

# Annual Report

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2021 – 2022



# ASBESTOS COMPENSATION COMMISSIONER

ANNUAL REPORT  
2021-22

This publication is available online at [worksafe.tas.gov.au](https://worksafe.tas.gov.au)  
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# Asbestos Compensation Commissioner

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The Hon. Elise Archer MP

## **Asbestos Compensation Commissioner Annual Report 2021-22**

I am pleased to submit the Asbestos Compensation Commissioner Annual Report 2021-22 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 2021 to 30 June 2022

# COMMISSIONER'S MESSAGE

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## About the Asbestos Compensation Scheme

*The Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* provides a statutory compensation framework for workers who suffer from an asbestos-related disease that is caused by exposure to asbestos at work.

The asbestos compensation scheme administers compensation benefits including lump sum compensation, weekly payments, payment of medical and other expenses, and funeral costs.

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 retired person may still be eligible for compensation.

Workers who have been diagnosed with an asbestos-related disease, and family members of deceased workers, may lodge an application with the Asbestos Compensation Commissioner. This must be accompanied by medical and occupational evidence that is needed to determine their claim.

Asbestos compensation payments are paid out of the Asbestos Compensation Fund. This is funded by a levy on the workers compensation premiums of licensed insurers, self-insurers and State Service Agencies.

The scheme is non-adversarial, and provides no-fault and timely compensation.

Full information and guidance material can be found at [worksafe.tas.gov.au](https://worksafe.tas.gov.au) in the 'compensation' option.

## Scheme objectives

As well as providing fair and appropriate compensation, the scheme aims to:

- resolve applications promptly and effectively
- resolve any disputes effectively and economically
- ensure medical determinations are made accurately and are based on evidence.

## The role and functions of the Commissioner

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

The functions of the Commissioner include:

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

The Commissioner has the capacity to issue notices to applicants or other third parties requesting them to provide information needed to exercise functions under the Act. This year, the Commissioner:

- made two requests for information from applicants (under section 41 of the Act)
- made five requests for information from third parties (under section 180 of the Act).

The Commissioner can also (through the courts) recover amounts from culpable manufacturers, suppliers and employers responsible for a person contracting an asbestos-related disease.

## The role of medical panels and specialists

The Commissioner is not the sole decision maker when determining a person's claim for compensation. The Commissioner refers medical questions to a medical panel for applicants who:

- have an imminently fatal disease
- have a non-imminently fatal disease with 10% or more whole person impairment
- are members of the family of a deceased worker.

The Commissioner is bound by the decision of the

medical panel. Medical panels therefore provide a crucial role, and the success of the scheme depends on the availability and expertise of a relatively small group of medical specialists. See the list of specialists who can make up a medical panel on page 8 of this annual report.

## Disputes about compensation

Where a dispute arises around asbestos compensation, certain matters may be referred to the Tasmanian Civil and Administrative Tribunal for resolution. There were no referrals to the Tribunal in 2021–22.

## Supporting workers and members of their families

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

Services include:

- providing advice to potential applicants on their eligibility for compensation
- helping applicants collate the evidence and occupational and asbestos exposure history needed
- keeping applicants informed of the progress of their claim
- ensuring compensation entitlements and expenses are paid promptly
- developing and reviewing asbestos compensation policy and systems to support continuous improvement of the scheme
- providing education and guidance on the scheme and the prevention of asbestos-related diseases in Tasmania.

Staff work with employers, medical and legal professionals, and others to ensure applications are complete and the medical panel and the Commissioner have all the information they need to determine each claim.

In 2021–22, the Commissioner received 11 incomplete applications that did not meet requirements. In six of those cases, staff worked

with applicants and others to complete the applications so the Commissioner could make a determination.

## Review of the Act

On 20 October 2021 and under section 187 of the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011*, the Minister commissioned an independent review of the operation and effectiveness of the Act. An independent review of the Act is required every five years, and this is the second review to be undertaken since the Act began in 2011.

The review will assess the performance of the asbestos compensation laws against their objectives. It will also consider:

- the ongoing viability and sustainability of the asbestos compensation scheme
- performance of the scheme (in terms of entitlements, premiums and coverage)
- ongoing relevance and/or currency of recommendations from the first review.

