



ANNUAL REPORT

2018-19

Asbestos Compensation Commissioner





ASBESTOS COMPENSATION COMMISSIONER

ANNUAL REPORT
2018-19

This publication is available online at www.worksafe.tas.gov.au
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The Hon. Elise Archer MP

Asbestos Compensation Commissioner Annual Report 2018-19

I am pleased to submit the Asbestos Compensation Commissioner Annual Report 2018–19 to you, for presentation to Parliament. The financial statements presented here have been prepared in accordance with the provisions of the *Financial Management and Audit Act 1990*.



Mark Cocker
Asbestos Compensation Commissioner

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Glossary

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

the Commissioner: Asbestos Compensation Commissioner

the Fund: Asbestos Compensation Fund

the Scheme: Asbestos Compensation Scheme

the year: reporting period from 1 July 2018 to 30 June 2019

COMMISSIONER'S MESSAGE

This is the seventh annual report of the Asbestos Compensation Commissioner.

About the Asbestos Compensation Scheme

The *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* (the Act) provides a statutory compensation framework for Tasmanians suffering from asbestos-related disease or diseases attributable to exposure to asbestos at work.

The Asbestos Compensation Scheme (the Scheme) administers compensation benefits to workers, and certain family members of deceased workers, 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 workers and 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 Commissioner, accompanied by the medical and occupational evidence necessary for the Commissioner to facilitate a determination of their claim.

Asbestos compensation payments are paid out of the Asbestos Compensation Fund (the Fund), which receives contributions from licensed insurers, self-insurers and State Service Agencies through payment of an asbestos levy.



Scheme objectives

The Scheme aims to ensure that Tasmanian workers with an asbestos-related disease that is reasonably attributable to exposure at work, and their families, can access statutory compensation to assist them during a difficult period of their lives.

The 'Scheme's' objectives 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 Commissioner oversees the administration of the Asbestos Compensation 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 the medical panel. Once the medical panel decides a medical question, the Commissioner is bound by the decision of the medical panel. The medical panel therefore provides 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 experts.

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 prescribed under the Act include:

- managing and administering the investments of the Fund;
- providing advice to the Minister on matters relating to asbestos compensation in Tasmania; and
- 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.

The Commissioner also has the ability to recover compensation amounts paid and is currently considering recovery provisions in relation to 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 an agreed Service Level Agreement.

Supporting workers and members of their families

Staff work closely with applicants to ensure their applications are processed accurately and promptly. This often requires meeting with applicants to ensure correct 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 applicant's occupational history is obtained.

Tasmanian workers and members of their families accessing the Scheme are treated with respect and dignity.

The Scheme:

- provides advice to potential applicants on eligibility for compensation
- where necessary, correlates evidence, and provides advice and assistance in completing applications
- keeps applicants informed of the progress of their application
- ensures compensation is paid quickly, and where relevant, expenses are paid promptly.

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

Collecting Data

Work is currently progressing to uplift the framework for recording and managing asbestos compensation claims data. This will provide for a more streamlined claims management process, managed through a dedicated user interface; and regular migration of all payment transactions made from the Fund against claims from the Department of Justice's finance systems.



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 2017 report of the *First Five Yearly Review of the Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* (the statutory review) made eighteen recommendations, both operational and legislative in nature regarding the performance of the Act against its objectives, and the ongoing viability, sustainability and performance of the Asbestos Compensation Scheme. This review was tabled in both Houses of Parliament in October 2017.

This financial year, the Commissioner continued to progress recommendations of the first statutory review. Of the 18 recommendations, three (3) are now complete; ten (10) are in progress; and three (3) have not yet commenced. Additionally, two (2) of the recommendations are not supported.

The next statutory review of the operation of the Act will be undertaken in 2021.

Internal review of claims activity

This year, pursuant to recommendation three of the first statutory review, the Commissioner instituted an internal review of all applications for compensation not decided within the statutory 28 business day timeframe. A draft report of the review has been prepared for the Commissioner.

Whilst the findings and recommendations of the internal review relate primarily to process and system improvements, potential legislative changes are identified, where necessary, to ensure the statutory timeframes

provided by the Act appropriately reflect the practical application and implementation of the asbestos compensation framework.

