



Victorian
Law Reform
Commission



deluge: related to LAVE]
law n. 1 a rule enacted or customary
community and recognised
manding or forbidding certain
body of such rules (law
forbidden under Victorian
controlling influence of law
laws (law and order). 3 law
a social system or subject of
law at uni). 4 (with defining
the specific branches of law
law). 5 binding force (her word
(prec. by the) a the legal profes
colloq. the police. 7 (in pl.) jurispr
a the judicial remedy; litigation. b
courts as providing this (go to law)
action or procedure (e.g. i
regularity in natural
nature; law of grammar
the body of rules

Shaping our law

Annual Report 2009–10



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The Victorian Law Reform Commission was established under the *Victorian Law Reform Commission Act 2000* as a central agency for developing law reform in Victoria.

Credits

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Highlights of the year

- The Commission's final report on jury directions, completed in June 2009, was tabled in Parliament in July 2009.
- The Attorney-General announced that the Commission would be conducting a review of Victoria's *Property Law Act 1958*, and laws relating to easements and covenants. The review seeks to identify ways to modernise and simplify the law and procedures, and to remove outdated and inconsistent provisions. The Commission released a consultation paper on the *Property Law Act 1958* in April 2010.
- The Attorney-General announced a review by the Commission of Victoria's child protection legislative and administrative arrangements in relation to Children's Court processes. The Commission was asked to recommend options for procedural, administrative and legislative changes that may minimise disputation and maintain a focus on the best interests of children. The Commission provided its final report to the Attorney-General in June 2010.
- The Commission released an information paper on guardianship in January 2010 and completed an extensive round of consultations during the first half of 2010. The Commission's review will seek to ensure that guardianship laws reflect modern standards and the changing demographics of Victoria's population.
- The Commission presented its final report on surveillance in public places to the Attorney-General in June 2010. This report concludes a two-stage inquiry into the widespread use of privacy-invasive technologies. The first report considered workplace privacy; this second report considers the use of surveillance in public spaces.
- Many of the reforms recommended in the Commission's *Civil Justice: Final Report*, which was completed in March 2008, have been incorporated into the *Civil Procedure Bill 2010*, which is currently before the Parliament. The proposed changes will impose overarching obligations on all parties to a court proceeding and ensure compliance with appropriate standards of conduct, including time limits on submissions and presentation of evidence. The use of alternative dispute resolution will be encouraged and requirements introduced for parties to exchange relevant information to facilitate early identification of issues in dispute, and early resolution.
- In June 2010, the Attorney-General announced the appointment of two new commissioners whose terms commence on 1 July 2010. Justice Karin Emerton was previously Crown Counsel for the Victorian Government and spent many years as a barrister. Lynne Haultain is the Chair of the Board of the Victorian Foundation for Survivors of Torture, as well as the General Manager, Strategic Communications for the Australian Competition and Consumer Commission.
- Commission staff gave speeches on a range of law reform topics throughout metropolitan and regional Victoria, including in schools, universities, government departments and community service organisations.

Chairperson's Report



The past year has been a particularly busy one for the Victorian Law Reform Commission with the completion of two major reports, the commencement of the first stage of an important new reference, significant progress in a two-year reference that commenced in May 2009, changes to the membership of the Commission and the appointment of a new CEO.

In November 2009, Associate Professor Pam O'Connor was appointed to the Commission to lead the property law reference.

Longstanding commissioners Paris Aristotle AM and Professor Sam Ricketson retired at the end of June 2010. Justice Iain Ross AO resigned from the Commission in March 2010 upon his appointment to the position of President of the Victorian Civil and Administrative Tribunal.

Merrin Mason was appointed CEO of the Commission in May 2010 following Padma Raman's resignation to take up the position of Executive Director of the Australian Human Rights Commission. Merrin has been acting CEO of the Commission on two previous occasions.

The Commission delivered two final reports to the Attorney-General. We also published two consultation papers and three information papers during the reporting period. All of these documents are available on our website.

The work of the Commission continued to inform proposed new laws. In June 2010, the Attorney-General introduced the *Civil Procedure Bill* into Parliament. This Bill seeks to implement many of the recommendations in the Commission's *Civil Justice Review* report.

REPORTS

Protection Applications in the Children's Court

The Commission submitted a final report on 30 June 2010, after a seven-month inquiry into the procedures followed in child protection applications in the Children's Court.

In late November 2009, the Attorney-General asked the Commission to provide the Government with a range of options for reform of the processes followed in the Family Division of the Children's Court that may minimise disputation and maintain a focus on the best interests of children. The reference to the Commission followed a report to Parliament by the Victorian Ombudsman into the Department of Human Services' child protection program.

One of the Ombudsman's key recommendations was that the Commission be asked to consider new ways of dealing with child protection matters. The Ombudsman suggested that the legal framework of the child protection system in Victoria required consideration.

The Commission's report to the Attorney-General contained five broad options for reform and numerous proposals about the detail of those options.

The Commission suggested that Victoria move away from child protection procedures that closely resemble those used in summary criminal prosecutions. The processes used in child protection matters should be designed specially for this unique jurisdiction. The Commission also suggested that many of the developments in other parts of the legal system—such as non-adversarial mechanisms that assist people to reach agreement rather than rely upon adjudicated outcome—could guide procedural change in the Children's Court.

Surveillance in Public Places

In June 2010, the Commission delivered its *Surveillance in Public Places: Final Report* to the Attorney-General. The report completed a two-stage inquiry into the widespread use of privacy-invasive technologies. The first stage of the inquiry dealt with workplace privacy.

The Commission concluded that while there is widespread use of surveillance devices in public places, existing laws were not designed with many of the new technologies in mind. Although the use of surveillance devices in public places produces numerous benefits,

most notably in the field of criminal investigation, there are also risks associated with its use, particularly the potential for invasion of privacy and loss of anonymity when moving around the community.

The Commission has recommended a regulatory regime that seeks to balance the many competing interests while being sufficiently flexible to allow for rapid changes in technology. The recommendations emphasise promoting best practice use of surveillance technology by education as well as strengthening the legal protection of privacy rights in cases where there has been abuse of public place surveillance.

CONTINUING REFERENCES

Property

The Commission has been asked to review Victoria's property laws. The first stage of the review has two components—a review of the *Property Law Act 1958* and a review of the laws relating to easements and covenants.

The Commission has produced separate consultation papers for the two components of the review. The *Property Law Act 1958* contains an array of provisions dealing with Torrens system land, old system land and personal property. It is a statute much in need of review and modernisation.

Easements and covenants are private rights that affect land use. The law that governs them appears to be unduly complex and is also much in need of review.

The Commission's consultation papers provide a clear description of the current law and seek responses to a number of questions directed to reform. I congratulate Pam O'Connor and her team for the exceptional quality of their work on this reference.

Guardianship

In May 2009, the Attorney-General asked the Commission to review and report on the desirability of changes to the *Guardianship and Administration Act 1986*. Much has changed since Victoria's groundbreaking guardianship laws commenced operation a generation ago.

Extensive consultations followed the publication of an information paper in January 2010. In the paper, the Commission described the current operation of the law, pointed to a number of important changes in the community and sought responses to a number of questions about possible reforms to guardianship laws. There has been a high level of community interest in this reference.

COMMUNITY REFERENCES

One of the Commission's functions is to examine and make recommendations about matters that are of general community concern but involve relatively minor legal change. In undertaking Community Law Reform projects, the Commission seeks to promote access for people and groups not traditionally involved in law reform. The Commission also aims to provide simple solutions to gaps, inadequacies or anomalies in the law.

The Commission has commenced a Community Law Reform project on the law governing support for young people when being formally interviewed by the police about possible involvement in a criminal offence.

COMMISSIONERS AND STAFF

Justice Iain Ross AO resigned from the Commission during the year in order to devote himself fully to the position of President of the Victorian Civil and Administrative Tribunal. Justice Ross contributed to the Commission in many ways, including a period as the Acting Chairperson in 2006–07.

We shall miss his keen intelligence and lateral approaches to complex public policy issues.

Both Paris Aristotle and Professor Sam Ricketson have served as part-time members of the Commission since its inception. Both contributed to a number of references and Professor Ricketson ably chaired the surveillance in public places division for some time. I thank them for their important roles in Victorian law reform over the past decade.

Commissioners Mandy Chambers, Judge Felicity Hampel and Hugh de Kretser have continued to participate actively in the work of the Commission. My thanks to them for the hard work involved in helping to guide consultations with the community and in developing recommendations for reform.

Padma Raman left the Commission during the reporting period after nearly ten years in the position of CEO. On behalf of the Commissioners and staff, I congratulate Padma for her significant contribution to law reform in Victoria.

Our new CEO, Merrin Mason, has faced a busy time since joining the Commission in the midst of a number of challenging references. I thank Merrin and the staff of the Commission for their enthusiasm and commitment to the never-ending task of improving our laws.

The Commission has enjoyed another highly successful year and we look forward to the challenges posed by our ongoing references.



Professor Neil Rees
Chairperson



Our Commissioners

During 2009–10 there were significant changes to the Commission. Three long-serving part-time commissioners—Paris Aristotle AM, Professor Sam Ricketson and Justice Iain Ross AO—left the Commission and one new member, Associate Professor Pam O’Connor, was appointed.

Professor Ricketson has been a part-time commissioner since October 2001. He was one of four inaugural part-time commissioners to be appointed. Paris Aristotle was appointed as a part-time commissioner in August 2002. Justice Iain Ross AO joined the commission in 2003. The experience and knowledge they have brought to the Commission has been invaluable. As division members throughout their appointment, they have worked on a broad range of the Commission’s references and Community Law Reform projects.

This year, the Commission welcomed Pam O’Connor, Associate Professor at Monash University’s Law Faculty. Associate Professor O’Connor was appointed in November 2009 to work on the Commission’s reviews of the *Property Law Act 1958* and the law of easements and covenants.