Former Coroner Rod Chandler and compensation policy expert Liz Gillam were appointed to undertake the review. Their final report will be tabled in parliament by 31 October 2022.

## Annual review of the fund

The actuary PricewaterhouseCoopers conducted an annual review of the fund, to estimate the outstanding claims liabilities of the fund, and enable the Commissioner to report on the scheme's ongoing performance and operation.

The actuary predicted that while net assets will decrease in 2022–23, fund revenue is expected to exceed expenditure over the next five years to 2027.



Robyn Pearce  
Asbestos Compensation Commissioner

# MEDICAL PROCESS

## Impairment assessment

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

The Commissioner refers the medical question of the degree of impairment to assessors who are accredited by the WorkCover Tasmania Board. Impairment assessors provide the Commissioner with an assessment about the percentage of WPI due to asbestos-related disease. This assessment helps the Commissioner to determine if the applicant is entitled to compensation, and how much.

- If the applicant is assessed as having 10% or more WPI, the Commissioner refers medical questions to a medical panel.
- If the applicant is assessed as having less than 10% WPI, they are not entitled to receive compensation.
- If the applicant has less than 51% WPI, they are entitled to one paid impairment assessment each year to monitor their level of impairment.

Assessors use guidelines issued by the WorkCover Tasmania Board under the *Workers Rehabilitation and Compensation Act 1988*, and other guides or methods in certain circumstances (as specified under section 46(3) of the Act).

Find a list of medical practitioners accredited to assess permanent impairment and the guidelines for assessing permanent impairment at [worksafe.tas.gov.au](https://www.worksafe.tas.gov.au) under the compensation section.

## Medical panels

To help assess certain applications, the Commissioner forms a medical panel made up of three practitioners from the medical register. This panel does not physically examine an applicant. It considers medical questions such as:

- whether the person has an asbestos-related disease
- if contracting the disease is reasonably attributable to exposure to asbestos at work
- whether or not the person 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 provides the panel with all medical evidence and other information available. The medical panel can ask the Commissioner to obtain further information. Once the medical panel decides a medical question, the Commissioner is bound by their decision.

In 2021–22, the Commissioner referred 14 matters to a medical panel.

## Medical practitioner register

Under the Act, the Commissioner must 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           | • Dr Ian Gardiner   | • Dr Gregory Kaufman              |
| • Professor David Bryant | • Dr Nick Harkness  | • Dr Gaurie Palnitkar             |
| • Dr Christopher Clarke  | • Dr Robert Hewer   | • Dr David Stock                  |
| • Dr Peter Corte         | • Dr Cameron Hunter | • Associate Professor Graham Hart |



# ASBESTOS COMPENSATION SCHEME PERFORMANCE

## 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.

### Impairment related payments

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

\*At 30 June 2022, one compensation unit was equal to \$975.12

The maximum amount of lump sum compensation payable for non-imminently fatal disease at 30 June 2022 was \$351,043.20.

Reasonable medical expenses related to the disease can also be paid for.

The person can apply for further compensation if they are assessed with increased impairment. This year, one such application was accepted.

The person may receive weekly payments where they cannot work as a result of their non-imminently fatal asbestos-related disease. There were no weekly payments made in 2021-22.

If a person has less than 51% WPI, they are entitled to one paid impairment assessment each year to monitor their level of impairment. In 2021-22, \$34,100 of impairment assessment costs were paid.

## Imminently fatal asbestos-related disease

A person with an asbestos-related disease and less than two years life expectancy is entitled to lump sum compensation of \$351,043.20. If the person is less than 80 years of age, they are entitled to an additional age-related benefit up to a maximum of \$351,043.20.

All reasonable medical expenses related to the disease are paid for, up to a maximum amount. In 2021-22 this was \$121,890. Beyond this amount, the Commissioner must review the case.

## Members of the family

Lump sum compensation for family members is the same amount the worker would have received if they were alive.

Member of the family claims are to be made jointly by all eligible family members.

## Applications received

In 2021-22, the Commissioner received 17 new applications, five more than last year. Application types were imminently fatal (12), non-imminently fatal (2) and member of the family claims (3).

Of these 17 applications:

- 11 were accepted for imminently fatal asbestos-related disease, including one by a member of the family
- one was accepted for a non-imminently fatal asbestos-related disease
- one was not entitled to compensation with less than 10% WPI
- two were not accepted
- two were pending.

