

Annual Report

2022–23

ASBESTOS COMPENSATION COMMISSIONER

ANNUAL REPORT
2022-23

This publication is available online at worksafe.tas.gov.au
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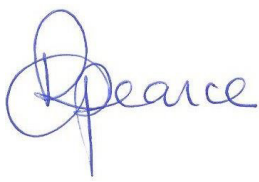
Asbestos Compensation Commissioner

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The Hon. Madeleine Ogilvie MP
Minister for Workplace Safety and Consumer Affairs

Asbestos Compensation Commissioner Annual Report 2022-23

I am pleased to submit the Asbestos Compensation Commissioner Annual Report 2022-23 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 2022 to 30 June 2023

COMMISSIONER'S MESSAGE

About the Asbestos Compensation Scheme

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

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

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

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

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

Scheme objectives

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

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

The role and functions of the Commissioner

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

In determining applications for compensation, the Commissioner is not the sole decision maker. For cases involving imminently fatal disease, non-imminently fatal disease with 10% or more whole person impairment, and member of the family claims, the Commissioner refers all medical questions to a Medical Panel. Once the Medical Panel decides a medical question, the Commissioner is bound by the decision of the Medical Panel. Medical Panels therefore provide a crucial role and the success of the Scheme is very much dependent on the availability and expertise of a relatively small group of medical specialists.

Where a dispute arises in relation to asbestos compensation, certain matters may be referred to the Tasmanian Civil and Administrative Tribunal for resolution. There was one referral to the Tribunal in 2022-23 in relation to a claim that was determined in 2021-22.

The functions of the Commissioner include:

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

This year, the Commissioner made two requests for information from applicants under section 41 of the Act, and ten requests for information from third parties pursuant to section 180 of the Act.

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

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

Supporting workers and members of their families

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

In 2022-23, 13 applications were received by the Commissioner which did not constitute a claim under section 33 of the Act. In 11 of those cases, staff were able to work with relevant parties to facilitate complete applications for determination by the Commissioner.

Scheme staff:

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

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

COMMISSIONER'S MESSAGE (CONT.)

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

Section 187 of the *Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011* requires the Minister to cause an independent review of the operation of the Act to be undertaken every five years.

The second independent review was conducted by Mr Rod Chandler and Ms Liz Gillam, and included a call for written submissions from interested parties and stakeholder consultations. Submissions received to the review were highly supporting of the Asbestos Compensation Scheme. Overall, the review found that the Scheme has worked extremely well over the past five years.

The independent reviewer's Report of the Second Five Yearly Review was tabled in both houses of Parliament on 22 November 2022.

The report made 15 findings and eight recommendations addressing operational and legislative issues about the performance of the asbestos compensation laws against the objectives of the Act, the ongoing viability and sustainability of the Asbestos Compensation Scheme, and the performance of the Scheme.

The independent reviewers made an additional two recommendations about outstanding recommendations from the 2017 First Five-Yearly Review of the Act.

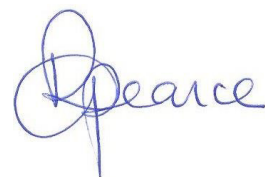
The Tasmanian Government has considered the findings and recommendations made by the reviewers to further improve the Scheme, and supports the changes proposed either in full or in principle.

A summary of the recommendations can be found at worksafe.tas.gov.au under the asbestos compensation section

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 2023. The actuary predicted that while net assets will decrease in 2023-24, Fund revenue is expected to exceed expenditure over the next five years.



Robyn Pearce
Asbestos Compensation Commissioner

MEDICAL PROCESS

Impairment assessment

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

The Commissioner refers the medical question as to the degree of impairment to 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. The degree of impairment helps inform the Commissioner's determination as to whether or not a person is entitled to compensation and the amount payable.

If an applicant is assessed as having 10% or more WPI due to an 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 with less than 51% WPI as a result of asbestos-related disease are entitled to one paid impairment assessment each year to monitor their level of impairment. Once WPI reaches 51%, maximum lump sum compensation for non-imminently fatal disease is payable.

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

Medical panel

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

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

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

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

In 2022-23, the Commissioner made 14 referrals to a Medical Panel to determine medical questions.

