refers medical questions to the medical panel and provides all medical evidence and other information in the Commissioner's possession likely to assist the medical panel to make its decision. If further information is required by the panel, the Chair of the medical panel is to request this through the Commissioner.

Once the medical panel decides a medical question, the Commissioner is bound by that decision. Medical panel members do not physically examine applicants.



# ASBESTOS COMPENSATION SCHEME PERFORMANCE

## Introduction

The scheme administers no-fault and timely compensation to workers, and family members of deceased workers, who have been diagnosed with an asbestos-related disease. Compensation payments are calculated using the basic salary which is indexed each calendar year based on the Consumer Price Index. The basic salary in 2020 was \$910.87 and in 2021 was \$954.22.

## Non-imminently fatal asbestos-related disease

A person with an asbestos-related disease and more than two years life expectancy may be entitled to lump sum compensation based on their level of impairment, as set out in the table below.

### Impairment related payments

Level of impairment	Number of compensation units*
Less than 10%	nil
10% - 25%	120
26% - 50%	240
51% or more	360

\* As at 30 June 2021, one compensation unit was equal to \$954.22

If a person is assessed with increased impairment, they may apply for variation of lump sum compensation under section 74 or 76 of the Act. The maximum lump sum compensation payable for non-imminently fatal disease at 30 June 2021 was \$343,519.20.

In addition, reasonable medical expenses in connection with a person's disease are payable by the Commissioner. Weekly payments may also be provided where there is incapacity to work as a result of non-imminently fatal asbestos-related disease. There were no weekly payments made in 2020–21.

The Commissioner pays for one impairment assessment per calendar year for individuals with a whole person impairment below 51%.

This financial year, impairment assessment costs incurred by the Fund totalled \$45,400.

## Imminently fatal asbestos-related disease

A person with less than two years life expectancy as a result of an asbestos-related disease, such as mesothelioma, is entitled to lump sum compensation of \$343,519.20. Further, if the person is less than 80 years of age, they are entitled to an additional age-related benefit up to a maximum of \$343,519.20.

A person with an imminently fatal asbestos-related disease is also entitled to the payment of all reasonable medical expenses in connection with their disease, up to a maximum of \$119,277.50. Beyond this amount, the legislation requires the Commissioner to review the case. One imminently fatal case was reviewed in 2020–21 to enable the ongoing payment of medical expenses.

These figures are current at 30 June 2021.

## Members of the family

Lump sum compensation payable to family members of a worker who has died from asbestos-related disease are the same as a worker would have received if they were alive.

## Applications received

In 2020–21, the Commissioner received 12 new applications, which is five less than the previous year. Application types were:

- nine imminently fatal
- two non-imminently fatal
- one member of the family.

At 30 June 2021, of the 12 applications:

- eight were accepted for imminently fatal asbestos-related disease, including one by a family member
- one was pending
- one was not entitled to compensation with <10% WPI
- two were not accepted.

Other key points for the year were:

- in the six months to 31 December 2020, claim numbers were lower than expected with only one new claim received. Claim numbers have since increased, with 11 new claims received between 1 January and 30 June 2021
- the most common disease reported for accepted claims was mesothelioma
- there was one referral to the Asbestos Compensation Tribunal after the Commissioner determined that the applicant was not entitled to compensation. The outcome of this referral was pending at 30 June 2021
- one referral made to the Tribunal in 2019–20 was finalised this year; it was found there was an entitlement to compensation
- there was one application granted for variation of lump sum compensation for increased whole person impairment
- the total number of applications for compensation received by the Commissioner from when the scheme began in 2011 to 30 June 2021 is 187.

## Fund expenditure

This year:

- \$4,341,069.61 was paid in claim payments, consisting of lump sum payments, rehabilitation expenses and funeral benefits. This also included asbestos compensation paid this year for a matter determined by the Tribunal from the previous year (see previous page). Claim payments were less than payments the previous year due to lower than expected claims
- \$291,077.49 was paid for medical expenses
- \$9,183.88 was paid for travel costs for applicants to obtain medical services and treatments
- \$30,625.92 was spent on medical panel costs
- \$45,400 was paid for impairment assessment costs relating to new and existing applicants. This was more than double the amount paid the previous year due to changes in the timing of annual assessments throughout the year due to the COVID-19 pandemic
- \$245,376.54 was spent on administrative costs, including actuarial, audit and Service Level Agreement services.

At 30 June 2021, the balance of the Fund was \$24,571,801.21, compared with \$20,717,926.13 at 30 June 2020.

For exact costs, see the Audited Financial Statements in this annual report.