Compensation payments are calculated using the basic salary which is indexed each calendar year based on the Consumer Price Index. The basic salary in 2021 was \$954.22 and in 2022 was \$975.12. All figures and statistics are current at 30 June 2022.

# SCHEME PERFORMANCE CONT...

## Other key points for 2021–22:

- one application was granted for variation of lump sum compensation for increased whole person impairment
- two applications were allowed extra time to lodge a claim
- one notice of dispute was issued, rejecting liability to pay expenses
- the most common disease relating to accepted claims was mesothelioma
- there were no matters referred to the Tasmanian Civil and Administrative Tribunal
- one referral made to the Tribunal in 2020-21 was discontinued by the applicant
- 204 applications have been made since the scheme began in 2011.

## Fund expenditure

In 2021–22:

- claim payments totalled \$7,700,483.94 (comprising lump sum compensation, rehabilitation, and funeral expenses)
- claim payments were significantly higher compared to last year, due to higher than expected claims
- medical expenses were \$135,305.13
- travelling expenses (for applicants to obtain medical services and treatments) were \$2,901.03
- medical panel costs were \$29,068.20
- impairment assessment costs were \$34,100
- administrative costs (including actuarial, audit and Service Level Agreement services) were \$369,452.75

At 30 June 2022, the balance of the asbestos compensation fund was \$25,381,115.26, compared with \$24,571,801.21 at 30 June 2021.

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

\$7,700,483.94 of  
claim payments  
in 2021-22



77% increase in  
payments from  
2020-21



17 new claims  
received in  
2021-22



The most  
common  
disease  
reported is  
mesothelioma



## Asbestos levy

The asbestos compensation fund is funded by a levy on the workers compensation premiums of licensed insurers, self-insurers and State Service Agencies. Levy amounts received by the fund in 2021–22 were \$9,051,613.89.

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 and ensures that the scheme is self-funded.

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 2022–23 will be set at 2.0%. This is down from 2.5% in 2021–22 and the second year in a row that the levy will reduce.

The actuary PricewaterhouseCoopers predicted that fund revenue would exceed expenditure over the next five years to 2027. Therefore the fund's net assets are expected to grow steadily over the next few years.

## Occupation of worker when exposed

Asbestos exposure at work has an impact on a diverse range of industries and occupations across the community.

Of the 12 accepted claims in 2021–22, the two most commonly reported occupations of exposure were:



Other occupations included bricklayer, fitter and machinist, truck driver, technician, cleaner, forensics, security, labourer, painter and office worker.

Since the scheme began, the number of asbestos compensation claims has been highest for those exposed in manufacturing and construction industries.

## Right to information

The Asbestos Compensation Commissioner may receive right to information applications under the *Right to Information Act 2009*. No right to information applications were received in 2021–22.

## Public interest disclosures

In accordance with the requirements of section 86 of the *Public Interest Disclosures Act 2002*, in 2021–22:

- the Commissioner continued to adopt the Department of Justice's procedures, which are made available on the Department of Justice website
- 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.

# 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 2022 for the current and previous year, and projected for the next year. Actuarial data does not include incomplete claims.

	2020-21 <sup>1</sup> Actual <sup>3</sup>	2021-22 <sup>2</sup> Actual <sup>3</sup>	2021-22 Expected <sup>7</sup>	2022-23 Projected <sup>8</sup>
Number of new claims accepted by the Fund				
Mesothelioma	7	10	6.9	7.5
Lung cancer + other imminently fatal conditions	0	1	2.8	2.5
Non-imminently fatal > 10% Whole Person Impairment (WPI)	0	1	3.5	3.0
<b>Sub-Total</b>	<b>7</b>	<b>12</b>	<b>13.1</b>	<b>13.0</b>
Number of new claims that are currently not accepted or are pending				
Non-imminently fatal < 10% WPI	1	1	n/a	n/a
Pending claim	2	2	n/a	n/a
<b>Sub-Total</b>	<b>3</b>	<b>3</b>	<b>n/a</b>	<b>n/a</b>
Number of new claims not entitled to compensation	2	2	n/a	n/a
Number of new claims not eligible to apply	0	0	n/a	n/a
<b>Total</b>	<b>12</b>	<b>17</b>	<b>n/a</b>	<b>n/a</b>
Claim payments <sup>4</sup> (\$000)				
Medical and impairment assessment costs <sup>5</sup>	367	198	597	505
Costs awarded <sup>6</sup>	4,341	7,700	5,505	5,678
<b>Total</b>	<b>4,708</b>	<b>7,899</b>	<b>6,102</b>	<b>6,183</b>
Claims Handling Expenses <sup>4</sup> (\$000)	284	366	275	618