Commissioners are responsible for our references. They are members of the Commission’s divisions, in which they work on specific references. Commissioners meet regularly to discuss recommendations and publications for all references. At the close of the year, there were five commissioners: four part-time commissioners and a full-time Chairperson, Professor Neil Rees. In June 2010, Attorney-General Rob Hulls announced the appointment of commissioners Lynne Haultain and Justice Karin Emerton to the Commission, to commence in July 2010.

Magistrate Mandy Chambers

joined the Commission in November 2008. She was appointed to the Magistrates’ Court of Victoria in 2006. She is President of the Victorian Magistrates’ Association and serves on the court’s Sexual Assault Management Committee, Victims of Crime Tribunal Coordinating Committee and Family Violence and Family Law Portfolio Group. She has previously held a number of positions in the employment and industrial relations area.

Magistrate Chambers has been a member of the Commission’s jury directions, child protection and guardianship divisions.

Hugh de Kretser joined the Commission in September 2008. He is Executive Director of the Federation of Community Legal Centres. He was previously Principal Community Lawyer and Legal Program Manager at Brimbank Melton Community Legal Centre and worked in employment and industrial relations law. He has also been a non-executive director of the Human Rights Law Resource Centre.

He has been a member of the jury directions, surveillance in public places, child protection and guardianship divisions.



Left to right: Paris Aristotle, Mandy Chambers, Hugh de Kretser, Felicity Hampel, Pam O'Connor, Sam Ricketson, Neil Rees, Iain Ross

Judge Felicity Hampel has been a part-time commissioner since October 2001. She was appointed a Judge of the County Court in 2005, prior to which she was a practising barrister and Adjunct Professor of Law at Monash University. She joined the Victorian Bar in 1981, was appointed Queen's Counsel in 1996 and throughout her career has been active in human rights and public interest advocacy and legal education. In 2005, she received the Women Lawyers' Achievement Award in Victoria.

Judge Hampel has been a member of the Commission's jury directions, property law, child protection and Community Law Reform divisions.

Associate Professor Pam O'Connor has been a part-time commissioner since November 2009, when she was appointed to work on the Commission's review of Victoria's property laws. She is one of Australia's leading property lawyers who has taught, researched and published in property law at Monash University for 20 years. She is a contributor to a leading Australian text on property law, and has received grants from the Australian Research Council as part of a research team investigating the interaction between property law, sustainability and climate change.

Professor Neil Rees has been the Chairperson of the Commission since 1 June 2007. His legal career includes periods in academia, in legal practice and as a member of tribunals. Before joining the Commission, he was a Professor and Foundation Dean of the Faculty of Law at the University of Newcastle. His tribunal membership includes the New South Wales Administrative Decisions Tribunal, the Mental Health Review Board and the Psychosurgery Review Board. He has been involved in the establishment of three community legal centres and clinical legal education programs: Springvale (Monash University); Kingsford (University of New South Wales); and Newcastle (University of Newcastle). He has previously been a part-time commissioner of the New South Wales Law Reform Commission.

Professor Rees has been involved with all references throughout the year.



Chief Executive Officer's Report

Arriving at the Commission in March this year I found a high-energy workplace with two final reports nearing completion, a third reference team engaged in an extensive consultation process and a fourth team working hard on the preparation of its first consultation paper.

For the first time, the Commission had four references running concurrently, placing our publications officer under considerable pressure and asking much of our administrative and support staff.

That all the deadlines have been met and three high quality publications produced in this short time is a remarkable achievement, and all Commission staff are to be commended on their extremely hard work and efficiency during this period, as well as for the whole of the past 12 months.

References

In June 2010, the Commission completed its final report on surveillance in public places. The project's team leader, Emily Minter, did an excellent job both in coordinating the work of a team which had many personnel changes, and in the quality of her research and writing. Lara Rabiee and Miriam Cullen both made major contributions to the report as research officers. A number of staff provided research assistance, including Mellela Ellison, Mia Hollick, Simone Marrocco, Claire Roberts and Suzanne Zhou.

Also in June, the Commission completed its final report on child protection applications in the Children's Court. The team did an exceptional job pulling together this highly complex report in an extremely short timeframe and all members have performed with distinction. Team leader Myra White did an outstanding job guiding a large and very skilled team.

The Commission was fortunate to have engaged Dr Becky Bagatol of Monash University and Freia Carlton of Victoria Legal Aid to work on this reference. Both brought with them invaluable expert knowledge and experience in the child protection area. Research assistance was provided by Sarah Dillon, Mia Hollick, Tess McCarthy, Alexandra Krummel, Mellela Elton and Jessica Saunders, all of whom worked tirelessly and produced excellent work.

A reference on the *Property Law Act 1958* and the law of easements and covenants was received during the year and the reference team produced its first consultation paper in April. Lindy Smith joined the Commission as team leader for the reference and has overseen a tight schedule with remarkable efficiency. Researchers Hilda Wrixon and Zane Gaylard complete the team, which has worked effectively to produce a paper that describes a complex and outdated piece of legislation in an accessible and readable way.

The Commission commenced its guardianship reference during year, with the very capable team leader Emma Cashen at the helm. After producing an information paper in January, the team embarked on an extensive round of consultations throughout the state. The skilled and experienced research team working



on this reference includes Research and Policy Officers Ian Parsons, Martin Wimpole and Kirsten McKillop, and research assistant Amanda Kite.

I would like to especially mention our publications officer Carlie Jennings, who joined the Commission in April and was immediately called upon to work on a number of publications. Carlie produced excellent results for us under considerable pressure and did so with incredible good humour and tolerance for the often unreasonable requests made to produce work within very tight timeframes.

Our Community Law Reform program continues to actively seek community input into potential areas for smaller law reform projects. Work continued on a project looking at the role of the independent person in police interviews with young people. Myra White did an excellent job of coordinating the program with assistance from project officer Simone Marrocco and research assistant Melleta Elton.

My thanks to the operations manager Kathy Karlevski, librarian Julie Bransden and administrative staff Vicki Christou and Failelei Siatua, who have together provided the essential operational support that keeps the Commission running smoothly.

I would like to thank the outgoing CEO Padma Raman for her work at the Commission over many years. Her crucial role in establishing the Commission and creating the highly respected and effective organisation that I have joined is widely acknowledged and very much appreciated.

A number of other staff have also left the Commission during the year, most of whom have been mentioned already for their work on references. In addition, the Commission thanks Sally Finlay, communications manager, and Clare Chandler, communications officer, for their work making sure our publications were produced in a professional and timely manner.

Commissioners

My contact to date with our part-time commissioners has been brief, but I would like to thank them on behalf of the staff for all their work. I know that staff really value the commissioners' feedback and their positive engagement with our references and reference teams. I also thank the Chairperson, Neil Rees, for welcoming me to the Commission and making time in his extremely busy schedule to assist me in finding my feet in this role.

It is my great privilege and pleasure to join this exciting workplace.

Accountable Officer's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Law Reform Commission's Annual Report for the year ending 30 June 2010.

Merrin Mason
CEO
Victorian Law Reform Commission

30 August 2010

Year in review

Functions, visions and objectives

The Victorian Law Reform Commission was established as an independent government-funded organisation with a charter to facilitate community-wide consultation and advise parliament on how to improve and update Victorian law. The Commission is committed to transparent and public law reform which is independent of the political process.

Our functions

The Victorian Law Reform Commission was established under the *Victorian Law Reform Commission Act 2000* as a central agency for developing law reform in Victoria.

The functions of the Commission are to:

- examine, report and make recommendations to the Attorney-General on any proposal or matter relating to law reform in Victoria that is referred to the Commission by the Attorney-General
- examine, report and make recommendations to the Attorney-General on any matter that the Commission considers raises relatively minor legal issues that are of general community concern if the Commission is satisfied that the examination of that matter will not require a significant deployment of the resources available to the Commission

- suggest to the Attorney-General that a proposal or matter relating to law reform in Victoria be referred to the Commission by the Attorney-General
- monitor and coordinate law reform activity in Victoria
- undertake educational programs on any area of the law relevant to a reference, whether past or current.

Our vision and values

Our vision is to establish the Victorian Law Reform Commission as the leading law reform agency in Australia. In all its activities, the Commission will contribute to the building of a fair, just, responsive, inclusive and accessible legal system for all Victorians.

The Commission will:

- maintain a reputation for rigorous legal research and extensive community consultation
- produce timely, thorough and high quality law reform recommendations that provide innovative solutions to complex policy issues
- build community trust in government and enhance the democratic process by fostering public understanding of law reform and encouraging informed community debates on key issues
- give a voice to marginalised groups within the community
- ensure the government is fully informed of law reform developments that have occurred interstate and overseas

- provide fearless, impartial and independent advice to the government of the day and be seen to be doing so
- build partnerships with other bodies involved in law reform to avoid inefficient duplication of effort.

Operational objectives and performance against objectives

The following sections outline details of the outputs provided by the Commission via the Department of Justice to government, including performance measures and costs for each output, followed by the actual performance results against budgeted targets by output for the Commission for the full year ending 30 June 2010.

The outputs relating to the Commission are included under the heading of the Department of Justice's Legal Policy, Advice and Law Reform. The Commission's outputs contribute to the consolidated total output cost of \$45.6m.

The total output cost is an amount derived from the *Appropriation (2009/2010) Act 2009*, less savings and other movements plus the amount received from the Legal Services Board, as directed by the Attorney-General.

The difference between the target and the actual figure is due to governance; executive and corporate costs that constitute indirect output costs included in the BP3 estimates and not included in the direct appropriation allocations.

Budget portfolio outcome

A comparison of the budget portfolio outcome statements of the Commission and the actual results for the year can be found in Appendix 2.