## Asbestos levy

The legislation imposes a levy on workers compensation premiums, including those paid by policyholders, self-insurers and State Service Agencies. The levy is charged as a percentage of the premiums payable by licensed insurers and the notional premiums of self-insurers. The levy is paid into the Fund, which ensures that the scheme is self-funded. Levy amounts received by the Fund in 2020–21 totalled \$8,428,916.72.

The levy is set annually by the Minister for Workplace Safety and Consumer Affairs. This year, based on an actuarial assessment of the Fund, the Minister determined that the levy for 2021–22 will be set at 2.5%. This is down from 3% in 2020–21.

The Fund actuary predicted that Fund revenue would exceed expenditure over the next five years to 2026 and as such, net assets are expected to grow steadily for the next few years.

## Occupation of worker when exposed

Of the eight compensation claims accepted in 2020–21, the most commonly reported occupation of exposure was fitter (25%). This was similar to the figure reported the previous year (23% fitters). Other occupations where a relevant exposure period was reported included boilermaker welder, plasterer and tiler, sales representative, carpenter, floor layer and electrical mechanic.

The number of asbestos compensation claims received by the scheme historically has been the highest for those exposed in manufacturing and construction industries. Since 2015, 46% of claims have been from workers in the manufacturing industry and 18% from those in the construction industry. Labourers, metal fitters and machinists, carpenters and joiners, and electricians comprise the largest proportion of cases in this period.



**\$291,077.49 paid in medical and rehabilitation expenses**



**12 new claims received in 2020-21**





## Right to information

As a separate public authority, the Asbestos Compensation Commissioner may receive right to information applications under the *Right to Information Act 2009*.

There were no right to information applications received by the Commissioner in 2020–21.

## Public interest disclosures

In accordance with the requirements of section 86 of the *Public Interest Disclosures Act 2002*, in 2020–21:

- no disclosures of public interest were made to the Commissioner
- no public interest disclosures were investigated by the Commissioner
- no disclosure matters were referred to the Commissioner by the Ombudsman
- no disclosure matters were referred by the Commissioner to the Ombudsman to investigate
- no investigations of disclosed matters were taken over by the Ombudsman from the Commissioner
- there were no disclosed matters that the Commissioner decided not to investigate
- there were no disclosed matters that were substantiated on investigation, as there were no disclosed matters
- the Ombudsman made no recommendations under the Act that relate to the Commissioner.

The Commissioner continues to adopt the Department of Justice's procedures in this area. To view these, go to [justice.tas.gov.au](https://justice.tas.gov.au) and search for 'public interest procedures'.

# ASBESTOS COMPENSATION FUND ACTUARIAL VALUATION REPORT

PricewaterhouseCoopers was appointed to conduct an Asbestos Compensation Fund Actuarial Valuation.

## Fund Report Card

This table shows the Tasmanian Asbestos Compensation Fund claim metrics at 30 June 2021 for the current and previous years, and projected for the next year. Actuarial data does not include incomplete claims.

	2019/20 <sup>1</sup> Actual <sup>3</sup>	2020/21 <sup>2</sup> Actual <sup>3</sup>	2020/21 Expected <sup>7</sup>	2021/22 Projected <sup>8</sup>
<b>Number of new claims accepted by the fund</b>				
Mesothelioma	13	7	7.0	6.9
Lung cancer + other imminently fatal conditions	0	0	2.8	2.8
Non-imminently fatal > 10% Whole Person Impairment (WPI)	0	0	3.7	3.5
<b>Sub-total</b>	<b>13</b>	<b>7</b>	<b>13.5</b>	<b>13.1</b>
<b>Number of new claims that are currently not accepted or are pending</b>				
Non-imminently fatal < 10% WPI	0	1	n/a	n/a
Pending claim	1	2	n/a	n/a
<b>Sub-total</b>	<b>1</b>	<b>3</b>	<b>n/a</b>	<b>n/a</b>
<b>Number of new claims not entitled to compensation</b>	<b>3</b>	<b>2</b>	<b>n/a</b>	<b>n/a</b>
<b>Number of new claims not eligible to apply</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	<b>n/a</b>
<b>Total</b>	<b>17</b>	<b>12</b>	<b>n/a</b>	<b>n/a</b>
<b>Claim payments<sup>4</sup> (\$000)</b>				
Medical and impairment assessment costs <sup>5</sup>	311	367	589	597
Costs awarded <sup>6</sup>	7,042	4,341	5,398	5,505
<b>Total</b>	<b>7,353</b>	<b>4,708</b>	<b>5,986</b>	<b>6,102</b>
<b>Claims Handling Expenses<sup>4</sup> (\$000)</b>	<b>245</b>	<b>284</b>	<b>269</b>	<b>275</b>