Notes:

1. Claim number and payment experience of 2020/21 reflects actual experience between 1 July 2020 and 30 June 2021.
2. Claim number and payment experience of 2021/22 reflects actual experience between 1 July 2021 and 30 April 2022.
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 2021/22 can be found in Section 1, page 2 of the main report.
4. Actual claim payments and expenses are from the 2020/21 and 2021/22 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 \$2.9m (including claims handling expenses) for reported claims.
8. Projected costs relate to IBNR claims. There is an additional \$1.5m (including claims handling expenses) allowance for reported claims.

# ASBESTOS COMPENSATION FUND

## FINANCIAL STATEMENTS 2021-22

**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 2022, 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) presents fairly, in all material respects, the financial position of the Fund as at 30 June 2022 and its financial performance and its cash flows for the year then ended
- (b) is 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	Audit procedures to address the matter included
<b>Valuation of Provision for compensation payable</b> <i>Refer to note 4.2</i>	
<p>The Provision for compensation payable of \$74.92 million at 30 June 2022, 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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>Assessing the scope, expertise and independence of the Fund's actuary engaged to calculate the Provision for compensation payable.</li> <li>Reviewing the source data provided to the actuary to source records of the Fund.</li> <li>Assessing the reasonableness of expected claim numbers, costs of claims and economic assumptions used by the actuary in the calculation of the Provision for compensation payable.</li> <li>Evaluating the actuary's calculation of the Provision for compensation payable.</li> <li>Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.</li> </ul>

## 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 Fund's 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 is 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 the 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

15 September 2022  
Hobart


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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 2022 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.



Robyn Pearce

**Asbestos Compensation Commissioner**

15 September 2022

## Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Levies	1.1	9 230	8 428
Reimbursements	1.2	-	350
Interest	1.3	29	38
Increase/(decrease) in Future levies receivable	3.1	(6 759)	(7 983)
<b>Total income from continuing operations</b>		<b>2 500</b>	<b>833</b>
<b>Expenses from continuing operations</b>			
Compensation expense	2.1, 4.2	1 915	218
Medical expenses	2.2	201	367
Administration expenses	2.3	384	248
<b>Total expenses from continuing operations</b>		<b>2 500</b>	<b>833</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 2022

	Notes	2022 Actual \$'000	2021 Actual \$'000
<b>Assets</b>			
Cash and deposits	5.1	25 381	24 572
Receivables	3.1	49 619	56 199
<b>Total assets</b>		<b>75 000</b>	<b>80 771</b>
<b>Liabilities</b>			
Payables	4.1	29	12
Provision for Compensation Payable	4.2	74 971	80 759
<b>Total liabilities</b>		<b>75 000</b>	<b>80 771</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 2022

	Notes	2022 Actual \$'000	2021 Actual \$'000
<b>Cash flows from operating activities</b>		Inflows (Outflows)	Inflows (Outflows)
<b>Cash inflows</b>			
Levies		9 052	8 428
Reimbursements		-	350
Interest		29	38
<b>Total cash inflows</b>		<b>9 081</b>	<b>8 816</b>
<b>Cash outflows</b>			
Compensation awarded		(7 703)	(4 350)
Medical expenses		(199)	(367)
Administration expenses		(370)	(245)
<b>Total cash outflows</b>		<b>(8 272)</b>	<b>(4 962)</b>
<b>Net cash from/(used by) operating activities</b>	5.2	<b>809</b>	<b>3 854</b>
<b>Net increase/(decrease) in cash held and cash equivalents</b>		<b>809</b>	<b>3 854</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>24 572</b>	<b>20 718</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	5.1	<b>25 381</b>	<b>24 572</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 2022

	Notes	Accumulated Funds \$'000	Total equity \$'000
<b>Balance as at 1 July 2021</b>		-	-
Total comprehensive result		-	-
Total		-	-
<b>Balance as at 30 June 2022</b>		-	-

	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>		-	-

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 2022

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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 2021-22 financial year was 2.5 per cent, compared with the 2020-21 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.