Objectives	Results
To provide the Attorney-General and Parliament with high quality, timely, responsive and effective advice on law reform that is independent of government agencies and the political process.	<p>Delivered <i>Protection Applications in the Children's Court: Information Paper</i></p> <p>Delivered <i>Guardianship: Information Paper</i></p> <p>Delivered <i>Supporting Young People in Police Interviews: Background Paper</i></p> <p>Delivered <i>Review of the Property Law Act 1958: Consultation Paper</i></p> <p>Delivered <i>Surveillance in Public Places: Final Report</i></p> <p>Delivered <i>Protection Applications in the Children's Court: Final Report</i></p>
Engage the community in law reform processes and foster community-wide debate on law reform proposals.	<p>Staff participated in conferences and forums hosted by third parties.</p> <p>Hosted the Victorian Legal Assistance Forum Policy Workers Network meeting to identify pathways for the law reform policy sector to work together and facilitate opportunities for collaboration.</p> <p>Conducted broad-ranging community consultations in metropolitan and regional Victoria for our guardianship and child protection references.</p>
To promote the role of law reform and improve community understanding of law and legal processes relevant to the commission's references.	<p>Provided information about references and the law reform process to media outlets, universities and schools.</p> <p>Explained the law reform process at consultations.</p>
To coordinate law reform in Victoria and identify areas of emerging concern.	Continued work on the role of independent persons in police interviews following a request from the youth sector.
To maintain efficient and effective administrative and financial systems and provide a safe and supportive working environment to support the Commission's law reform activities.	<p>Updated contacts database.</p> <p>Modified and improved staff flexitime arrangements.</p> <p>Streamlined reference submission processes.</p> <p>Conducted staff seminars with external speakers.</p>

Performance Measures	Unit of Measure	2009-10 Actual	2009-10 Target
Quantity			
Community education and consultation sessions ^(a)	number	50	50
Law reform projects ^(b)	number	4	4
Quality			
Stakeholder satisfaction with consultation/education processes	per cent	85	85
Cost			
Annual appropriation		0.913	0.932
Legal Services Board		1.700	1.700
Total output cost	\$ million	2.613	2.632

Notes: (a) Community education and consultation sessions are provided on an as needed basis which makes it difficult to accurately predict how many briefings are required for the year.

(b) Law reform projects are referred to the Commission by the Attorney-General making it difficult to predict how many will be undertaken in the reporting period.



Reference:

Surveillance in Public Places

This year saw the completion of the Commission's inquiry into surveillance in public places. The Commission delivered a final report to the Victorian Attorney-General in June containing recommendations for improving the regulation of public place surveillance in Victoria.

Devising recommendations through consultations

In our last annual report, we noted the release of a consultation paper in March of 2009, in which we proposed for discussion a number of options for reform of surveillance law.

The Commission received 42 written submissions in response to the consultation paper. The submissions came from a variety of organisations and individuals, including community representatives, human rights advocacy groups, legal organisations and users of surveillance technology.

Commencing in May 2009 the Commission conducted 31 face-to-face consultations with users of surveillance, advocacy organisations, and experts to glean further views about our options for reform. In July 2009, we hosted five forums with groups who experience public place surveillance, including young people, people experiencing homelessness, and culturally and linguistically diverse communities. The Commission also met in June, July and November with our Consultative Committee of experts about the proposed reforms.

The final recommendations

Informed by the above, the Commission's Division members who worked on the reference developed the final set of recommendations, which include:

- overarching principles designed to guide responsible use of public place surveillance by all users
- the creation of an independent regulator to inform and guide users of public place surveillance about the practical implementation of these principles and to advise the public about their operation
- amendments to clarify, modernise and strengthen the *Surveillance Devices Act 1999*. These include refining some of the existing prohibitions and introducing a civil penalty regime
- the introduction of two statutory causes of action for serious invasions of privacy caused by misuse of surveillance devices in public places, the first dealing with misuse of private information and the second with intrusion upon seclusion.

The final report

The recommendations are contained in a final report.

The report places the inquiry into surveillance in public places in context, by describing similar inquiries by other law reform commissions, including the Australian Law Reform Commission, the New South Wales Law Reform Commission, and the New Zealand Law Commission.

The report also describes the nature and extent of public place surveillance in Victoria; information gained from site visits conducted in April and May of 2009 with users of surveillance, including shopping centres, transport providers, and sporting and entertainment venues.


As in the earlier consultation paper, the final report discusses the current law governing use of public place surveillance, but focusses on the final recommendations, which we describe in detail in a series of concluding chapters.

Staff and Commissioners

Preparation for the final report began in August 2009, under the guidance of team leader Emily Minter. She was assisted by team members Miriam Cullen, Sally Finlay, Lara Rabiee, and Padma Raman. Research assistance was provided by Melleeta Elton, Mia Hollick, Simone Marrocco, Claire Roberts and Suzanne Zhou. The report was edited by Clare Chandler and produced by Carlie Jennings.

Chairperson Professor Neil Rees led the reference, supported by part-time commissioners Professor Sam Ricketson, Hugh de Krestler, Judge Felicity Hampel, Paris Aristotle and Justice Iain Ross AO.





Reference:

Guardianship

The laws and practices that assist Victorians with impaired decision-making capacity are being reviewed under the Commission's guardianship reference. This is the first review of Victorian guardianship and administration laws for more than 20 years.

Guardianship and administration—background

In Victoria, the *Guardianship and Administration Act 1986* is designed to help people with disabilities who are unable to make important decisions. The Act allows for the appointment of another person to make personal, financial and medical decisions when a formal decision-maker is needed.

Terms of reference

The Attorney-General has asked the Commission to review Victoria's guardianship laws to see if they adequately respond to the needs of people with impaired decision-making capacity while protecting and advancing their rights.

The Commission's recommendations must be consistent with Australia's human rights obligations and the *Charter of Human Rights and Responsibilities Act 2006*.

In particular, the Commission has been asked to consider:

- the role of guardians and administrators
- the need to balance the protection of a person with impaired capacity by a guardian or administrator with the person's exercise and enjoyment of their human rights
- the alignment of guardianship and administration law with other relevant laws
- the role of informal decision-making for an adult with impaired capacity
- the functions, powers and duties of the Public Advocate
- the role and powers of the Victorian Civil and Administrative Tribunal and the appointment of guardians and administrators
- existing laws that deal with medical research, non-medical research, medical and other treatment of a represented person.

The Commission must report by 30 June 2011.



Staff and Commissioners

The guardianship team comprises Emma Cashen (team leader) and research and policy officers Ian Parsons, Martin Wimpole and Kirsten McKillop. Research and administrative assistance is provided by Amanda Kite.

The Commission's Division for the guardianship reference comprises Magistrate Mandy Chambers, Hugh de Kretser, Professor Sam Ricketson, Justice Iain Ross AO (until March 2010), Paris Aristotle, and Chairperson Professor Neil Rees.

Information paper

In March 2010, the Commission published an information paper that aimed to explain the current law as simply as possible and to generate community discussion about areas that need reform. In response to the paper, the Commission received 57 submissions. Submissions have been published on our website.

First round of consultations

In March, April and May 2010, in response to the information paper the Commission conducted wide-ranging consultations with people with disabilities and their carers and friends who have experience with Victoria's guardianship system. We also met with advocate groups, health professionals, service-delivery groups, administrators, the Public Advocate and VCAT. We conducted consultations in metropolitan Melbourne as well as regional Victoria.

Consultative committees


At the start of this review, the Commission established two consultative groups to provide ongoing assistance and input into the law reform process. These groups have helped the Commission to draw upon the experience of people who work in the field, who represent the interests of people who use guardianship laws, and who have researched and written about the operation of guardianship laws.

Consultation paper and planning

The guardianship team is currently preparing a consultation paper that will be released later this year. That paper will contain draft reform proposals for community response. These reform proposals take into account both submissions to the Commission in response to our information paper and developments in other jurisdictions.

The Commission will invite the community to provide submissions in response to the consultation paper and will conduct a further round of community consultations when the paper is released.

When the second round of consultations finish and submissions close, the Commission will prepare its final report.



Reference:

Property

The Commission is reviewing some of Victoria's oldest property laws to bring them up to date and make them easier to understand and apply.

Victoria's property law

Victoria's property law is contained in multiple statutes and fashioned by centuries of case law. New legislation has been layered on the old, changing but not completely replacing it. There is duplication, inconsistency and unnecessary complexity. Some provisions have not been used for decades and even property law specialists are uncertain about what they mean.

The foundation upon which much of Victoria's property law has been built is the *Property Law Act 1958*, but nowadays almost all dealings in land in Victoria are regulated by the *Transfer of Land Act 1958*. This is because Victoria has two systems of land title and conveyancing: the Torrens system, which was introduced in 1862, and the system that preceded it.

The *Transfer of Land Act 1958* applies to Torrens system land. The *Property Law Act 1958* applies to land that has not yet been brought under the Torrens system, although some of its provisions apply to Torrens system land as well. It also contains provisions that apply to personal property as well as to land.

With changes to public planning processes and the way that land is used, property laws have become more complex. Property rights are now affected by the *Planning and Environment Act 1987* and the *Subdivision Act 1988*. The particular rights of tenants, minors, and members of owners corporations are found in specialised Acts such as the *Residential Tenancies Act 1980*, the *Retail Leases Act 2003*, the *Settled Land Act 1958* and the *Owners Corporations Act 2006*.

The *Property Law Act 1958* now serves a residual function as a property law statute. It sets out principles of property law which find no place in other more specialised Acts.

Terms of reference

In August 2009, the Attorney-General asked the Commission to review Victoria's property laws. Announcing the review, he said that it would be conducted in two stages.

The first stage has two components:

- a review of the *Property Law Act 1958*, for report by 30 September 2010
- a review of laws relating to easements and covenants, for report by 17 December 2010.