Notes:

1. Claim number and payment experience of 2019/20 reflects actual experience between 1 July 2019 and 30 June 2020.
2. Claim number and payment experience of 2020/21 reflects actual experience between 1 July 2020 and 30 June 2021.
3. Actual claim numbers reflect new claims reported over the financial year. This does not include previously reported claims that have been reassessed over the financial year and is therefore not directly comparable to projected numbers. Further details on claims that have been reassessed over 2020/21 can be found in Section 1, page 2 of the main report.
4. Actual claim payments and expenses are from the 2019/20 and 2020/21 Trust Fund Reports. Further details on claims handling expenses can be found in Section 9.2 of the main report.
5. Includes medical expenses, medical panel costs, and impairment assessment costs.
6. Actual costs awarded include lump sums and funeral costs.
7. Expected costs relate to IBNR claims. There was an additional allowance of \$2.2m (including claims handling expenses) for reported claims.
8. Projected costs relate to IBNR claims. There is an additional \$2.9m (including claims handling expenses) allowance for reported claims.



# ASBESTOS COMPENSATION FUND FINANCIAL STATEMENTS 2020-21



**Tasmanian**  
Audit Office

**Independent Auditor's Report**  
**To the Members of Parliament**  
**Asbestos Compensation Fund**  
**Report on the Audit of the Financial Report**

## **Opinion**

I have audited the financial report of the Asbestos Compensation Fund (the Fund), which comprises the statement of financial position as at 30 June 2021, statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by Asbestos Compensation Commissioner (the Commissioner).

In my opinion, the accompanying financial report:

- (a) present fairly, in all material respects, the financial position of the Fund as at 30 June 2021 and its financial performance and its cash flows for the year then ended
- (b) are in accordance with the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* and Australian Accounting Standards.

## **Basis for Opinion**

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### Why this matter is considered to be one of the most significant matters in the audit

The Provision for compensation payable of \$80.76m at 30 June 2021, was measured as the present value of the expected future payments to persons who had an accepted claim for compensation, or who were estimated by the actuary to be entitled to compensation in the future.

The Provision for compensation payable is calculated by estimating the incidence of future asbestos claims based on the Fund's historical claims experience and a selected claims incidence pattern (the expected pattern of the emergence of future claim reports). These claim numbers are then multiplied by the expected future claims severity (cost of claims). The future cash flows projected are then inflated to the expected date of payment based on an assumption about future rates of inflation and then discounted by 'risk-free' investment return rates back to the valuation date.

There is considerable uncertainty associated with the number of future claims, their reporting pattern, and the costs associated with those claims. Changes in economic assumptions have a significant impact on the estimation of the Provision for compensation payable.

- Assessing the scope, expertise and independence of the Fund's actuary engaged to calculate the Provision for compensation payable.
- Reviewing the source data and economic assumptions used by the Fund's actuary in calculating the Provision for compensation payable.
- Engaging and assessing the work of my independent expert who evaluated the basis of calculation and reasonableness of assumptions used to determine the Provision for compensation payable.
- Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.



## Responsibilities of the Commissioner for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the financial reporting requirements of the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* and for such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Commissioner is responsible for assessing the Funds ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund is to be dissolved by an Act of Parliament, or the Commissioner intends to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

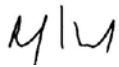
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- Conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the

date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Commissioner, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Rod Whitehead  
**Auditor-General**  
Tasmanian Audit Office

6 September 2021  
Hobart



## Asbestos Compensation Fund

### Financial Statements 2020-21

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## Statement by Asbestos Compensation Commissioner

The accompanying Financial Statements of the Asbestos Compensation Fund are in agreement with the relevant accounts and records and have been prepared in compliance with the provisions of the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* to present fairly the financial transactions for the year ended 30 June 2021 and the financial position as at the end of the year.

At the date of signing, I am not aware of any circumstances, which would render the particulars included in the financial statements misleading or inaccurate.

A handwritten signature in blue ink, appearing to read 'Pearce', with a stylized circular flourish at the beginning.