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

MEDICAL PROCESS (CONT.)

Medical practitioner register

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

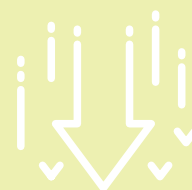
The current register comprises:

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

\$4,717,846
of claim
payments
in 2022-23



39%
decrease in
payments
from 2021-22



14 new
claims
received in
2022-23



The most
common
disease
reported is
mesothelioma



ASBESTOS COMPENSATION SCHEME PERFORMANCE

The Scheme administers no-fault and timely compensation to workers, and family members of deceased workers, who have been diagnosed with an asbestos-related disease.

Non-imminently fatal asbestos-related disease

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

Impairment related payments

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

*At 30 June 2023, one compensation unit was equal to \$1005.77).

If a person is assessed with increased impairment, they may apply for an additional amount of compensation under sections 74 or 76 of the Act. This year, two applications to vary lump sum compensation were received and accepted due to increased WPI.

The maximum amount of lump sum compensation payable for non-imminently fatal disease at 30 June 2023 was \$362,077.20.

In addition, reasonable medical expenses in connection with a person's disease are payable by the Commissioner. Weekly payments may be provided where there is incapacity to work because of a non-imminently fatal asbestos-related disease. There were no weekly payments made in 2022-23.

The Commissioner pays for one impairment assessment per calendar year for individuals with a whole person impairment below 51% who wish to undergo an assessment.

This financial year, the Fund paid impairment assessment costs totalling \$39,900.

Imminently fatal asbestos-related disease

A worker with less than two years life expectancy as a result of an asbestos-related disease, such as mesothelioma, is entitled to lump sum compensation of \$362,077.20. If the worker is less than 80 years of age, they are entitled to an additional age-related benefit up to a maximum of \$362,077.20.

A person with an imminently fatal disease is also entitled to the payment of all reasonable medical expenses in connection with their disease, up to a maximum amount. In 2022-23 this amount was \$125,721.25. Beyond this amount, the Commissioner is required to review the case. This year, the Commissioner reviewed one case pursuant to section 118 of the Act to enable ongoing payment of compensable services.

Figures are current at 30 June 2023.

Compensation payments are calculated using the basic salary which is indexed each calendar year based on the Consumer Price Index. The basic salary in 2022 was \$975.12 and in 2023 is \$1,005.77.

ASBESTOS COMPENSATION SCHEME PERFORMANCE (CONT.)

Members of the family

Lump sum compensation for family members of a worker who has died in connection with an asbestos-related disease is for 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 2022-23, 14 new applications were received by the Commissioner. Application types included imminently fatal (9), non-imminently fatal (3) and member of the family claims (2).

At 30 June 2023, of the 14 applications:

- nine were accepted for imminently fatal asbestos-related disease
- two were accepted for non-imminently fatal asbestos-related disease
- one was not accepted
- two claims were pending.

Other key points this year

- Two applications were granted for variation of lump sum compensation due to increased whole person impairment.
- 63 claims were processed for medical, rehabilitation, travel and funeral expenses.
- No notices of dispute were issued rejecting liability to pay expenses.
- The most common disease relating to accepted claims was mesothelioma.

- One matter was referred to the Tasmanian Civil and Administrative Tribunal in relation to a claim from the previous financial year.

Since the Scheme began in 2011, 218 applications have been received by the Commissioner.

Fund expenditure

In 2022-23, claim payments from the Asbestos Compensation Fund totalled \$4,717,846. This consisted of lump sum payments, rehabilitation expenses and funeral benefits.

A total of \$158,531 was paid in medical expenses. The Fund also paid travelling expenses of \$1,837 for applicants to obtain medical services and treatments.

Medical Panel costs this year totalled \$29,361. Impairment assessment costs were paid to the value of \$39,900.

\$313,142 was paid in administrative costs, including actuarial, audit, independent review and Service Level Agreement services. A further \$1,706 was paid in other communications and services relating to obtaining information.

Total expenditure from the Fund was \$5,262,323.

At 30 June 2023, the balance of the Fund was \$29,539,552, compared with \$25,381,115 at 30 June 2022.

Figures are current at 30 June 2023 and have been rounded to the nearest figure, unless otherwise stated.