The review identifies five priority areas for targeted attention aimed at improving the application process and adherence to statutory timeframes. These include resolving operational constraints, increasing community and stakeholder awareness, enhancing reporting capabilities, maximising accessibility to service providers, and reviewing statutory timeframes.

The review considers both circumstantial and systemic factors affecting the time to determine applications and suggests options to resolve issues and constraints identified within the existing application process, and improve the time and ease in which claimants navigate through the process.

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 Asbestos Compensation Fund as at 30 June 2019. The actuary predicted that Fund revenue is expected to exceed expenditure over the next five years to 2024.



Mark Cocker
Asbestos Compensation Commissioner



MEDICAL PROCESS

Impairment Assessors

Assessment of whole person impairment 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 WorkCover Tasmania Board accredited impairment assessors. Impairment assessors provide the Commissioner with an assessment about the percentage of whole person impairment (WPI) in relation to asbestos-related disease. The degree of impairment as a result of asbestos-related disease helps inform the Commissioner's determination as to whether or not a person is entitled to compensation and the amount of compensation 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 one free impairment assessment each calendar year.

Impairment assessment is 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 www.workcover.tas.gov.au.

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

The Medical Panel

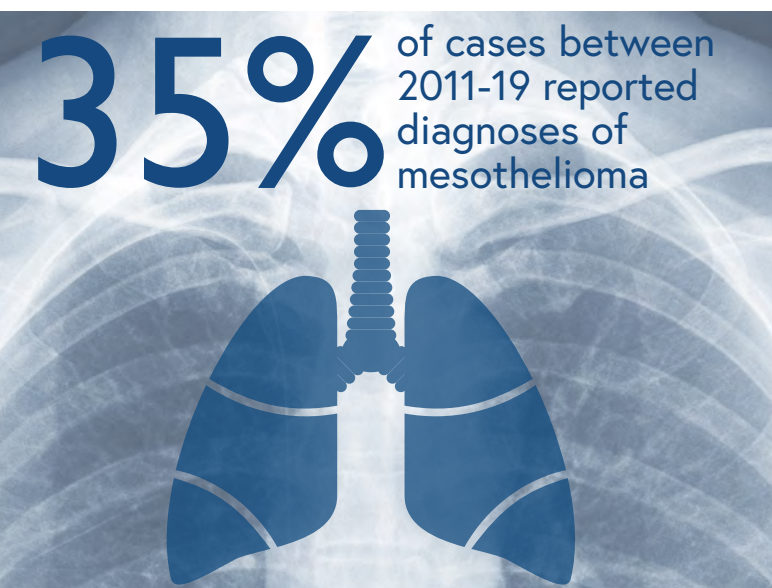
The Commissioner convenes three practitioners from the medical register to form a medical panel to assess certain applications for compensation.

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 from the disease or has recovered.

The Commissioner refers medical questions to the medical panel and provides all medical evidence and other information in the Commissioner's possession likely to help 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 the decision of the medical panel. Medical panel members do not physically examine applicants.



ASBESTOS COMPENSATION SCHEME PERFORMANCE

Introduction

The Asbestos Compensation 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 2018 was \$867.44 and in 2019, \$884.43.

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.

Table 1: Impairment related payments

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

*as at 30 June 2019, one compensation unit was equal to \$884.43

The maximum lump sum compensation payable for non-imminently fatal disease at 30 June 2019 was \$318,394.80. 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 by the Commissioner in 2018-19.

The Commissioner pays for one impairment assessment per calendar year for individuals with whole person impairment below 51%. This financial year, impairment assessment costs incurred by the Fund totalled \$64,931.82.

Imminently fatal asbestos-related disease

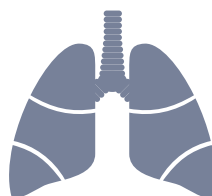
A worker with less than two years life expectancy as a result of asbestos-related disease, such as mesothelioma, is entitled to lump sum compensation of \$318,394.80. Further, if the worker is less than 80 years of age, they are entitled to an age-related benefit up to a maximum of \$318,394.80.

A person with imminently fatal asbestos-related disease is also entitled to payment of all reasonable medical expenses in connection with their disease, up to a maximum of \$110,553.75. Beyond this amount, the Commissioner is required by the legislation to review the case. On three occasions in 2018-2019, the Commissioner reviewed imminently-fatal cases to allow for the ongoing payment of medical expenses in connection with the person's asbestos-related disease.