	2022 \$'000	2021 \$'000
Levies relating to the 2019-20 financial year	-	784
Levies relating to the 2020-21 financial year	1 109	7 644
Levies relating to the 2021-22 financial year	7 942	-
Levies relating to the 2022-23 financial year	179	-
<b>Total</b>	<b>9 230</b>	<b>8 428</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.

	2022 \$'000	2021 \$'000
Aged Based Lump Sum	2 015	1 238
Lump Sum	4 096	2 977
Whole Person Impairment	1 447	-
Funeral Expenses	135	121
Travel Expenses	3	8
Rehabilitation	7	6
<b>Total compensation awarded</b>	<b>7 703</b>	<b>4 350</b>
Net movement in Provision for Compensation Payable	(5 788)	(4 132)
<b>Compensation expense</b>	<b>1 915</b>	<b>218</b>

### 2.2 Medical Expenses

	2022 \$'000	2021 \$'000
Impairment Assessor	34	45
Medical expenses	137	291
Medical Panel	30	31
<b>Total</b>	<b>201</b>	<b>367</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.

	2022 \$'000	2021 \$'000
Administration costs paid to the Department of Justice	283	184
Actuarial costs	46	45
Audit fees	33	9
Other	22	10
<b>Total</b>	<b>384</b>	<b>248</b>

Audit fees paid or payable to the Tasmanian Audit Office for the audit of the Fund's financial statements were \$9,650 (\$9,300 for 2020-21).

## 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 2022 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.

	2022 \$'000	2021 \$'000
Future levies receivable	49 440	56 199
Receivable	179	-
<b>Total</b>	<b>49 619</b>	<b>56 199</b>
Settled within 12 months	8 493	9 260
Settled in more than 12 months	41 126	46 939
<b>Total</b>	<b>49 619</b>	<b>56 199</b>

The decrease in the Future levies receivable is due to the increase in cash held by the Fund as at 30 June 2022 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 2022.

## 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.

	2022 \$'000	2021 \$'000
Accrued Expenses	28	12
<b>Total</b>	<b>28</b>	<b>12</b>
Settled within 12 months	28	12
<b>Total</b>	<b>28</b>	<b>12</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 \$74.972 million (\$80.759 million as at 30 June 2021). 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

	2022 \$'000	2021 \$'000
<b>Provision for Compensation Payable</b>		
Provision – opening balance at 1 July	80 759	84 891
Less, Compensation awarded and paid	(7 703)	(4 350)
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	1 916	218
<b>Provision – closing balance at 30 June</b>	<b>74 972</b>	<b>80 759</b>
<b>Provision – compensation payments for reported claims</b>		
Outstanding at beginning of period	2 875	2 244
Net movement during the period	(1 330)	631
<b>Outstanding at end of period</b>	<b>1 545</b>	<b>2 875</b>
<b>Provision – estimated compensation for future claims</b>		
Estimated at beginning of period	77 884	82 646
Net movement during the period	(4 457)	(4 762)
<b>Estimate at end of period</b>	<b>73 427</b>	<b>77 884</b>
<b>Total Provision for Compensation Payable as at 30 June</b>	<b>74 972</b>	<b>80 759</b>
<b>Breakdown of compensation payable</b>		
Settled within 12 months	8 289	9 251
Settled in more than 12 months	66 682	71 508
<b>Total</b>	<b>74 972</b>	<b>80 759</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.