Robyn Pearce

**Asbestos Compensation Commissioner**

3 September 2021

## Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 Actual \$'000	2020 Actual \$'000
<b>Income from continuing operations</b>			
Levies	1.1	8 428	7 888
Reimbursements	1.2	350	-
Interest	1.3	38	97
Increase/(decrease) in Future levies receivable	3.1	(7 983)	128
<b>Total income from continuing operations</b>		<b>833</b>	<b>8 113</b>
<b>Expenses from continuing operations</b>			
Compensation expense	2.1, 4.2	218	7 636
Medical expenses	2.2	367	271
Administration expenses	2.3	248	206
<b>Total expenses from continuing operations</b>		<b>833</b>	<b>8 113</b>
<b>Net result</b>		<b>-</b>	<b>-</b>
<b>Comprehensive result</b>		<b>-</b>	<b>-</b>

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



## Statement of Financial Position as at 30 June 2021

	Notes	2021 Actual \$'000	2020 Actual \$'000
<b>Assets</b>			
Cash and deposits	5.1	24 572	20 718
Receivables	3.1	56 199	64 182
<b>Total assets</b>		<b>80 771</b>	<b>84 900</b>
<b>Liabilities</b>			
Payables	4.1	12	9
Provision for Compensation Payable	4.2	80 759	84 891
<b>Total liabilities</b>		<b>80 771</b>	<b>84 900</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>
<b>Equity</b>			
Accumulated funds		-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>

This Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 Actual \$'000	2020 Actual \$'000
<b>Cash flows from operating activities</b>		Inflows (Outflows)	Inflows (Outflows)
<b>Cash inflows</b>			
Levies		8 428	7 888
Reimbursements		350	-
Interest		38	97
<b>Total cash inflows</b>		<b>8 816</b>	<b>7 985</b>
<b>Cash outflows</b>			
Compensation awarded		(4 350)	(7 051)
Medical expenses		(367)	(311)
Administration expenses		(245)	(206)
<b>Total cash outflows</b>		<b>(4 962)</b>	<b>7 568</b>
<b>Net cash from/(used by) operating activities</b>	5.2	<b>3 854</b>	<b>417</b>
<b>Net increase/(decrease) in cash held and cash equivalents</b>		<b>3 854</b>	<b>417</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>20 718</b>	<b>20 301</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	5.1	<b>24 572</b>	<b>20 718</b>

This Statement of Cash Flows should be read in conjunction with the accompanying notes.



## Statement of Changes in Equity for the year ended 30 June 2021

	Notes	Accumulated Funds \$'000	Total equity \$'000
<b>Balance as at 1 July 2020</b>		-	-
Total comprehensive result		-	-
Total		-	-
<b>Balance as at 30 June 2021</b>		-	-

	Notes	Accumulated Funds \$'000	Total equity \$'000
<b>Balance as at 1 July 2019</b>		-	-
Total comprehensive result		-	-
Total		-	-
<b>Balance as at 30 June 2020</b>		-	-

This Statement of Changes in Equity should be read in conjunction with the accompanying notes. Further details on the calculation of equity are included in Note 3.1.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2021

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## Note 1 Revenue

Revenue is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15.

### 1.1 Levies

The levy is set by the Minister for Workplace Safety and Consumer Affairs (the Minister) each year. In setting the levy, the Minister is to take in to account:

- the expected degree of payments and other expenses the Commissioner will be required to pay in the financial year; and
- the amount of any other money that is expected to be received by the Commissioner in the financial year; and
- the period during which payment of the levy is likely to be required; and
- any deficit or surplus projected to occur at the end of the financial year; and
- any other matters that are prescribed.

The levy is the rate levied on the premiums of licensed insurers and the notional premiums of self-insurers. The rate for the 2020-21 financial year was 3.0 per cent, which was consistent with the 2019-20 rate of 3.0 per cent.

The total expenses required by the Fund over its entire life are able to be recouped under the levy. Therefore, the Fund retains a Future levies receivable for all estimated future expenditure from the Fund. For this reason, the Fund does not accumulate any equity.

	2021 \$'000	2020 \$'000
Levies relating to the 2018-19 financial year	-	817
Levies relating to the 2019-20 financial year	784	7 071
Levies relating to the 2020-21 financial year	7 644	-
<b>Total</b>	<b>8 428</b>	<b>7 888</b>

### 1.2 Reimbursements

During 2020-21, the estate of a recipient who previously received compensation from the Fund successfully pursued a common law claim against a third party. As a result, under section 108 of the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011*, the compensation received by the estate from the third party, which duplicated the compensation provided by the Fund was repaid to the Fund by the estate.

### 1.3 Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method.

## Note 2 Expenses

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

### 2.1 Compensation Expense

Compensation related expenditure represents compensation approved by the Commissioner and the net movement in the Provision for Compensation Payable.