These figures are current at 30 June 2019.

Members of the family

Asbestos compensation payable to family members of a worker who has died from asbestos-related disease(s) is the same as a worker would have received if they were still alive.



Total applications received

The total number of applications for asbestos compensation received by the Commissioner from 2011 to 30 June 2019 is 158.

In 2018-19, the Commissioner received 16 new applications, which is one less application than the 12 months to the end of June 2018. Application types this year included imminently fatal (10), non-imminently fatal (3) and member of the family claims (3).

Of the 16 new applications received in 2018-19:

- six were accepted for imminently fatal asbestos-related disease, inclusive of one application by a family member;
- three were accepted for non-imminently fatal asbestos-related disease;
- one was pending;
- five were not accepted; and
- one was withdrawn due to incomplete application.

The diseases relating to the nine successful claims were mesothelioma (6), interstitial lung disease (2) and asbestos-related pleural disease (1).

Of the five claims where the Commissioner determined that the applicant was not entitled to compensation, two were referred to the Asbestos Compensation Tribunal, with outcomes pending at 30 June 2019.

Fund expenditure

Claim payments from the Asbestos Compensation Fund in 2018-19 totalled \$3,821,261.61. This consisted of lump sum payments to imminently fatal applicants, non-imminently fatal applicants with 10% or more WPI, member of the family payments, and funeral benefits. The Fund also paid the reasonable travel costs for applicants to attend medical services to the value of \$7,775.10.

Impairment assessment costs relating to new applicants and existing applicants with less than 51% impairment were paid to the value of \$64,931.82. Medical panel costs totalled \$32,500.

In the 12 months to 30 June 2019, the Fund incurred administrative costs of \$219,272.92, inclusive of actuarial, audit and Service Level Agreement services.

At 30 June 2019, the balance of the Asbestos Compensation Fund was \$20,332,388.51.

For exact costs, see the Audited Financial Statements in this Annual Report.

Asbestos levy

The Asbestos Compensation Fund is funded from a levy paid by workers compensation policyholders, self-insurers and State Services Agencies. The levy is incurred as a percentage of the premiums of licensed insurers and the notional premiums of self-insurers.

The levy is set annually by the Minister for Building and Construction (the Minister). This year based on an actuarial assessment of the Fund, the Minister determined that the levy for 2019-20 would remain at 3 per cent. This rate is unchanged from 2018-19.

The Fund actuary has predicted that Fund revenue would exceed expenditure over the next five years to 2024 and as such, net assets are expected to grow steadily over the projection period.

Occupation of worker when exposed

Of the nine compensation claims accepted in 2018-19, the most commonly reported occupation of exposure was fitter and turner (33%). This was 5% less than claims relating to the same occupation in 2017-18. This year, two workers reported being exposed to asbestos in the occupations of plastering, tiling and bricklaying. One worker each reported exposure as motor mechanic, electrical mechanic, painter and clerk.

The number of asbestos compensation claims received by the Scheme historically has been the highest for those exposed in manufacturing and construction industries within Tasmania.

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 2018-19.



Manufacturing and Construction industries historically have the highest level of exposure within Tasmania

**16 new claims
received in
2018/19**



**6% less claims
received than in
2017/18**



**62% of claims
received for
imminently fatal
disease**



**\$3,821,261 in
costs awarded**



**\$64,932 paid
for impairment
assessments**



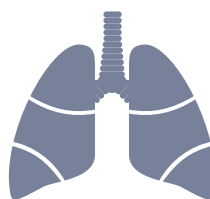
**\$32,500 paid in
medical panel costs**



**\$348,382 paid
in medical and
rehabilitation
expenses**



**The most common type
of disease reported is
mesothelima**



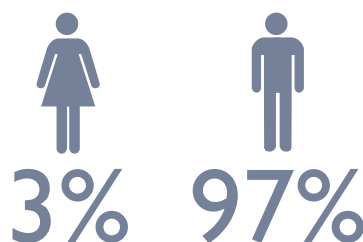
**Asbestos levy 3.0% of
premiums 2018-19**



**\$7,239,551 received
in asbestos levy
contributions**



**Workers by gender
who have applied
for compensation**



**Fitter and Turner
reported 33%
of claims in 2018/19**



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 2019 for the current and previous years, and projections for the next year. Actuarial data does not include incomplete claims.