The main assumptions are:

- Claim numbers, both the starting number assumed for 2021-22 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 2022, 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:

	2022 %	2021 %
<b>Compensation Expected to be Paid</b>		
<b>Not later than one year</b>		
Wages inflation rate	3.12	1.62
Discount rate	1.93	0.03
<b>Later than one year</b>		
Wages inflation rate	2.81	1.66
Discount rate	3.44	2.07

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 2022

Assumptions	30 June Liability \$'000	Effect on Liability \$'000	Percentag e effect %
<b>Central estimate (including expenses)</b>	74 972		
<b>IBNR Claim Numbers</b>			
Reduce claim numbers by 30%	52.9	(22.0)	(29.0)
Increase claim numbers by 30%	97.0	22.0	29.0
<b>Average Claim Size</b>			
Higher average medical costs, at the maximum level (compared with 30% assumption)	87.0	12.0	16.0
<b>Inflation and discount rates</b>			
'Gap' between inflation and discount increased by 1% for compensation paid later than 1 year	80.2	5.2	7.0
<b>Age Distribution</b>			
Larger proportion of young claimants	77.9	2.9	4.0

*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*.

	2022 \$'000	2021 \$'000
<b>Special Deposits and Trust Fund balance</b>		
S741 Asbestos Compensation Fund	25 381	24 572
<b>Total cash and deposits</b>	<b>25 381</b>	<b>24 572</b>

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

	2022 \$'000	2021 \$'000
Net result	-	-
Decrease (increase) in Receivables	6 580	7 983
Increase (decrease) in Provision for Compensation Payable	(5 787)	(4 132)
Increase (decrease) in Payables	16	3
<b>Net cash from (used by) operating activities</b>	<b>809</b>	<b>3 854</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 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 2021-22 financial year was 2.5 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 14 days unless contracted otherwise.

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:

### 2022

Maturity analysis for financial liabilities			
	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
<b>Financial liabilities</b>			
Payables	28	28	28
<b>Total</b>	<b>28</b>	<b>28</b>	<b>28</b>

## Maturity analysis for financial liabilities

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

	2022	2021
	\$'000	\$'000
<b>Variable rate instruments</b>		
<i>Financial assets</i>		
Cash in Special Deposits and Trust Funds	25 381	24 572
<b>Total</b>	<b>25 381</b>	<b>24 572</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 2022</b>				
Cash in Special Deposits and Trust Fund	254	(254)	254	(254)
<b>Net sensitivity</b>	<b>254</b>	<b>(254)</b>	<b>254</b>	<b>(254)</b>
<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>

This analysis assumes all other variables remain constant.



## 6.2 Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2022	2021
	\$'000	\$'000
<b>Financial assets</b>		
Cash and cash equivalents	25 381	24 572
Future levies receivable – measured at fair value through profit and loss	49 619	56 199
<b>Total</b>	<b>75 000</b>	<b>80 771</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	28	12
<b>Total</b>	<b>28</b>	<b>12</b>

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

	Carrying Amount 2022 \$'000	Net Fair Value 2022 \$'000	Carrying Amount 2021 \$'000	Net Fair Value 2021 \$'000
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	25 381	25 381	24 572	24 572
Future levies receivable	46 619	46 619	56 199	56 199
<b>Total financial assets</b>	<b>75 000</b>	<b>75 000</b>	<b>80 771</b>	<b>80 771</b>
<b>Financial liabilities</b>				
Payables	28	28	12	12
<b>Total financial liabilities</b>	<b>28</b>	<b>28</b>	<b>12</b>	<b>12</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

2022	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	25 381	-	-	25 381
Receivables	-	-	49 619	49 619
<b>Total financial assets</b>	<b>25 381</b>	<b>-</b>	<b>49 619</b>	<b>75 000</b>
<b>Financial liabilities</b>				
Payables	28	-	-	28
<b>Total financial liabilities</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>

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>

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 2021-22.

## 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 2022.

## 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 15 September 2022

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. New and revised Australian Accounting Standards, amendments thereof, and Interpretations effective for the current year that are relevant to the Fund include:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (effective for annual reporting periods beginning on or after 1 January 2022)

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective for annual reporting periods beginning on or after 1 January 2022)
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2
- AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021.

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

The Fund has not applied a new Australian Accounting Standard or Interpretation that has been issued but is not yet effective. Those that have an impact on the Fund's financial statements include:

- AASB 17 *Insurance Contracts* (as amended) (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current - Deferral of Effective Date (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective for annual reporting periods beginning on or after 1 January 2022)
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information (effective for annual reporting periods beginning on or after 1 January 2023).

The Fund has undertaken an assessment of the impact of new and revised Accounting Standards and those yet to be applied and has determined they will have no material impact on the Fund's financial statements.

## 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

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