MEDIA RELEASE

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NSW GOVERNMENT INCREASES UNDERWRITING OF FUND FOR ASBESTOS VICTIMS

Treasurer Andrew Constance has today announced the NSW Government will provide up to $106 million in additional support to ensure James Hardie asbestos victims across the country can receive their legal compensation in full in accordance with court orders.

“The NSW Liberals & Nationals Government has stepped up to the plate, providing certainty for asbestos victims and their families, whether they live in NSW or any other State or Territory,” Mr Constance said.

“The Asbestos Injuries Compensation Fund (AICF) had raised concerns they would have to pay asbestos victims by instalments due to a shortfall in the timing of funding from James Hardie.

“The NSW Government negotiated in good faith, and pleasingly we’ve achieved an outcome where we can end the uncertainty for asbestos victims by removing the re-insurance recoveries loan cap in the AICF Facility Agreement.

“The dedicated fund that supports James Hardie asbestos victims will now be able to borrow up to $320 million from the NSW Government; ensuring victims can continue to be paid in lump sums.

“It’s important to note that just 45 per cent of the payments from the AICF go to NSW residents.

“It is fair and reasonable to expect the Commonwealth, and other State and Territory Governments over time, will bear their share of the costs and risks associated with providing funding for victims outside of NSW.

“The NSW Premier has written to the Prime Minister and State and Territory leaders reflecting those views, and requesting it be discussed at the next COAG meeting.”

The AICF was established as part of an agreement with James Hardie in 2005 to facilitate compensation for asbestos victims.

Under the former State Labor government in 2010, a Facility Agreement was put in place purportedly allowing the AICF to borrow $320 million from NSW. This was intended to cover the unexpected downturn in payments from James Hardie as a result of the Global Financial Crisis.

However, a little known loan cap in the Agreement currently restricts AICF borrowings to $214 million – the value of the outstanding insurance policy held by James Hardie, and this amount continues to shrink year by year.
Mr Constance said the NSW Government will remove the re-insurance recoveries loan cap for the AICF, which effectively means the Fund can borrow an extra $106 million. In addition, it is intended to extend the period over which the loan needs to be repaid.

“While funding the compensation of asbestos victims is morally the responsibility of James Hardie, we are not willing to let a situation arise where those suffering do not get full and up-front payments,” Mr Constance said.

“This is an outcome in the best interests of asbestos victims and their families.”

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