	2017/18 ¹ Actual ³	2018/19 ² Actual ³	2018/19 Expected	2019/20 Projected
Number of new claims accepted by the fund				
Mesothelioma	6	6	7.1	7.0
Lung cancer + other imminently fatal conditions	2	0	2.9	2.9
Non-imminently fatal > 10% Whole Person Impairment (WPI)	5	3	4.1	3.9
Sub-Total	13	9	14.1	13.8
Number of new claims that are currently not accepted or are pending				
Non-imminently fatal < 10% Whole Person Impairment	1	0	n/a	n/a
Pending claim	1	1	n/a	n/a
Sub-Total	2	1	n/a	n/a
Number of new claims not entitled to compensation	1	5	n/a	n/a
Number of new claims not eligible to apply	1	0	n/a	n/a
Total	17	15	n/a	n/a
Claim payments⁴ (\$000)				
Medical and impairment assessment costs ⁵	336	446	466	624
Costs awarded ⁶	6,071	3,821	5,661	5,380
Total	6,407	4,267	6,127	6,004
Claims Handling Expenses⁴ (\$000)	246	249	261	270

Notes:

1. Claim number and payment experience of 2017/18 reflects actual experience between 1 July 2017 and 30 June 2018. This is consistent with the Asbestos Compensation Fund Annual Report 2017-18.
2. Claim number and payment experience of 2018/19 reflects actual experience between 1 July 2018 and 30 June 2019.
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 2018/19 can be found in Section 1, page 2 of the main report.
4. Actual claim payments and expenses are from the 2017/18 and 2018/19 Trust Fund Reports.
5. Includes medical expenses, medical panel costs, and impairment assessment costs.
6. Actual costs awarded include lump sums and funeral costs.

ASBESTOS COMPENSATION FUND FINANCIAL STATEMENTS 2018-19



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 2019 and 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 the 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 2019 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Financial Management and Audit Act 1990*, *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* (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.

...1 of 3

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 *Financial Management and Audit Act 1990 and Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* and for such internal control as they determine is 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 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.

...2 of 3

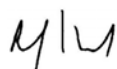
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FINANCIAL STATEMENTS 2018-19

- 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 Commissioner'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 represents 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.



Rod Whitehead
Auditor-General

Tasmanian Audit Office

17 September 2019
Hobart

...3 of 3

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FINANCIAL STATEMENTS 2018-19

Statement of Certification

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 Treasurer's Instructions issued under the provision of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2019 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 black ink, appearing to read 'Mark Cocker', written in a cursive style.

Mark Cocker
Asbestos Compensation Commissioner

13 August 2019

FINANCIAL STATEMENTS 2018-19

Statement of Comprehensive Income for the year ended 30 June 2019

	Notes	2019 Actual \$'000	2018 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Levies	1.1	7 240	6 503
Interest	1.2	182	127
Total revenue and other income from transactions		7 422	6 630
Expenses from transactions			
Compensation awarded	2.1	3 830	6 083
Medical expenses	2.2	470	352
Administration expenses	2.3	220	320
Total expenses from transactions		4 520	6 755
Net result from transactions (net operating balance)		2 902	(125)
Other economic flows included in net result			
(Increase)/decrease in Provision for Compensation Payable	4.2	1 475	9 793
Increase/(decrease) in Future levies receivable	3.1	(4 377)	(9 668)
Total other economic flows included in net result		(2 902)	125
Net result		-	-
Comprehensive result		-	-

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

FINANCIAL STATEMENTS 2018-19

Statement of Financial Position as at 30 June 2019

	Notes	2019 Actual \$'000	2018 Actual \$'000
Assets			
Financial assets			
Cash and deposits	5.1	20 301	17 405
Receivables	3.1	64 054	68 432
Total assets		84 355	85 837
Liabilities			
Financial liabilities			
Payables	4.1	49	56
Provision for Compensation Payable	4.2	84 306	85 781
Total liabilities		84 355	85 837
Net assets		-	-
Equity			
Accumulated funds		-	-
Total equity		-	-