	2021 \$'000	2020 \$'000
Aged Based Lump Sum	1 238	2 032
Lump Sum	2 977	4 949
Whole Person Impairment	-	-
Funeral Expenses	121	61
Travel Expenses	8	8
Rehabilitation	6	1
<b>Total compensation awarded</b>	<b>4 350</b>	<b>7 051</b>
Net movement in Provision for Compensation Payable	(4 132)	585
<b>Compensation expense</b>	<b>218</b>	<b>7 636</b>

### 2.2 Medical Expenses

	2021 \$'000	2020 \$'000
Impairment Assessor	45	20
Medical expenses	291	210
Medical Panel	31	41
<b>Total</b>	<b>367</b>	<b>271</b>

### 2.3 Administration Expenses

Expenses from activities other than those identified above are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

	2021 \$'000	2020 \$'000
Administration costs paid to the Department of Justice	184	180
Actuarial costs	45	12
Audit fees	9	9
Other	10	5
<b>Total</b>	<b>248</b>	<b>206</b>

External audit fees payable for the 2020-21 financial statements were \$9,300 (\$9,020 for 2019-20).

## Note 3 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Fund and the asset has a cost or value that can be measured reliably.

The Fund has an overdraft facility on its account to allow for the delay in receiving reimbursement for GST payments from the Australian Taxation Office.

### 3.1 Receivables

The calculation of the Future levies receivable is based on the fact that all expenditure incurred by the Scheme over its entire life can be off-set by licensed insurers and self-insurers through the levy. The Receivable is calculated as at 30 June 2021 and reflects the negative equity of the Fund, given the large number of claims that the Fund will be required to pay out over its life. The movement in equity for the period is not reported separately but part of the increase or decrease in Future levies receivable.

For future levies receivable, due to the long settlement period, the Fund discounts these receivables back to their present value.

	2021 \$'000	2020 \$'000
Future levies receivable	56 199	64 182
<b>Total</b>	<b>56 199</b>	<b>64 182</b>
Settled within 12 months	9 260	8 502
Settled in more than 12 months	46 939	55 680
<b>Total</b>	<b>56 199</b>	<b>64 182</b>

The decrease in the Future levies receivable is due to the increase in cash held by the Fund as at 30 June 2021 and the decrease in the Provision for compensation payable (see Note 4.2) as a result of the actuarial review completed by the Fund's actuary, PricewaterhouseCoopers as at 30 June 2021.

## Note 4 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

### 4.1 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Fund becomes obliged to make future payments as a result of a purchase of assets or services.

	2021 \$'000	2020 \$'000
Accrued Expenses	12	9
<b>Total</b>	<b>12</b>	<b>9</b>
Settled within 12 months	12	9
<b>Total</b>	<b>12</b>	<b>9</b>

Settlement is usually made within 30 days.



## 4.2 Provision

A provision arises if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

### Provision for Compensation Payable

The Fund only has one provision which is the Provision for Compensation Payable. The Provision for Compensation Payable is measured as the present value of the expected future payments to persons who have an accepted claim for compensation or who are estimated by the actuary to be entitled to compensation in the future. The Provision for Compensation Payable includes actuarially assessed costs of claims made and an actuarially assessed estimate for claims yet to be made.

Compensation will be funded by funds held in investments and by future levies. The *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* gives the Minister authority to impose levies each year to meet annual operating costs.

The Fund includes in its provision an estimate for compensation payable for claims yet to be made of \$80.759 million (\$84.891 million as at 30 June 2020). This figure is shown in the Statement of Financial Position as a liability with the corresponding outstanding contributions receivable asset (net of cumulated surplus or deficit to date) representing the right to levy employers for these outstanding claims.

### (a) Carrying amount

	2021 \$'000	2020 \$'000
<b>Provision for Compensation Payable</b>		
Provision – opening balance at 1 July	84 891	84 306
Less, Compensation awarded and paid	(4 350)	(7 051)
Add, Movement in provision due to changes in assumptions as to the number of future claims and their reporting pattern, claim costs associated with those claims, claims handling expenses and other economic assumptions	218	7 636
<b>Provision – closing balance at 30 June</b>	<b>80 759</b>	<b>84 891</b>
<b>Provision – compensation payments for reported claims</b>		
Outstanding at beginning of period	2 244	932
Net movement during the period	631	1 312
<b>Outstanding at end of period</b>	<b>2 875</b>	<b>2 244</b>
<b>Provision – estimated compensation for future claims</b>		
Estimated at beginning of period	82 646	83 374
Net movement during the period	(4 762)	(727)
<b>Estimate at end of period</b>	<b>77 884</b>	<b>82 647</b>
<b>Total Provision for Compensation Payable as at 30 June</b>	<b>80 759</b>	<b>84 891</b>
<b>Breakdown of compensation payable</b>		
Settled within 12 months	9 251	8 493
Settled in more than 12 months	71 508	76 398
<b>Total</b>	<b>80 759</b>	<b>84 891</b>

The actuarial valuation contains numerous assumptions regarding the future numbers of claims and the characteristics of the persons. Given the uncertainty of this portfolio of claims, a range of assumptions may be plausible which reflect the current environment in which claims are managed and settled.