The Commission has not yet received terms of reference for the second stage of the review, which is likely to examine the *Transfer of Land Act 1958*.

Conduct of the reference

Associate Professor Pamela O'Connor, of Monash University, was appointed Commissioner to lead the reference. She has published numerous book chapters and articles in property law, as well as two major theses, and is a co-author of a leading textbook on property law.

A Division of the Commission, comprising Professor Neil Rees, Judge Felicity Hampel and Professor Sam Ricketson as well as Associate Professor Pamela O'Connor, was formed to work on the project. The Division met monthly from December 2009.

The property law team comprises Lindy Smith (team leader) and research and policy officers Zane Gaylard and Hilda Wrixon.



A consultative committee of experts in property law was established and met twice. It provided valuable guidance on the identification of the issues and reform options.

Review of the *Property Law Act 1958*

A consultation paper was released in April 2010. It drew upon the academic research, the results of reviews and reforms in other jurisdictions, and discussions with the consultative committee and other practitioners in the area of property law.

The Commission has been asked to consider in particular any necessary changes to ensure that the *Property Law Act 1958* is certain, effective and up to date.

The consultation paper proposes replacing the current Act with a new one that is easier to understand and use. About one quarter of the current Act would be repealed and most of the remaining sections would be revised. It also suggests that Victoria follow other jurisdictions in reforming the law that applies where a person constructs a building that encroaches to a small extent onto neighbouring land and where land is improved in the mistaken belief as to who owns it.

Submissions were invited from the public by 30 June 2009, after which date the Commission will prepare the final report.

Review of the law of easements and covenants

An easement is a property right to make use of someone else's land without occupying it, such as when an owner of a property that does not adjoin a public road has the right to travel across neighbouring land to reach it. Easements are commonly used to provide access to essential services and communications facilities.

A restrictive covenant is a property right that restricts the way land may be used, for the benefit of other land. Like easements, restrictive covenants are usually created when land is subdivided. Examples of restrictive covenants are restrictions on the height of buildings, the materials of which they are constructed, and set backs from the road.

Victoria's law of easements and covenants is based on English common law, overlaid with property, planning and subdivision legislation. This means that the law overall is very complex and has significant gaps and overlaps.

In conducting the review, the Commission has been asked to consider the operation of the law of easements and covenants broadly, and any beneficial changes to streamline planning processes and/or relevant property laws and practices, as well as options to facilitate simpler and cheaper processes.

During the year, work began on preparing a consultation paper for publication in July 2010.

Reference:

Protection Applications in the Children's Court

The Commission's latest reference from the Attorney-General reviewed the laws and processes followed in child protection cases in the Children's Court of Victoria.

The Commission's final report was the product of seven months' intensive examination of the statutory child protection system in Victoria and other jurisdictions. The Commission consulted widely with people with an interest in child protection law, including social workers and legal practitioners who specialise in the area.

Protection applications in the Children's Court—background

In December 2009, the Attorney-General asked the Victorian Law Reform Commission to review those aspects of Victoria's child protection system that concern Children's Court processes and provide the government with a range of reform options that may minimise disputation and maintain a focus on children's best interests.

The reference to the Commission followed the release of a report on 25 November 2009 by the Victorian Ombudsman investigating the Department of Human Services' child protection program.

The Ombudsman suggested that there were 'fundamental questions regarding the design of the legal framework around the child protection system in Victoria' that required consideration. One of the Ombudsman's key recommendations, which was accepted by the Attorney-General, was that the Commission be asked to examine 'alternative models for child protection legislative arrangements'.

Terms of reference

The Attorney-General asked the Commission to 'consider models that take a more administrative case management approach to child protection issues'.

As part of its review, the Commission was directed to consider child protection arrangements in other Australian jurisdictions (including the Family Court) and in other countries, particularly England and Scotland.

In particular, the Commission was also required to consider:

- the underlying aim of the system to protect children in Victoria from abuse and neglect, and the best interests principles in the *Children, Youth and Families Act 2005*
- the processes for applying for and reviewing orders in the Family Division of the Children's Court
- the previous reviews of Victoria's child protection system, including the Government Taskforce's report
- the Attorney-General's Justice Statements (in 2004 and 2008), particularly the focus on Appropriate Dispute Resolution and measures to reduce the adversarial nature of the justice system
- The *Charter of Human Rights and Responsibilities Act 2006*.

The Commission was required to report to the Attorney-General on 30 June 2010.

Staff and Commissioners

A large staff complement was recruited to work on the project in December and January 2010. This included some short-term secondments from other agencies such as Victoria Legal Aid and Monash University.

The child protection team comprised Myra White (team leader) and research and policy officers Dr Becky Batagol and Freia Carlton. Research and administrative assistance was provided by Sarah Dillon, Mia Hollick, Alexandra Krummel, Tess McCarthy, Melleta Elton and Jessica Saunders. Brenda Conway assisted with transcription.

Chairperson Professor Neil Rees led the reference, supported by three part-time commissioners, Hugh de Kretser, Judge Felicity Hampel and Magistrate Mandy Chambers. Justice Iain Ross AO was also a Division member until his retirement from the Commission in March 2010.

Information paper and consultations

In February 2010, the Commission released an information paper containing possible options for reform. Despite the short timeframe, the Commission also conducted an extensive consultation process. As part of its research, the Commission's child protection team visited New South Wales, Western Australia and South Australia and had contact with overseas jurisdictions including New Zealand, England and Scotland. The team also undertook close observation of the Melbourne Children's Court practices and visited regional Victoria to examine how the system works in country areas.



Final report

In its final report, the Commission presented the Attorney-General with five options for reform of child protection processes. Each option contains a number of detailed proposals that seek to advance the underlying aim of the child protection system to protect children in Victoria from abuse and neglect, and to promote the best interests of children.

Although all five of the reform options could be adopted, they are not presented as a single integrated scheme. They comprise a range of possible reforms. One, some, all, or only parts of the options may be chosen to bring about a new system for dealing with child protection matters.

The Commission reported to the Attorney-General on 30 June 2010.



Community Law Reform

The *Victorian Law Reform Commission Act 2000* allows the Commission to make recommendations on minor legal issues of general community concern or suggest to the Attorney-General that he or she refer a law reform project to the Commission.

Spotlight on Community Law Reform

As well as making submissions to projects that the Commission receives from the Attorney-General, the community can suggest ideas for law reform projects. If the project involves a relatively minor change to the law, the Commission may be able to turn the suggestion into a Community Law Reform project.

The aim of the Community Law Reform program is to improve accessibility for people and communities who are not usually involved in law reform but who have good ideas about how the law could be improved.

The Community Law Reform manager administers the program with assistance from Commission staff. The Community Law Reform program also has a dedicated Division that assesses community suggestions and contributes to projects once they are established. This financial year, the Division comprised Professor Neil Rees, Judge Felicity Hampel, Paris Aristotle and Hugh de Kretser.

Criteria for community suggestions

Generally, the Commission can only complete one or two Community Law Reform projects a year. In deciding whether to undertake a Community Law Reform project the Commission considers:

- The area in which the law applies—the Commission can only make recommendations about state laws.
- The scope of the Community Law Reform project—including the complexity of the legal issues raised, the amount of research required, and the amount of legal change that may be needed. The Commission can only undertake Community Law Reform projects that deal with relatively small changes to the law.
- The amount of community consultation that will be needed to fully consider the issue—complex and controversial subjects or areas of law that do not have strong community consensus will generally not fit within Community Law Reform projects. These types of issues require significant consultation and public debate to resolve. This is better suited to a government-initiated reference or inquiry.
- The law reform proposal's likely public benefit—the Commission is interested in projects that will fix problems with the law that affect a significant proportion of the population or address problems faced by significantly disadvantaged members of the community.
- The prospects of success for the reform proposal—Community Law Reform projects must provide a simple, effective solution to an anomaly, inequity or gap in the law.

The Commission's Community Law Reform projects in 2009–10

Supporting young people in police interviews

Supporting young people in police interviews is the Commission's latest Community Law Reform project. It examines the role of independent persons in police interviews with young people. Independent persons regularly attend police interviews with young people when their parent or guardian is unavailable, but legislation does not define who can and cannot be an independent person or what their role should be. In February 2009, the Commission published the *Supporting Young People in Police Interviews: Background Paper*, which examined current Victorian law concerning the presence of an independent person in police interviews with young people and called for submissions. The Commission also conducted consultations throughout the state and in metropolitan Melbourne. The Commission is now preparing its final report.

Community Law Reform suggestions

This financial year, the Commission received 31 formal suggestions for Community Law Reform, including reforms to laws relating to wills, privacy in the media and sentencing. Many suggestions did not meet the Commission's criteria for Community Law Reform projects because, for example, they raised concerns relating to federal laws, such as family law and migration law.

The Commission investigated a suggestion that it examine laws pertaining to residents of retirement villages. This issue included concerns around disclosure requirements, the complexity of contractual arrangements and access to justice. The Community Law Reform team undertook initial discussions and research, and ultimately determined that the issues raised were too complex to fall within the Community Law Reform function of making recommendations for minor legal change.

The Commission was also asked to look into a proposal relating to newborn health screening.

The Commission's online form for Community Law Reform suggestions proved popular; 19 suggestions were submitted online and five suggestions sent the form criteria via email.



Education and Outreach

The Commission has continued its education and outreach activities in line with our objectives to engage the community in the law reform process and promote the role of law reform.

Engagement with schools and universities

Commission staff spoke at metropolitan and regional schools and universities throughout the year.

In September 2009, staff participated in the Victorian Law Foundation's Law Talks program. Members of our various reference teams presented a session on the law reform process and the Commission's contribution to law reform in Victoria.

In April 2010, staff spoke at Melbourne University's Beyond Law School festival.