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

FINANCIAL STATEMENTS 2018-19

Statement of Cash Flows for the year ended 30 June 2019

	Notes	2019 Actual \$'000	2018 Actual \$'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)
Cash inflows			
Levies		7 240	6 576
Interest		182	127
Total cash inflows		7 422	6 703
Cash outflows			
Compensation awarded		(3 829)	(6 083)
Medical expenses		(446)	(336)
Administration expenses		(251)	(319)
Total cash outflows		4 526	(6 738)
Net cash from (used by) operating activities	5.2	2 896	(35)
Net increase/(decrease) in cash held and cash equivalents		2 896	(35)
Cash and deposits at the beginning of the reporting period		17 405	17 440
Cash and deposits at the end of the reporting period	5.1	20 301	17 405

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

FINANCIAL STATEMENTS 2018-19

Statement of Changes in Equity for the year ended 30 June 2019

	Notes	Accumulated Funds \$'000	Total equity \$'000
Balance as at 1 July 2018		-	-
Total comprehensive result		-	-
Total		-	-
Balance as at 30 June 2019		-	-

	Notes	Accumulated Funds \$'000	Total equity \$'000
Balance as at 1 July 2017		-	-
Total comprehensive result		-	-
Total		-	-
Balance as at 30 June 2018		-	-

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

FINANCIAL STATEMENTS 2018-19

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Note 1. Revenue from transactions

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.

1.1 Levies

The levy is set by the Minister for Building and Construction (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 2018-19 financial year was 3.0 per cent, which was consistent with the 2017-18 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.

	2019 \$'000	2018 \$'000
Levies relating to the 2016-17 financial year	-	715
Levies relating to the 2017-18 financial year	348	5 788
Levies relating to the 2018-19 financial year	6 892	-
Total	7 240	6 503

1.2 Interest

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

Note 2. Expenses from transactions

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.

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2.1 Compensation Awarded

Compensation related expenditure is recognised when the claim for compensation is approved by the Commissioner.

	2019 \$'000	2018 \$'000
Aged Based Lump Sum	919	1 588
Lump Sum	2 310	3 001
Whole Person Impairment	529	1 438
Funeral Expenses	62	36
Travel Expenses	8	10
Rehabilitation	2	10
Total	3 830	6 083

2.2 Medical Expenses

	2019 \$'000	2018 \$'000
Impairment Assessor	65	60
Medical expenses	371	244
Medical Panel	34	48
Total	470	352

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.

	2019 \$'000	2018 \$'000
Administration costs paid to the Department of Justice	177	174
Actuarial costs	31	40
Audit fees	9	9
Asbestos Awareness Campaign	-	40
Worksafe Regulator Workshop	-	34
Consultant Fees	-	17
Other	3	6
Total	220	320

External audit fees payable for the 2018-19 financial statements were \$9,020 (\$9,020 for 2017-18).

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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 2019 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.

	2019 \$'000	2018 \$'000
Future levies receivable	64 054	68 432
Total	64 054	68 432
Settled within 12 months	7 198	8 329
Settled in more than 12 months	56 856	60 103
Total	64 054	68 432

The decrease in the Future levies receivable is due to the increase in cash held by the Commission as at 30 June 2019 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 2019.

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.

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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.

	2019 \$'000	2018 \$'000
Creditors	20	17
Accrued Expenses	29	39
Total	49	56
Settled within 12 months	49	56
Total	49	56

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.

The Provision for Compensation Payable includes actuarially assessed costs of claims made and an actuarially assessed estimate for claims yet to be made. The Fund did not retain a provision on commencement, but engaged an actuary to provide an initial estimate of the compensation payable as at 30 June 2012. Consequently, the movement in this provision for the period is not reported separately but part of the increase in the 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 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 2019-20 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 2019, 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:

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	2019 %	2018 %
Compensation Expected to be Paid		
Not later than one year		
Wages inflation rate	2.00	2.50
Discount rate	1.19	1.98
Later than one year		
Wages inflation rate	1.42	2.16
Discount rate	2.05	3.35

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.

(a) 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 2019			
Assumptions	30 June Liability \$million	Effect on Liability \$million	Percentage effect %
Central estimate (including expenses)	84.3		
IBNR Claim Numbers			
Reduce claim numbers by 30%	59.3	(25.0)	(29.7)
Increase claim numbers by 30%	109.3	25.0	29.7
Average Claim Size			
Higher average medical costs, at the maximum level (compared with 30% assumption)	95.8	11.5	13.6
Inflation and discount rates			
'Gap' between inflation and discount increased by 1% for compensation paid later than 1 year	91.2	6.9	8.2
Age Distribution			
Larger proportion of young claimants	85.8	1.5	1.8

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.