# FINANCIAL STATEMENTS 2020-21

The main assumptions are:

- Claim numbers, both the starting number assumed for 2020-21 and the Incurred But Not Reported (IBNR) run-off curve;
- Age distribution of imminently fatal claims;
- Whole person impairment percentage of non-imminently fatal claims; and
- Inflation and discount rates.

The Fund's actuary, PricewaterhouseCoopers, in valuing the liabilities as at 30 June 2021, has estimated the compensation payable for claims yet to be lodged on an inflated and discounted basis.

The following inflation rates and discount rates were used in measuring the provision for compensation payable:

	2021 %	2020 %
<b>Compensation Expected to be Paid</b>		
<b>Not later than one year</b>		
Wages inflation rate	1.62	1.25
Discount rate	0.03	0.23
<b>Later than one year</b>		
Wages inflation rate	1.66	1.41
Discount rate	2.07	0.58

A wage inflation factor is used to inflate the estimated future compensation costs. This is primarily due to the bulk of the scheme benefits being linked to average weekly ordinary full-time earnings. Forecasts of wage inflation are adopted in the short term, then a long term gap between inflation and bond yields in the long term, with the inflation rates blended to the long term rate across the four to ten year range.

The estimate of the Provision is discounted to allow for the time value of money. The rate used to discount is based upon the current yield curve and expectations of longer term yield beyond the term of available Government bonds.

## (b) Sensitivity analysis for the valuation

The Provision for Compensation Payable represents the best estimate and is based on standard actuarial assessment techniques. The table below shows the key sensitivities of the valuation.

### 30 June 2021

Assumptions	30 June Liability \$'000	Effect on Liability \$'000	Percentage effect %
<b>Central estimate (including expenses)</b>	80 759		
<b>IBNR Claim Numbers</b>			
Reduce claim numbers by 30%	57.3	(23.0)	(29.0)
Increase claim numbers by 30%	104.1	23.0	29.0
<b>Average Claim Size</b>			
Higher average medical costs, at the maximum level (compared with 30% assumption)	91.8	11.0	14.0
<b>Inflation and discount rates</b>			
'Gap' between inflation and discount increased by 1% for compensation paid later than 1 year	86.7	5.9	7.0
<b>Age Distribution</b>			
Larger proportion of young claimants	83.3	2.5	3.0

*Note: The effect of each variation is made in isolation from the others. The combined effect of two or more changes may involve interactions and substitutions which are not considered in the valuation.*

## Note 5 Cash Flow Reconciliation

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

### 5.1 Cash and deposits

Cash and cash equivalents includes the balance of the Trust Account, held by the Fund, and any other cash held. The Fund processes all transactions through a Trust Account entitled *S741 Asbestos Compensation Fund*.

	2021 \$'000	2020 \$'000
<b>Special Deposits and Trust Fund balance</b>		
S741 Asbestos Compensation Fund	24 572	20 718
<b>Total cash and deposits</b>	<b>24 572</b>	<b>20 718</b>

### 5.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2021 \$'000	2020 \$'000
Net result	-	-
Decrease (increase) in Receivables	7 983	(128)
Increase (decrease) in Provision for Compensation Payable	(4 132)	585
Increase (decrease) in Payables	3	(40)
<b>Net cash from (used by) operating activities</b>	<b>3 854</b>	<b>417</b>

### 5.3 Reconciliation of liabilities arising from financing activities

The Fund does not have any liabilities arising from financing activities.

## Note 6 Financial Instruments

### 6.1 Risk Exposures

#### (a) Risk management policies

The Fund has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Commissioner has overall responsibility for the establishment and oversight of the Fund's risk management framework. The risk management policies utilised by the Department of Justice are used to identify and analyse risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

#### (b) Credit risk exposures

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.



# FINANCIAL STATEMENTS 2020-21

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
<b>Financial Assets</b>		
Future levies receivable	Future levies receivable is recognised at fair value through profit & loss. The calculation of the future levies receivable is based on the fact that all expenditure incurred by the Scheme over its entire life can be off-set by licensed insurers and self-insurers through the levy. The movement in equity for the period is not reported separately but part of the increase or decrease in future levies receivable.	The levy is the rate levied on the premiums of licensed insurers and the notional premiums of self-insurers. The rate for the 2020-21 financial year was 3.0 per cent.
Cash and deposits	Deposits are recognised at amortised cost, being their face value.	Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund.