Several lectures were given to students at Victorian schools and universities about past and current references.

Intern program

The Commission has continued to participate in the Victoria Law Foundation's intern program. The program places law students with an interest in research and legal policy and community legal education in public sector and community organisations. The Commission also had a representative on the selection panel.

The past year has seen two interns pass through the Commission; Melleta Elton worked on the *Surveillance in Public Places: Final Report* and Cara Bredebusch worked on the *Easements and Covenants: Consultation Paper*.

Speaking engagements

In addition to speaking to students at schools and universities, commissioners and commission staff have spoken at both Victorian and interstate public events throughout 2009–10.

Chairperson Professor Rees spoke about the Commission's review of guardianship law at both the UN Convention on the Rights of Persons with Disabilities in Sydney, and at the Law Institute of Victoria's Elder Law Conference. Research and policy officer Ian Parsons also presented to the Disability Advocacy Resource Network about the law reform process and the guardianship terms of reference.

Professor Rees also presented on the Commission's jury directions report at Adelaide's National Judicial College of Australia, and spoke about the future of law reform at the Department of Justice's Planning Day.

In the news

The Commission continued to be a source of information for the media on the law reform process and on specific references.

The media was particularly interested in the Commission's recommendations in the final report of the jury directions reference, which was tabled in Parliament by Attorney-General Rob Hulls in July 2009.

The Commission continued to contribute to the *Law Institute Journal* covering the Commission's work on a variety of issues throughout the year.

Governance and Organisational structure

Audit committee membership and roles

The audit committee consists of:

- Anthony Phillips (Chairperson)
- Neil Rees
- John Bafit.

The main responsibilities of the audit committee are to:

- review and report independently to the Commission on the annual report and all other financial information published by the Commission;
- assist the Commission in reviewing the effectiveness of the Department's internal control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting; and
 - compliance with applicable laws and regulations;
- determine the scope of the internal audit function and ensure that its resources are adequate and used effectively, including coordination with the external auditors; and
- oversee the effective operation of the risk management framework.

Human resource management

The goal of the Commission's occupational health and safety officer is to ensure all staff remain safe and healthy at work. As part of WorkSafe Victoria's proactive intervention program to provide guidance and assess and enforce compliance with specific health and safety laws, a workplace visit was conducted and report issued.

During the 2009–10 financial year, the Commission developed a number of initiatives to improve the health and safety of staff including ergonomic assessments and a light and airconditioning audit. Commission staff were also encouraged to form a netball team and participate in a lunchtime tournament.

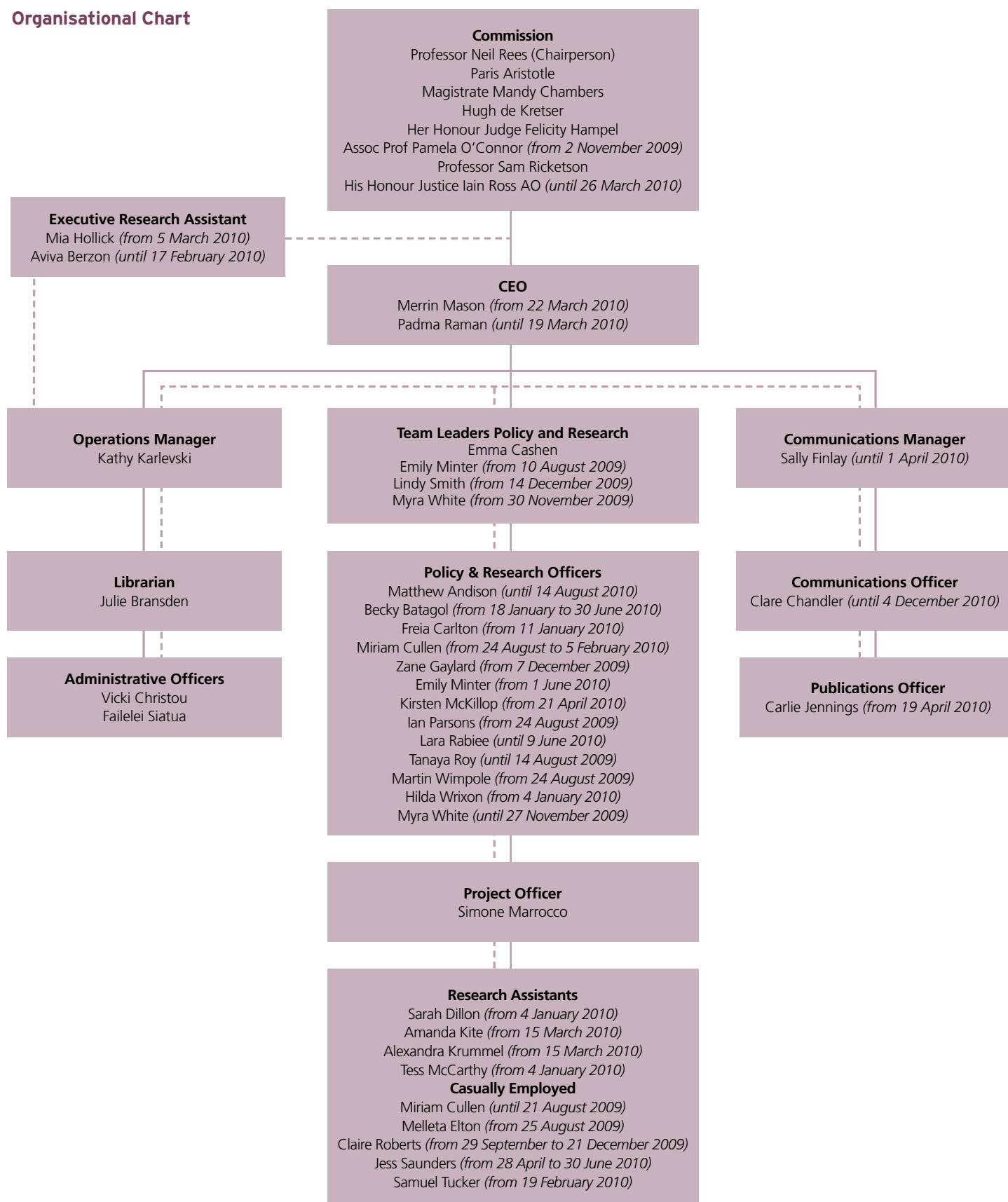
Staff members continued their fire warden and first aid officer training. All staff participated in the fire drills undertaken by the building management.

Employment and conduct principles

The Commission is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

Governance and Organisational structure (*continued*)

Organisational Chart





Workforce data

Diversity reporting

The Commission is committed to promoting workplace diversity and advocating for people in the community through policy development, specialist research and consultation with community, government departments and others to foster inclusion and to develop initiatives to support diversity planning. This approach ensures effective cultural, economic and social outcomes for all Victorian communities.

Women's affairs

For our review of the *Guardianship and Administration Act 1986*, the Commission established a Consultative Committee, which included a representative of Women with Disabilities Victoria. In undertaking this reference, the Commission recognises that guardianship issues arise particularly for families providing care to a family member with a disability, and acknowledges that women often assume this carer role. To this end, the Commission targeted a large number of our consultations to carer groups, principally represented by women.

Young people

Throughout the year, the Commission has engaged with young people for both our references and our community engagement activities. The terms of reference for the Commission's guardianship reference specifically ask us to address

the minimum age provisions for guardianship appointments, an issue particularly relevant to young people with a disability. In response, the Commission has engaged Victoria's Youth Disability Advocacy Network as part of the Consultative Committee steering the guardianship reference. A number of young people with disabilities also attended forums held throughout our consultation phase.

For our review of protection applications in the Children's Court, the Commission engaged the CREATE Foundation to undertake devolved consultations with young people living in out-of-home care. The Commission also continued work on our Community Law Reform project to clarify the role of the independent person in police interviews with young people.

As part of our community education program, the Commission has provided information on law reform to schools and has participated in the Victoria Law Foundation's Law Talks.

Culturally and Linguistically Diverse Communities

During the year, the Commission engaged Myriad consultancy to undertake devolved consultations with CALD communities for our child protection reference. Consultation members included people from Somali, Sudanese and Afghani communities who had been involved with the child protection system.

The Commission's own Consultative Committee included ADEC (Advocacy Disability Ethnicity Community), Victoria's peak organisation representing disability in culturally and linguistically diverse communities, and our consultation process included specifically targeted discussion with agencies that have a CALD focus. Copies of the Commission's *Protection Applications in the Children's Court: Information Paper* were produced in ten community languages and distributed to these communities through relevant CALD organisations.

Indigenous communities

For our review of protection applications in the Children's Court, the Commission worked closely with the Children's Court (Family Division) Koori Family Support Project and received submissions from and consulted with the Victorian Aboriginal Legal Service Co-operative Ltd, the Aboriginal Family Violence Prevention and Legal Service Victoria and the Victorian Aboriginal Child Care Agency Co-op Ltd.

Throughout our consultation process for our guardianship reference, the Commission consulted specifically with indigenous organisations both in Melbourne and in regional Victoria. The Commission also invited relevant indigenous organisations to join the reference's Consultative Committee.