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.

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(b) Carrying amount

	2019 \$'000	2018 \$'000
Provision – compensation payments for reported claims		
Outstanding at beginning of period	1 885	1 313
Net movement during the period	(953)	572
Outstanding at end of period	932	1 885
Provision – estimated compensation for future claims		
Estimated at beginning of period	83 896	94 261
Net movement during the period	(522)	(10 365)
Estimate at end of period	83 374	83 896
Total Provision for Compensation Payable as at 30 June	84 306	85 781
Breakdown of compensation payable		
Settled within 12 months	7 169	8 290
Settled in more than 12 months	77 137	77 491
Total	84 306	85 781

The Fund includes in its provision an estimate for compensation payable for claims yet to be made of \$84.306 million (\$85.781 million as at 30 June 2018). 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.

Note 5. Cash Flow Reconciliation

5.1 Cash and Deposits

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.

	2019 \$'000	2018 \$'000
Special Deposits and Trust Fund balance		
T741 Asbestos Compensation Fund	20 301	17 405
Total cash and deposits	20 301	17 405

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5.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2019 \$'000	2018 \$'000
Net result	-	-
Decrease (increase) in Receivables	4 378	9 741
Increase (decrease) in Provision for Compensation Payable	(1 475)	(9 793)
Increase (decrease) in Payables	(7)	17
Net cash from (used by) operating activities	2 896	(35)

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)
Financial Assets		
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 selfinsurers through the levy. The movement in equity for the period is not reported separately but part of the increase.	The levy is the rate levied on the premiums of licensed insurers and the notional premiums of self-insurers. The rate for the 2018-19 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.

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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)
Financial Liabilities		
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:

2019

Maturity analysis for financial liabilities			
Maturity analysis for financial liabilities	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities			
Payables	49	49	49
Total	49	49	49

2018

Maturity analysis for financial liabilities			
Maturity analysis for financial liabilities	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities			
Payables	56	56	56
Total	56	56	56

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(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 to 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:

	2019 \$'000	2018 \$'000
Variable rate instruments		
<i>Financial assets</i>		
Cash in Special Deposits and Trust Funds	20 301	17 405
Total	20 301	17 405

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 the Fund's Exposure to Possible Changes in Interest Rates				
	Statement of Comprehensive Income		Equity	
	100 basis points increase \$'000	100 basis points decrease \$'000	100 basis points increase \$'000	100 basis points decrease \$'000
30 June 2019				
Cash in Special Deposits and Trust Funds	203	(203)	203	(203)
Net sensitivity	203	(203)	203	(203)
30 June 2018				
Cash in Special Deposits and Trust Funds	174	(174)	174	(174)
Net sensitivity	174	(174)	174	(174)

This analysis assumes all other variables remain constant.

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6.2 Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2019 \$'000
Financial assets	
Cash equivalents	20 301
Future levies receivable - measured at fair value through profit and loss	64 054
Total	84 355
Financial Liabilities	
Financial liabilities measured at amortised cost	49
Total	49

AASB 139 Carrying amount	2018 \$'000
Financial assets	
Cash equivalents	17 405
Future levies receivable - measured at fair value through profit and loss	68 432
Total	85 837
Financial Liabilities	
Financial liabilities measured at amortised cost	56
Total	56

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

	Carrying Amount 2019 \$'000	Net Fair Value 2019 \$'000	Carrying Amount 2018 \$'000	Net Fair Value 2018 \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	20 301	20 301	17 405	17 405
Future levies receivable	64 054	64 054	68 432	68 432
Total financial assets	84 355	84 355	85 837	85 837
Financial liabilities				
Payables	49	49	56	56
Total financial liabilities	49	49	56	56

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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.

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 him to fulfil his 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 2018-19.

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 2019.

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 Asbestos Compensation Commissioner (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 him to fulfil his 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.

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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 began operations on 31 October 2011 with no equity provided upon creation. Initial funding was provided from the transfer of HIH funds (see Note 1.5(a)) with a levy on the premiums of licensed insurers and the notional premiums of self-insurers to provide ongoing funding. The Fund is operated on a break-even arrangement and does not accumulate equity.