The Fund monitors receivables on a monthly basis and follow up procedures are undertaken for all debts that are overdue. Action taken is dependent on the length of time the debt is overdue.

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Fund's maximum exposure to credit risk. The Fund does not hold any collateral or other security over its receivables. The Fund's credit risk is considered to be minimal.

## (c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
<b>Financial Liabilities</b>		
Payables	Payables are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Fund becomes obliged to make future payments as a result of a purchase of assets or services.	Payables, including goods received and services incurred but not yet invoiced arise when the Fund becomes obliged to make future payments as a result of a purchase of assets or services. The Fund's terms of trade are 30 days.

The following tables detail the undiscounted cash flows payable by the Fund by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

## 2021

### Maturity analysis for financial liabilities

	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
<b>Financial liabilities</b>			
Payables	12	12	12
<b>Total</b>	<b>12</b>	<b>12</b>	<b>12</b>

# FINANCIAL STATEMENTS 2020-21

**2020**

## Maturity analysis for financial liabilities

	1 Year	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000
<b>Financial liabilities</b>			
Payables	9	9	9
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>

## (d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Fund is exposed is interest rate risk.

The Fund's exposure to interest rate risk is considered to be minimal. The majority of the Fund's interest bearing financial instruments are managed by the Department of Treasury and Finance.

At the reporting date the interest rate profile of the Fund's interest bearing financial instruments was:

	2021	2020
	\$'000	\$'000
<b>Variable rate instruments</b>		
<i>Financial assets</i>		
Cash in Special Deposits and Trust Funds	24 572	20 718
<b>Total</b>	<b>24 572</b>	<b>20 718</b>

Changes in variable rates of 100 basis points at reporting date would have the following effect on the Fund's profit or loss and equity:

Sensitivity Analysis of Fund's Exposure to Possible Changes in Interest Rates				
	Statement of Comprehensive Income		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$'000	\$'000	\$'000	\$'000
<b>30 June 2021</b>				
Cash in Special Deposits and Trust Fund	246	(246)	246	(246)
<b>Net sensitivity</b>	<b>246</b>	<b>(246)</b>	<b>246</b>	<b>(246)</b>
<b>30 June 2020</b>				
Cash in Special Deposits and Trust Fund	207	(207)	207	(207)
<b>Net sensitivity</b>	<b>207</b>	<b>(207)</b>	<b>207</b>	<b>(207)</b>

This analysis assumes all other variables remain constant.

# FINANCIAL STATEMENTS 2020-21

## 6.2 Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2021	2020
	\$'000	\$'000
<b>Financial assets</b>		
Cash and cash equivalents	24 572	20 718
Future levies receivable – measured at fair value through profit and loss	56 199	64 182
<b>Total</b>	<b>80 771</b>	<b>84 900</b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	12	9
<b>Total</b>	<b>12</b>	<b>9</b>

## 6.3 Comparison between Carrying Amount and Net Fair Values of Financial Assets and Liabilities

	Carrying Amount 2021 \$'000	Net Fair Value 2021 \$'000	Carrying Amount 2020 \$'000	Net Fair Value 2020 \$'000
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	24 572	24 572	20 718	20 718
Future levies receivable	56 199	56 199	64 182	64 182
<b>Total financial assets</b>	<b>80 771</b>	<b>80 771</b>	<b>84 900</b>	<b>84 900</b>
<b>Financial liabilities</b>				
Payables	12	12	9	9
<b>Total financial liabilities</b>	<b>12</b>	<b>12</b>	<b>9</b>	<b>9</b>

The Fund does not have any financial assets or financial liabilities carried at fair value through the profit and loss or any available for sale financial assets.

### Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair value of receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

### Financial Liabilities

The net fair values for trade creditors are approximated by their carrying amounts.

## 6.4 Net fair values of assets and liabilities

2021	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
<b>Financial assets</b>				
Cash and deposits	24 572	-	-	24 572
Receivables	-	-	56 199	56 199
<b>Total financial assets</b>	<b>24 572</b>	<b>-</b>	<b>56 199</b>	<b>80 771</b>
<b>Financial liabilities</b>				
Payables	12	-	-	12
<b>Total financial liabilities</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>12</b>



# FINANCIAL STATEMENTS 2020-21

2020	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
<b>Financial assets</b>				
Cash and deposits	20 718	-	-	20 718
Receivables	-	-	64 182	64 182
<b>Total financial assets</b>	<b>20 718</b>	<b>-</b>	<b>64 182</b>	<b>84 900</b>
<b>Financial liabilities</b>				
Payables	9	-	-	9
<b>Total financial liabilities</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>9</b>

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Fund uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets;

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

## Note 7 Employee Expenditure

The Fund does not incur any employee expenditure as part of its operations. The Commissioner has entered into a Service Level Agreement with the Department of Justice to provide the Commissioner with administrative support to enable the Commissioner to fulfil the Commissioner's responsibilities. As a result, the Fund pays a monthly fee to the Department of Justice for these services, rather than any direct employee expenses. All staff management and leave liabilities are managed by the Department of Justice.