Workforce data (continued)

Workforce data staffing trends

	2010	2009	2008	2007	2006
	24	16	20	20	17
	Ongoing Employees ^(a)				Fixed term & Casual Employees
	Employees (Headcount)	Full time (Headcount)	Part time (Headcount)	FTE ^(b)	FTE ^(b)
June 2010	8	6	2	7.5	14.4
June 2009	8	6	2	7.5	7.6

	2010			2009		
	Ongoing ^(a)		Fixed term & Casual Employees	Ongoing ^(a)		Fixed term & Casual Employees
	Employees (Headcount)	FTE ^(b)	FTE ^(b)	Employees (Headcount)	FTE ^(b)	FTE ^(b)
Gender:						
Male	1	1	3.2	1	1	1
Female	7	6.5	11.2	7	6.5	6.6
Total	8	7.5	14.4	8	7.5	7.6
Age						
Under 25	0	0	4.2	0	0	0
25-34	2	2	6.6	4	1	5.6
35-44	2	2	1	1	3	2
45-54	2	1.9	2.0	1	0.9	0
55-64	2	1.6	0.6	2	2.6	0
Over 64	0	0	0	0	0	0
Total	8	7.5	14.4	8	7.5	7.6
Classification						
VPS 1	0	0	0	0	0	0
VPS 2	1	1	0	1	1	0
VPS 3	3	2.6	5.8	3	2.6	2
VPS 4	0	0	1	0	0	0
VPS 5	1	0.9	5	2	1.9	4.6
VPS 6	1	1	2	0	0	1
Executive ^(c)	1	1	0	1	1	0
Statutory appointee	1	1	0.6	1	1	0
Total	8	7.5	14.4	8	7.5	7.6

Notes:

- (i) Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- (ii) FTE means full-time staff equivalent.
- (iii) Executive is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the Public Administration Act 2004. The definition of an executive officer does include Governor in Council appointments as statutory office holders.
- (iv) All figures reflect employment levels during the last full pay period of June of each year.
- (v) Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies, and a small number of people who are not employees but appointees to a statutory office, as defined in the Public Administration Act 2004.
- (vi) The increase in employment levels between June 2009 and June 2010 is due to staff being employed on fixed term contracts to undertake a reference which required reporting to the Attorney-General on 30 June 2010.

Other disclosures

Freedom of information

The *Freedom of Information Act 1982* allows the public the right to access documents held by the Commission. The Commission did not receive any applications from members of the public for the 12 months ending 30 June 2010.

Compliance with the *Building Act 1993*

The Commission does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

National Competition Policy

In 1995, all Australian Governments (Federal, State and Territory) agreed to review and, where appropriate, reform all existing legislative restrictions on competition. Under National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs; and
- the objectives of the legislation can only be achieved by restricting competition.

The Commission continues to comply with the requirements of the National Competition Policy.

Compliance with the *Whistleblowers Protection Act 2001*

The *Whistleblowers Protection Act 2001* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The Commission does not tolerate improper conduct by employees, or the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Commission will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

For the 12 months ending 30 June 2010, the Commission did not receive any disclosures.

Reporting procedures

Disclosures of improper conduct or detrimental action by the Commission or its employees may be made to the following officers:

Protected Disclosure Coordinator

Damien O'Shea
Director, Executive Services
(Department of Justice)
Phone: (03) 8684 0090

Protected Disclosure Officers

Sue Coleman
Senior Legal Policy Officer,
Civil Law Policy
(Department of Justice)
Phone: (03) 8684 0481

Kathy Karlevski
Operations Manager
(Victorian Law Reform Commission)
Phone: (03) 8619 8630

Alternatively, disclosures of improper conduct or detrimental action by the Commission or its employees may also be made directly to:

The Ombudsman Victoria

Level 9, 459 Collins Street
(North Tower)
Melbourne VIC 3000
Telephone: (03) 9613 6222
Toll free: 1800 806 314
Internet: www.ombudsman.vic.gov.au
Email: ombudvic@ombudsman.vic.gov.au

Other disclosures (*continued*)

Office-based environmental impacts

Since 2002–03 all government departments have been required to implement formal Environmental Management Systems (EMS) to reduce the environmental impacts of their office-based activities. These cover energy, water, waste, paper and vehicle fuel management, and procurement.

The government's *Our Environment Our Future—Sustainability Action Statement (July 2006)* committed expanding EMS to statutory agencies.

In March 2008, the Minister for Environment and Climate Change launched the *ResourceSmart* Government program. The program's implementation is being phased in across statutory agencies between early 2008 and 2010–11.

The Commission joined phase 4 of the program in April 2009. The program includes an action planning process, tools and resources, a reward and recognition scheme, networking, and professional capacity building services.

As a participating agency, the Commission is required to annually report on their environmental performance. Reporting commenced in the 2008 annual report (with comparative 2007 data).

In addition, the Commission is expected to comply with any information requests by the Commissioner for Environmental Sustainability for his annual audits of government's progress in environmental management.

As part of the Commission's commitment to *ResourceSmart*, environmental representative Emily Minter and environmental manager Kathy Karlevski developed and implemented environmental management initiatives.

Current environmental management practices

- GreenEarth electricity
- 25 per cent GreenPower (Accredited Renewable Energy)
- Motion sensors
- Lighting audits and de-lamping
- Recycling paper
- Using 80 to 100 per cent recycled paper
- Double-sided printing
- Draft printing (half strength toner)
- Ink and toner cartridge recycling
- All staff members were issued a thermal mug for takeaway beverages. This has reduced the number of carton/plastic coffee cups by 99 per cent. All staff are happy to take the thermal mug with them to buy their coffee.
- Replacing 37.5 per cent of printed reports provided to Parliament for tabling with CD-Roms.

Energy

The Commission solely consumes electrical energy for the purpose of running its core business.

The consumption of gas and other energy sources is included in the building's overhead costs and charges. Consumption by the Commission cannot be identified.

The data represented below was collected through energy retailer billing information.

Indicator	2009–10		2008–09		
	Electricity	Green Power		Electricity	Green Power
Total energy usage segmented by primary source (MJ)	158,867	48,914	To 14/11/08 From 17/11/08	83,772 105,246	0 21,686
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO ₂ e)	59	...	To 14/11/08 From 17/11/08	30 38	0 ...
Percentage of electricity purchased as Green Power	20% 25% from 2 Sep 09		To 14/11/08 From 17/11/08	0 20%	
Units of energy used per FTE (MJ/FTE)	9488		To 14/11/08 From 17/11/08	5549 6970	
Units of energy used per unit of office area (MJ/m ²)	232		To 14/11/08 From 17/11/08	162 117	

Actions undertaken

Delamping	100 fluorescent tubes removed
Energy audit	Printers, faxes and MFDs programmed for 'sleep mode' when left idle; Screens, lights and other office equipment are switched off when not in use; Lights and supplementary air-conditioning is turned off when conference room is vacant; Dishwashers only used when full and always on energy-save cycle.

Explanatory Notes

- The increase in the total electricity energy usage from 2009 has occurred due to this being the first full year's data for this location. Previous years' data was from two locations.
- An error in the Energy table for the 2008–09 where *Total energy usage segmented by primary source (MJ)* from 17 November 2008 was stated as 105,246 and 108,432 has been corrected.

Other disclosures (continued)

Paper

The Commission is becoming more efficient in relation to paper use. Programs that provided additional consumption reductions were commenced during the reporting period.

Indicator	2009–10	2008–09
Total units of copy paper used (reams)	293	340
Units of copy paper used per FTE (reams/FTE)	13.4	22.5
Percentage of 75 100% recycled content copy paper purchased (%)	95.65%	98.53%
Percentage of 50 75% recycled content copy paper purchased (%)	0	0
Percentage of 0 50% recycled content copy paper purchased (%)	4.34%	1.47%
Optional indicators		
Total units of A4 equivalent paper used in publications (reams)	1640	2340
Percentage of publications publicly accessible electronically (%)	100%	100%
Actions undertaken		
Default paper	Default copy paper purchased through stationery supplier is 100% recycled content. If this is unavailable, supply defaults to 80% recycled content.	
Colour paper	Colour copy paper purchased through stationery supplier is from the green range, which consists entirely of Forest Stewardship Certified (FSC) paper from well-managed forests, TCF paper and 100% recycled paper.	

Targets Sustain units of copy paper used per FTE to below 15 reams per FTE by 30 June 2010.

Waste

The data in the table below is based on water meter readings for the building, which consists of seven floors, one of which is occupied by the Commission.

Sole use for the Commission cannot be identified. Two apportionment methods to calculate water consumption have been used in the table below.

Indicator	2009–10	2008–09
Total units of metered water consumed by usage types for building (kilolitres)	2828	2444
Units of metered water consumed in offices per unit of office area (kilolitres/m ²)	420	364
Units of metered water consumed in offices per unit of office area (per floor)	404	349
Units of metered water consumed in offices per unit of office area (kilolitres/m ²) per FTE (kilolitres/FTE)	19.22	24.09
Units of metered water consumed in offices per unit of office area (per floor) per FTE (kilolitres/FTE)	18.45	23.12

Targets Investigate installation of sub-meters for Commission's tenancy.

Transport

Transportation data can be found in the Department of Justice's annual report. The Commission utilises departmental fleet vehicles when needed.

Over 90 per cent of employees regularly use public transport, cycle or walk to and from work.

Ninety-one per cent of staff reside in metropolitan Melbourne; the remainder live in regional Victoria.

Greenhouse gas emissions

Disclosure of greenhouse gas emissions is outlined in relevant tables, where data could be obtained.

Other information

Actions taken during the year to reduce energy use in the building and/or tenancy includes:

- replacement inefficient boilers with higher efficiency boilers including new control strategy and pump system;
- a staff awareness program to encourage staff to turn off equipment and lights after use; and
- installation of energy saver down-lights and fluorescent tubes.

The Commission complies with the Government's Environmental Purchasing Policy. While value for money is the core principle governing the Commission's procurement activities, the green purchasing policy also requires environmental considerations to be included in the procurement planning stage, tender specifications and in the tender evaluation criteria where applicable.

Additional departmental information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the Commission and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- (a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers of the Commission;
- (b) details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;
- (c) details of publications produced by the Commission about the activities of the Commission and where they can be obtained;
- (d) details of any other research and development activities undertaken by the Commission that are not otherwise covered either in a document which contains the financial report or report of operations;
- (e) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- (f) details of major promotional, public relations and marketing activities undertaken by the Commission to develop community awareness of the services provided by the Commission; and
- (g) details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the Report of Operations.