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

Asbestos levy

Levy amounts received by the Fund in 2022-23 totalled \$8,676,014.

The legislation imposes a levy on workers compensation premiums, including those paid by policyholders, self-insurers and State Service Agencies. The levy is charged as a percentage of the premiums payable by licensed insurers and the notional premiums of self-insurers. The levy is paid into the Fund, which ensures that the Scheme is self-funded.

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 2023-24 will be set at 2%. This is unchanged from 2022-23.

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 11 accepted claims in 2022-23, reported occupations of exposure were painter, carpenter/builder, boilermaker, sheet metal worker, lineworker, electrical mechanic, shift engineer, truck driver, cleaner, machine operator and other labourers.

Overall, the number of asbestos compensation claims received by the Scheme to date continues to be highest for workers 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*. There were no right to information applications received by the Commissioner in 2022-23.

Public Interest Disclosures

In accordance with the requirements of section 86 of the *Public Interest Disclosures Act 2002*, in 2022-23:

- 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 2023 for the current and previous year, and projected for the next year. Actuarial data does not include incomplete claims.

	2021-22 ¹ Actual ³	2022-23 ² Actual ³	2022-23 Expected ⁷	2023-24 Projected ⁸
Number of new claims accepted by the Fund				
Mesothelioma	10	7	7.5	7.2
Lung cancer + other imminently fatal conditions	1	2	2.5	2.4
Non-imminently fatal > 10% Whole Person Impairment (WPI)	1	2	3.0	2.7
Sub-Total	12	11	13.0	12.4
Number of new claims that are currently not accepted or are pending				
Non-imminently fatal < 10% WPI	1	0	n/a	n/a
Pending claim	2	1	n/a	n/a
Sub-Total	3	1	n/a	n/a
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
Total	17	14	n/a	n/a
Claim payments⁴ (\$000)				
Medical and impairment assessment costs ⁵	198	228	505	473
Costs awarded ⁶	7,700	4,718	5,685	5,630
Total	7,899	4,946	6,190	6,103
Claims Handling Expenses⁴ (\$000)	366	280	619	610

Notes:

1. Claim number and payment experience of 2021-22 reflects actual experience between 1 July 2021 and 30 June 2022.
2. Claim number and payment experience of 2022-23 reflects actual experience between 1 July 2022 and 30 June 2023.
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 2022-23 can be found in Section 1, page 2 of the main report.
4. Actual claim payments and expenses are from the 2021-22 and 2022-23 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 \$1.5m (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 2022-23

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 Asbestos Compensation Fund (the Fund), which comprises the statement of financial position as at 30 June 2023 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 signed by the Asbestos Compensation Commissioner (the Commissioner).

In my opinion, the accompanying financial report:

- (a) present fairly, in all material respects, the Fund's financial position as at 30 June 2023 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
Valuation of provision for compensation payable Refer to note 4.2	
<p>The provision for compensation payable of \$72.18 million as at 30 June 2023, 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"> Assessing the scope, expertise and independence of the Fund's actuary engaged to calculate the provision for compensation payable. Reviewing the source data provided to the actuary to source records of the Fund. 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. Evaluating the actuary's calculation of the provision for compensation payable. Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.

Responsibilities of the Commissioner for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of *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.



Stephen Morrison
Assistant Auditor-General
Tasmanian Audit Office

8 September 2023
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 2023 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.



Sam Thompson

Delegate of the

Asbestos Compensation Commissioner

8 September 2023

Statement of Comprehensive Income for the year ended 30 June 2023

	Notes	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Levies	1.1	8 497	9 230
Interest	1.2	745	29
Increase/(decrease) in Future levies receivable	3.1	(6 777)	(6 759)
Total income from continuing operations		2 465	2 500
Expenses from continuing operations			
Compensation expense	2.1, 4.2	1 937	1 915
Medical expenses	2.2	228	201
Administration expenses	2.3	300	384
Total expenses from continuing operations		2 465	2 500
Net result		-	-
Comprehensive result		-	-