Additionally, the Commissioner does not receive any remuneration for performing the role. The Commissioner is the only Key Management Person for the fund. There were no material related party transactions between the Commissioner and Fund requiring disclosure during 2020-21.

## Note 8 Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on the Fund's Financial Statements as at 30 June 2021.

## Note 9 Significant Accounting Policies

### 9.1 Objectives and Funding

The *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* (the Act) received Royal Assent on 4 October 2011 and was Proclaimed on 31 October 2011. The Act establishes the Asbestos Compensation Scheme (the Scheme) which provides for the payment of compensation, and certain expenses to workers who develop an asbestos-related disease as a result of exposure to asbestos during the course of their work in Tasmania. The Act requires that the Commissioner administer the Scheme through the Asbestos Compensation Fund (the Fund).

The *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* has four main objectives:

- to ensure the provision of fair and appropriate compensation, and the payment of certain expenses in relation to the contraction by persons of asbestos-related diseases in the course of employment as workers in connection with this State;
- to provide for the prompt and effective resolution of applications under the Act for compensation or for the payment of certain expenses;
- to provide an effective and economical mechanism for resolving disputes relating to applications under this Act for compensation or for the payment of certain expenses; and
- to make provision in relation to certain judgements and agreements relating to the contraction by persons of asbestos-related diseases in the course of employment as workers.

The Commissioner has entered into a Service Level Agreement with the Department of Justice to provide the Commissioner with administrative support to enable the Commissioner to fulfil the Commissioner's responsibilities.

According to Section 160 of the Act, the Commissioner is required to prepare financial statements on the activity of the Fund and provide them to the Auditor-General.

The Fund is predominantly funded through a levy, set by the Minister for each year, payable by licensed insurers and self-insurers. Further details regarding the levy can be found in Note 1.1.

## 9.2 Basis of Accounting

The Act received Royal Assent on 4 October 2011 and commenced on 31 October 2011. The Fund has no retained earnings as the Commissioner has a right to levy employers for compensation claims payable.

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- the Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB); and
- the provisions of the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011*.

The Financial Statements were signed by the Asbestos Compensation Commissioner on 3 September 2021.

Compliance with the AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Fund is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention.

The Financial Statements have been prepared on the basis that the Fund is a going concern.

The Fund has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## 9.3 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Commissioner's functional currency.

## 9.4 Changes in Accounting Policies

### (a) Impact of new and revised Accounting Standards

In the current year, the Fund adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 1059 Service Concession Arrangements: Grantors – This Standard prescribes the accounting for a service concession arrangement by a grantor that is a public sector entity. Service concession

arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where AASB 1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time, the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

The modified retrospective approach, permitted under AASB 1059, has been adopted, by recognising and measuring service concession assets and related liabilities as the date of initial application of 1 July 2019, with any net adjustments to the amounts of assets and liabilities recognised in accumulated funds at that date.

There is no effect of adopting AASB 1059 on the Fund's financial statements.

## **(b) Impact of new and revised Accounting Standards yet to be applied**

There are no applicable Standards that have been issued by the AASB that are yet to be applied.

## **(c) Impact of COVID-19 on Financial Reporting for 2020-21**

COVID-19 has had a minimal impact on the Financial Statements of the Fund. The Fund has not incurred any expenditure directly due to COVID- in 2020-21 or 2019-20.

## **9.5 Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

## **9.6 Rounding**

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

## **9.7 Fund Taxation**

The Fund is exempt from all forms of taxation except Fringe Benefits Tax and is registered for the Goods and Services Tax. All taxation issues are managed by the Department of Justice on the Commissioner's behalf.

## **9.8 Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the ATO is, in accordance with the Australian Accounting Standards, classified as operating cash flows.



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## Asbestos Compensation Commissioner

Email: [acc@justice.tas.gov.au](mailto:acc@justice.tas.gov.au)  
Website: [worksafe.tas.gov.au](http://worksafe.tas.gov.au)

Published October 2021  
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