The information is available on request from the:

Operations Manager
Phone: (03) 8619 8630

Attestation on compliance with the Australian/New Zealand Risk Management Standard

We certify that the Victorian Law Reform Commission has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (or equivalent designated standard) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of the Commission has been critically reviewed within the last 12 months.



Merrin Mason

Accountable Officer
Victorian Law Reform Commission
30 August 2010



Anthony Phillips

Chairperson
Audit Committee
30 August 2010

Disclosure index

An index identifying the Department's compliance with statutory disclosure requirements is contained in Appendix 1.

Financial Report 2009–10

For the Financial year ended 30 June 2010

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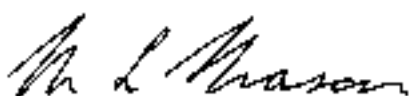
Accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for the Commission has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2010 and financial position of the Commission at 30 June 2010.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

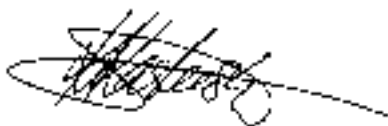
We authorise the attached financial statements for issue on 30 August 2010.



Merrin Mason

Accountable Officer
Victorian Law Reform Commission

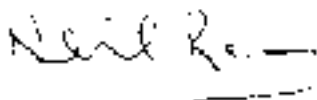
Melbourne
30 August 2010



Kathy Karlevski

Chief Finance and Accounting Officer
Victorian Law Reform Commission

Melbourne
30 August 2010



Prof Neil Rees

Chairperson
Victorian Law Reform Commission

Melbourne
30 August 2010

INDEPENDENT AUDITOR'S REPORT

To the Commission Members, Victorian Law Reform Commission

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of the Victorian Law Reform Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Commission Members' Responsibility for the Financial Report

The Commission Members of the Victorian Law Reform Commission are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commission Members, as well as evaluating the overall presentation of the financial report.

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

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Victorian Law Reform Commission for the year ended 30 June 2010. The Commission Members of the Victorian Law Reform Commission are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from those statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Victorian Law Reform Commission web site.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Law Reform Commission as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
31 August 2010

D D R Pearson
Auditor-General

Level 24, 25 Collins Street, Melbourne Vic 3000
Telephone 01 3 8827 7000 Fax 01 3 8827 7010 Email comments@vago.vic.gov.au Website www.vago.vic.gov.au

Auditing in the Public Interest

Comprehensive operating statement

For the financial year ended 30 June 2010

	<i>Notes</i>	2010 \$	2009 \$
Income from transactions			
Output Appropriations - Department of Justice	<i>2b</i>	1,310,500	940,641
Other Income - Legal Services Board	<i>2b</i>	1,700,000	1,300,000
Interest received on Trust Account funds	<i>2a</i>	16,985	0
Total income from transactions		3,027,485	2,240,641
Expenses from transactions			
Employee expenses	<i>3a</i>	(1,989,037)	(1,711,495)
Depreciation and amortisation	<i>3b</i>	(223,355)	(227,520)
Interest expense	<i>3c</i>	(1,310)	(1,399)
Other operating expenses ^(a)	<i>3d</i>	(991,616)	(784,287)
Total expenses from transactions		(3,205,318)	(2,724,702)
Net result from transactions (net operating balance)		(177,833)	(484,061)
Other economic flows included in net result			
Other gains/(losses) from other economic flows	<i>4</i>	(301)	(8,108)
Total other economic flows included in net result		(301)	(8,108)
Net result from continuing operations		(178,134)	(492,169)
Comprehensive result		(178,134)	(492,169)

Notes:

(a) Other operating expenses include the purchase of supplies and consumables, service, maintenance and rent and associated costs.

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 38 to 57.

Balance sheet

As at 30 June 2010

	<i>Notes</i>	2010 \$	2009 \$
Assets			
Financial assets			
Cash and deposits	16	400	400
Receivables	5	295,374	134,267
Total financial assets		295,774	134,667
Non-financial assets			
Plant and equipment	6	696,848	893,460
Other	7	0	57,654
Total non-financial assets		696,848	951,114
Total assets		992,622	1,085,781
Liabilities			
Payables	8	192,709	132,566
Borrowings	9	32,104	16,063
Provisions	10	243,055	234,263
Total liabilities		467,868	382,892
Net assets		524,754	702,888
Equity			
Accumulated surplus		51,377	229,511
Contributed capital		473,377	473,377
Total worth		524,754	702,888
Commitments for expenditure	13		
Contingent liabilities and contingent assets	14		

The above balance sheet should be read in conjunction with the accompanying notes included on pages 38 to 57.

Statement of changes in equity

For the financial year ended 30 June 2010

	Equity at 1 July 2009 \$	Changes due to		Equity at 30 June 2010 \$
		Total comprehensive result \$	Transactions with owners in their capacity as owners \$	
2010				
Accumulated surplus/(deficit)	229,511	(178,134)	0	51,377
Contributions by owners	473,377	0	0	473,377
Total equity at end of financial year	702,888	(178,134)	0	524,754

	Equity at 1 July 2008 \$	Total comprehensive result \$	Transactions with owners in their capacity as owners \$	Equity at 30 June 2009 \$
Accumulated surplus/(deficit)	721,680	(492,169)	0	229,511
Contributions by owners	473,377	0	0	473,377
Total equity at end of financial year	1,195,057	(492,169)	0	702,888

The above statement of changes in equity should be read in conjunction with the accompanying notes included on pages 38 to 57.

Cash flow statement

For the financial year ended 30 June 2010

	<i>Notes</i>	2010 \$	2009 \$
Cash flows from operating activities			
Receipts			
Receipts from Government		1,149,394	2,290,827
Receipts from other entities		1,700,000	1,300,000
Interest received		16,985	0
Total receipts		2,866,379	3,590,827
Payments			
Payments to suppliers and employees		(2,855,676)	(2,517,435)
Total payments		(2,855,676)	(2,517,435)
Net cash flows from/(used in) operating activities	<i>16b</i>	10,703	1,073,392
Cash flows from investing activities			
Proceeds from sale of non-financial assets		43,909	0
Payments for non-financial assets		(70,653)	(1,065,242)
Net cash flows from/(used in) investing activities		(26,744)	(1,065,242)
Cash flows from financing activities			
Proceeds from/(repayment of) finance leases		16,041	(8,150)
Net cash flows from/(used in) financing activities		16,041	(8,150)
Net increase/(decrease) in cash and cash equivalents		0	0
Cash and cash equivalents at the beginning of the financial year		400	400
Cash and cash equivalents at the end of the financial year	<i>16a</i>	400	400

The above cash flow statement should be read in conjunction with the accompanying notes included on pages 38 to 57.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements represent the audited general purpose financial statements for the Victorian Law Reform Commission (the Commission).

To gain a better understanding of the terminology used in this report, a glossary of terms can be found in Note 20.

(A) Statement of compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, including interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

Where applicable, those paragraphs of the AASs applicable to not for profit entities have been applied.

The annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 30 August 2010.

(B) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Commission.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

The report has been prepared in accordance with the historical cost convention except for:

- non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the fair value of an asset other than land is generally based on its depreciated replacement value; and

Historical cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

(C) Reporting entity

The financial statements cover the Victorian Law Reform Commission as an individual reporting entity. The Commission was proclaimed on 6 April 2001. The entity was incorporated under the *Law Reform Commission Act 2000* Act No. 44/2000. The powers and function of the Commission are set out in section 4 of the Act. The Commission reports directly to the Attorney-General on matters relating to references and reports to the Deputy Secretary on all operational and administrative matters. Its principal address is:

Victorian Law Reform Commission
3/333 Queen St
MELBOURNE VIC 3000

The financial statements include all the controlled activities of the Commission.

A description of the nature of the Commission's operations and its principal activities is included in the Report of Operations on page 8 which does not form part of these financial statements.

Objectives and funding

The Commission's objectives are to provide the Attorney-General and Parliament with high quality, timely, responsive and effective advice on law reform which is independent of government agencies and of the political process.

The Commission is funded by accrual-based parliamentary appropriations for the provision of outputs and amounts paid to it under Section 6.7.10(1A) of the *Legal Profession Act 2004*. The appropriation amount includes funding for discretionary items, such as amortisation and depreciation.

Outputs of the Commission

The Commission undertakes legal and empirical research and provides policy advice to the Victorian Government on law reform issues referred to the Commission by the Attorney-General; undertakes research and makes recommendations on minor law reform issues raised in community consultations or suggested by the judiciary, the legal profession or community legal centres, and implements proposals through new or amending legislation and administrative reform.

No separate output statement has been prepared as the Commission has only one output group and the comprehensive operating statement effectively provides the relevant information.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of financial statements*.

'Transactions' and 'other economic flows' are defined by the *Australian system of government finance statistics: concepts, sources and methods 2005* Cat. No. 5514.0 published by the Australian Bureau of Statistics (see Note 20).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into, financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of cash flows*.

(E) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

Appropriation income

Appropriated income becomes controlled and is recognised by the Commission when it is appropriated from the consolidated fund by the Victorian Parliament and applied to the purposes defined under the relevant appropriations act. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Output appropriations

Income from the outputs the Commission provides to Government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

Interest income

Interest income is interest received on bank term deposits and other investments.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Grants and other income transfers

Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which the Commission gains control over the underlying assets.

Other income

The Attorney-General directed the Commission be allocated funds from the Law Reform and Research Account. These non public monies are held by the Legal Services Board until they are deposited in the Victorian Law Reform Commission's Trust account.