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

Statement of Financial Position as at 30 June 2023

		2023 Actual \$'000	2022 Actual \$'000
	Notes		
Assets			
Cash and deposits	5.1	29 540	25 381
Receivables	3.1	42 663	49 619
Total assets		72 203	75 000
Liabilities			
Payables	4.1	26	28
Provision for Compensation Payable	4.2	72 177	74 972
Total liabilities		72 203	75 000
Net assets		-	-
Equity			
Accumulated funds		-	-
Total equity		-	-

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

Statement of Cash Flows for the year ended 30 June 2023

	Notes	2023 Actual \$'000	2022 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash inflows			
Levies		8 676	9 052
Interest		745	29
Total cash inflows		9 421	9 081
Cash outflows			
Compensation awarded		(4 720)	(7 703)
Medical expenses		(228)	(199)
Administration expenses		(314)	(370)
Total cash outflows		(5 262)	(8 272)
Net cash from/(used by) operating activities	5.2	4 159	809
Net increase/(decrease) in cash held and cash equivalents		4 159	809
Cash and cash equivalents at the beginning of the reporting period		25 381	24 572
Cash and cash equivalents at the end of the reporting period	5.1	29 540	25 381

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 2023

	Notes	Accumulated Funds \$'000	Total equity \$'000
Balance as at 1 July 2022		-	-
Total comprehensive result		-	-
Total		-	-
Balance as at 30 June 2023		-	-

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

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.

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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 2022-23 financial year was 2.0 per cent, compared with the 2021-22 rate of 2.5 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.

	2023 \$'000	2022 \$'000
Levies relating to the 2020-21 financial year	-	1 109
Levies relating to the 2021-22 financial year	892	7 942
Levies relating to the 2022-23 financial year	7 605	179
Total	8 497	9 230

1.2 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.

	2023 \$'000	2022 \$'000
Aged Based Lump Sum	674	2 015
Lump Sum	3 192	4 096
Whole Person Impairment	713	1 447
Funeral Expenses	102	135
Travel Expenses	2	3
Rehabilitation	48	7
Total compensation awarded	4 731	7 703
Net movement in Provision for Compensation Payable	(2 794)	(5 788)
Compensation expense	1 937	1 915

2.2 Medical Expenses

	2023 \$'000	2022 \$'000
Impairment Assessor	40	34
Medical expenses	159	137
Medical Panel	29	30
Total	228	201

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.

	2023 \$'000	2022 \$'000
Administration costs paid to the Department of Justice	195	283
Actuarial costs	62	46
Audit fees	12	33
Other	31	22
Total	300	384

Audit fees paid or payable to the Tasmanian Audit Office for the audit of the Fund's financial statements were \$12,000 (\$9,650 for 2021-22).

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 2023 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.

	2023 \$'000	2022 \$'000
Future levies receivable	42 663	49 440
Receivable	-	179
Total	42 663	49 619
Settled within 12 months	7 963	8 493
Settled in more than 12 months	34 700	41 126
Total	42 663	49 619

The decrease in the Future levies receivable is due to the increase in cash held by the Fund as at 30 June 2023 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 2023.

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.

	2023 \$'000	2022 \$'000
Accrued Expenses	26	28
Total	26	28
Settled within 12 months	26	28
Total	26	28

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 \$72.177 million (\$74.972 million as at 30 June 2022). 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

	2023 \$'000	2022 \$'000
Provision for Compensation Payable		
Provision – opening balance at 1 July	74 972	80 759
Less, Compensation awarded and paid	(4 720)	(7 703)
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	1 925	1 916
Provision – closing balance at 30 June	72 177	74 972
Provision – compensation payments for reported claims		
Outstanding at beginning of period	1 545	2 875
Net movement during the period	(174)	(1 330)
Outstanding at end of period	1 371	1 545
Provision – estimated compensation for future claims		
Estimated at beginning of period	73 427	77 884
Net movement during the period	(2 621)	(4 457)
Estimate at end of period	70 806	73 427
Total Provision for Compensation Payable as at 30 June	72 177	74 972
Breakdown of compensation payable		
Settled within 12 months	7 963	8 289
Settled in more than 12 months	64 214	66 682
Total	72 177	74 972

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 2022-23 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 2023, 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:

	2023 %	2022 %
Compensation Expected to be Paid		
Not later than one year		
Wages inflation rate	3.62	3.12
Discount rate	3.71	1.93
Later than one year		
Wages inflation rate	3.35	2.81
Discount rate	3.40	3.44

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 2023

Assumptions	30 June Liability \$'000	Effect on Liability \$'000	Percentage effect %
Central estimate (including expenses)	72,177		
IBNR Claim Numbers			
Reduce claim numbers by 30%	50,935	(21,242)	(29.0)
Increase claim numbers by 30%	93,419	21,242	29.0
Average Claim Size			
Higher average medical costs, at the maximum level (compared with 30% assumption)	83,925	11,748	16.0
Inflation and discount rates			
'Gap' between inflation and discount increased by 1% for compensation paid later than 1 year	67,600	(4,577)	(6.0)
Age Distribution			
Larger proportion of young claimants	75,190	3,013	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 Specific Purpose Accounts, 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 Specific Purpose Account and any other cash held. The Fund processes all transactions through a Specific Purpose Account entitled S741 *Asbestos Compensation Fund*.

	2023 \$'000	2022 \$'000
Specific Purpose Account balance		
S741 Asbestos Compensation Fund	29 540	25 381
Total cash and deposits	29 540	25 381

5.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2023 \$'000	2022 \$'000
Net result	-	-
Decrease (increase) in Receivables	6 956	6 580
Increase (decrease) in Provision for Compensation Payable	(2 795)	(5 787)
Increase (decrease) in Payables	(2)	16
Net cash from (used by) operating activities	4 159	809

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 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 2022-23 financial year was 2.0 per cent.
Cash and deposits	Deposits are recognised at amortised cost, being their face value.	Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund.

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

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

(c) Liquidity risk

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

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
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 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:

2023

Maturity analysis for financial liabilities

	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities			
Payables	26	26	26
Total	26	26	26

Maturity analysis for financial liabilities

	1 Year	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000
Financial liabilities			
Payables	28	28	28
Total	28	28	28

(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:

	2023	2022
	\$'000	\$'000
Variable rate instruments		
<i>Financial assets</i>		
Cash in Specific Purpose Account	29 540	25 381
Total	29 540	25 381

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
30 June 2023				
Cash in Specific Purpose Account	295	(295)	295	(295)
Net sensitivity	295	(295)	295	(295)
30 June 2022				
Cash in Specific Purpose Account	254	(254)	254	(254)
Net sensitivity	254	(254)	254	(254)

This analysis assumes all other variables remain constant.

6.2 Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2023	2022
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	29 540	25 381
Future levies receivable – measured at fair value through profit and loss	42 663	49 619
Total	72 203	75 000
Financial Liabilities		
Financial liabilities measured at amortised cost	26	28
Total	26	28

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

	Carrying Amount 2023 \$'000	Net Fair Value 2023 \$'000	Carrying Amount 2022 \$'000	Net Fair Value 2022 \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	29 540	29 540	25 381	25 381
Future levies receivable	42 663	42 663	46 619	46 619
Total financial assets	72 203	72 203	75 000	75 000
Financial liabilities				
Payables	26	26	28	28
Total financial liabilities	26	26	28	28

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

2023	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
Financial assets				
Cash and deposits	29 540	-	-	29 540
Receivables	-	-	42 663	42 663
Total financial assets	29 540	-	42 663	72 203
Financial liabilities				
Payables	26	-	-	26
Total financial liabilities	26	-	-	26

2022	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
Financial assets				
Cash and deposits	25 381	-	-	25 381
Receivables	-	-	49 619	49 619
Total financial assets	25 381	-	49 619	75 000
Financial liabilities				
Payables	28	-	-	28
Total financial liabilities	28	-	-	28

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 2022-23.

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 2023.

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 delegate of the Asbestos Compensation Commissioner on 8 September 2023

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

There were no new or revised Standards and Interpretations issued by the Australian Accounting Standards Board that have a material impact on the reporting of the Commissioner's operations for the current annual reporting period.

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

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* – This Standard amends:
 - *AASB 7 Financial Instruments*: Disclosures to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
 - *AASB 101 Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
 - *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; and
 - *AASB Practice Statement 2 Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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.

Asbestos Compensation Commissioner

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