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);
- the provisions of the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011*; and
- the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The Financial Statements were signed by the Asbestos Compensation Commissioner on 13 August 2019.

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.

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 Commissioner has 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 7 Financial Instruments: Disclosures* – the objective of this Standard is to require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance; and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks. The amendments to this Standard have resulted in a reconciliation being required where there is a reclassification of financial assets or liabilities resulting from the adoption of AASB 9. The financial impact is minimal.
- *AASB 9 Financial Instruments* – the objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing, uncertainty of an entity's future cash flows, and to make amendments to various accounting standards as a consequence of the issuance of AASB 9. AASB 9 has replaced accounting for impairment losses with a forward looking credit loss approach. The Office has applied AASB 9 retrospectively and has not restated comparative information which was reported under AASB 139. The Office's assessment for impairment of receivables at year end

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did not result in the recognition of any expected credit losses. This is consistent with the assessment in the prior year and, as a result, no adjustment was required to opening equity. For further details of the Office's assessment for impairment of receivables refer to Note 3.1. The only change resulting from the introduction of AASB 9 was in the categorisation of receivables financial assets from loans and receivables under AASB 139, to amortised cost under AASB 9. Other categories remained unchanged. For further details on categories of financial assets and liabilities refer to Note 6.2.

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

The following applicable Standards have been issued by the AASB and are yet to be applied:

- **AASB 15 *Revenue from Contracts with Customers*** – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, an uncertainty of revenue and cash flows arising from a contract with a customer. In accordance with 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15, this Standard applies to annual reporting periods beginning on or after 1 January 2019. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. The future impact is to enhance disclosure in relation to revenue from contracts with customers. The financial impact is expected to be minimal.
- **AASB 1058 *Income of Not-for-Profit Entities*** – The objective of this Standard is to establish principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives, and the receipt of volunteer services. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to income for not-for-profit entities. The financial impact is expected to be minimal.
- **AASB 16 *Leases*** – The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities. This Standard applied to annual reporting periods beginning on or after 1 January 2019. The Office does not have leases as at 30 June 2019. The financial impact is estimated to be nil.

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.

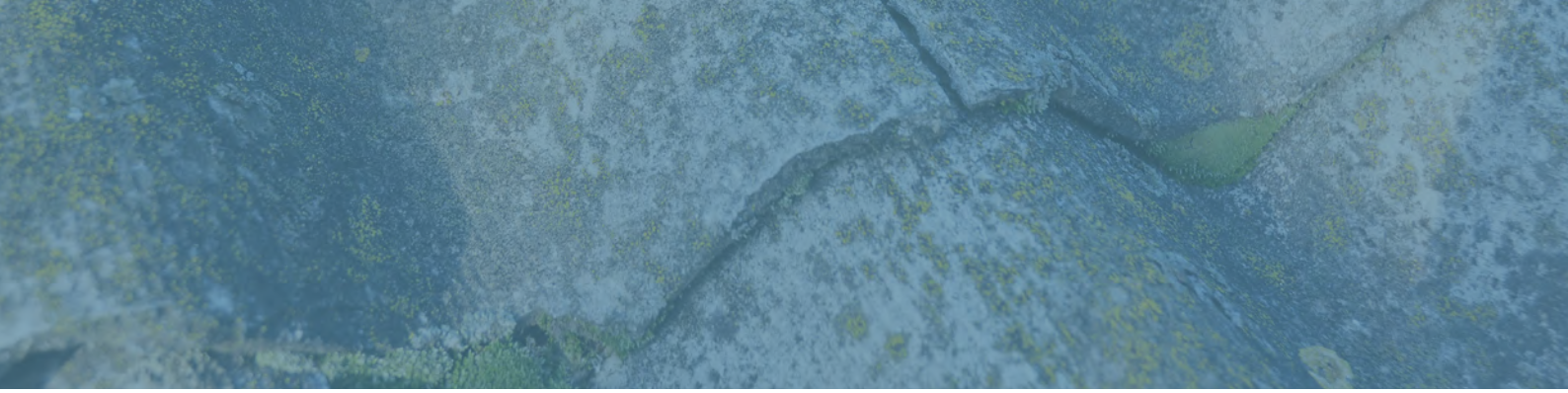
9.8 Goods and Services Tax

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 Commission (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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