The Department of Treasury and Finance, in establishing the trust fund, stipulated "the trust fund amounts and appropriation amounts must be used equally to meet the operating and capital expenses of the VLRC i.e. the appropriation funds are not to be exhausted in the first instance to allow the VLRC to accumulate investment income from Trust Funds." The Department of Justice monitors the equal use of the trust funds and appropriation amounts for operating and capital expenditure of the Commission.

Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Employee expenses include superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans. In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Employer superannuation expenses in relation to employees who are members of defined benefit superannuation plans are described below.

Superannuation – State superannuation defined benefit plans

The amount recognised in the comprehensive operating statement in relation to employer contributions for members of defined benefit superannuation plans is simply the employer contributions that are paid or payable to these plans during the reporting period. The level of these contributions will vary depending upon the relevant rules of each plan, and is based upon actuarial advice.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, recognise on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

Depreciation and amortisation

Plant and equipment and other non-current physical assets (excluding items under operating leases, assets held-for-sale and investment properties) that have a limited useful life are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following are typical estimated useful lives for the different asset classes for both current and prior years:

Asset Class	Useful life
Leasehold	5 years
Plant & equipment	3 – 10 years
Vehicles	3 years

Interest expense

Interest expenses are recognised as expenses in the period in which they are incurred. Refer to glossary of terms in Note 20 for an explanation of interest expense items.

Other operating expenses

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

(G) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. These include:

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

(H) Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand. For the cash flow statement presentation purposes, cash and cash equivalents includes cash on hand.

Receivables

Receivables consist predominantly of amounts owing from the Victorian Government, debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable (refer to Note 1(K) for finance lease receivables). Receivables that are contractual are classified as financial instruments. Amounts owing from the Victorian Government, taxes and other statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

(I) Non Financial Assets

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Leasehold improvements

The cost of a leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

Revaluations of non-current physical assets

Non-current physical assets are measured at fair value in accordance with FRD 103D issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in other comprehensive income and accumulated in equity under the revaluation surplus, except that the net revaluation increase shall be recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in other comprehensive income to the extent that a credit balance exists in the revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

(J) Liabilities

Payables

Payables consist predominantly of accounts payable and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Commission prior to the end of the financial year that are unpaid, and arise when the Commission becomes obliged to make future payments in respect of the purchase of those goods and services.

Other liabilities included in payables mainly consist of unearned/prepaid income, goods and services tax and fringe benefits tax payables.

Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

Borrowings

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs (refer to Note 1(K) Leases).

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the borrowing using the effective interest method.

Provisions

Provisions are recognised when the Commission has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave which are expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits. These liabilities are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability – unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Commission does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value – component that the Commission expects to settle within 12 months; and
- present value – component that the Commission does not expect to settle within 12 months.

Non-current liability – conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(G) *Other economic flows included in net result*).

Employee benefits on costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Commission as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Operating leases

Commission as lessee

Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(L) Equity

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

(M) Commitments

Commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

(N) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(O) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The Department of Justice manages the GST transactions on behalf of the Commission and the net amount of GST recoverable from or payable to the taxation authority is recognised in the Department of Justice's financial statements.

(P) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items at reporting date are translated at the exchange rate existing at reporting date.

(Q) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

(R) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2010 reporting period. DTF assesses the impact of these new standards and advises the Commission of their applicability and early adoption where applicable.

As at 30 June 2010, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for the financial year ending 30 June 2010. The Commission has not early adopted these standards.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Commission's financial statements
AASB 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 January 2010	Terminology and editorial changes. Impact minor.
AASB 2009-8 Amendments to Australian Accounting Standards – group cash-settled share-based payment transactions [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 January 2010	No impact. AASB 2 does not apply to government departments or entities; consequently this standard does not apply.
AASB 2009-9 Amendments to Australian Accounting Standards – additional exemptions for first-time adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 January 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
Erratum General <i>Terminology changes</i>	Editorial amendments to a range of Australian Accounting Standards and Interpretations.	Beginning 1 January 2010	Terminology and editorial changes. Impact minor.
AASB 2009-10 Amendments to Australian Accounting Standards – classification of rights issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 February 2010	No impact. The Commission does not issue rights, warrants and options, consequently the amendment does not impact on the statements.
AASB 2009-13 Amendments to Australian Accounting Standards arising from interpretation 19 [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19.	Beginning 1 July 2010	The Commission does not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 19 and related amendments have no impact.
AASB 124 Related party disclosures (<i>Dec 2009</i>)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 January 2011	Preliminary assessment suggests that impact is insignificant. However, the Commission is still assessing the detailed impact and whether to early adopt.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on commission's financial statements
AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASBs.	Beginning 1 January 2011	No impact. The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of prepayments of a minimum funding requirement.	Beginning 1 January 2011	Expected to have no significant impact.
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 Financial Instruments: recognition and measurement).	Beginning 1 January 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 January 2013	Detail of impact is still being assessed.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 2: INCOME FROM TRANSACTIONS

	2010 \$	2009 \$
(a) Interest		
Interest on bank deposits	16,985	0
Total interest revenue	16,985	0
(b) Grants and other income transfers		
Department of Justice	1,310,500	940,641
Other public bodies	1,700,000	1,300,000
Total grants and other income transfers	3,010,500	2,240,641

NOTE 3: EXPENSES FROM TRANSACTIONS

	2010 \$	2009 \$
(a) Employee expenses		
Post employment benefits:		
Defined contribution superannuation expense	(147,159)	(126,462)
Salaries, wages and long service leave	(1,841,879)	(1,585,033)
Total employee expenses	(1,989,037)	(1,711,495)
(b) Depreciation and amortisation		
Depreciation of property, plant and equipment	(2,762)	(23,423)
Amortisation of leasehold improvement assets expense	(220,593)	(204,097)
Total depreciation and amortisation	(223,355)	(227,520)
(c) Interest expense		
Interest on finance leases	(1,310)	(1,399)
Total interest expense	(1,310)	(1,399)
(d) Other operating expenses		
Supplies and services:		
Purchase of supplies and consumables	(301,999)	(161,094)
Purchase of services	(280,553)	(302,505)
Maintenance	(6,438)	(8,274)
Rent and associated costs	(402,627)	(312,415)
Total other operating expenses	(991,616)	(784,287)

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 4: OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2010 \$	2009 \$
(a) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	301	(8,108)
Total other gains/(losses) from other economic flows	301	(8,108)

NOTE 5: RECEIVABLES

	2010 \$	2009 \$
Current receivables		
Statutory		
Amounts owing from Victorian Government	248,178	59,691
Total current receivables	248,178	59,691
Statutory		
Amounts owing from Victorian Government	47,196	74,576
Total non-current receivables	47,196	74,576
Total receivables	295,374	134,267

NOTE 6: PLANT AND EQUIPMENT

	2010 \$	2009 \$
Gross carrying amounts and accumulated depreciations		
Leasehold improvements		
At cost	1,069,403	1,065,242
Less: accumulated depreciation	(410,324)	(196,511)
	659,079	868,731
Plant and equipment		
At cost	20,399	26,088
Less: accumulated depreciation	(14,686)	(17,613)
	5,713	8,475
Motor vehicle		
Under finance lease - at cost	32,757	39,011
Less: accumulated amortisation	(701)	(22,757)
	32,056	16,254
Net carry amount of plant and equipment	696,848	893,460

Note: The Commission's property, plant and equipment are classified within the 'Public Administration' purpose group.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 6: PLANT AND EQUIPMENT (CONTINUED)

Table 6.1: Movements in carrying amounts

	Leasehold improvements at cost \$	Plant & equipment at cost \$	Motor vehicle under finance lease at cost \$	Total \$
2009				
Carrying amount				
Balance at 1 July 2008	0	31,898	23,839	55,737
Additions	1,065,242	0	0	1,065,242
Disposals	0	0	0	0
Depreciation expense	0	(23,423)	0	(23,423)
Amortisation expense	(196,511)	0	(7,586)	(204,097)
Balance as at 1 July 2009	868,731	8,475	16,253	893,460
Additions	4,160	0	66,493	70,653
Disposals	0	0	(43,908)	(43,908)
Depreciation expense	0	(2,762)	0	(2,762)
Amortisation expense	(213,811)	0	(6,782)	(220,593)
Balance as at 30 June 2010	659,079	5,713	32,056	696,847

The following useful lives of assets are used in the calculation of depreciation:

Leasehold improvements	5 years
Plant and equipment	3-10 years
Motor vehicle under finance lease	3 years

Table 6.2: Aggregate depreciation recognised as an expense during the year

	2010 \$	2009 \$
Leasehold improvements	(213,811)	(196,511)
Plant and equipment	(2,762)	(23,423)
Motor vehicle	(6,782)	(7,586)
	(223,355)	(227,520)

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 7: OTHER NON-FINANCIAL ASSETS

	2010 \$	2009 \$
Current other assets		
Prepayments	0	57,654
Total current other assets	0	57,654

NOTE 8: PAYABLES

	2010 \$	2009 \$
Current payables		
Contractual		
Supplies and services ^(a)	120,892	70,930
Other payables ^(b)	66,582	56,655
	187,474	127,584
Statutory		
Taxes payable	5,236	4,981
Total current payables	192,709	132,565

Notes:

(a) Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

(b) The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice. Thereafter, interest is charged at at 2 per cent per year on the outstanding balance.

(a) Maturity analysis of payables

Refer to Table 15.2 in Note 15.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 15 for the nature and extent of risks arising from contractual payables.

NOTE 9: BORROWINGS

	2010 \$	2009 \$
Current borrowings		
Finance lease liabilities ^(a) (Note 12)	8,123	16,063
Total current borrowings	8,123	16,063
Non-current borrowings		
Finance lease liabilities ^(a) (Note 12)	23,981	0
Total non-current borrowings	23,981	0
Total borrowings	32,104	16,063

Notes:

(a) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(a) Maturity analysis of borrowings

Refer to Table 15.2 in Note 15.

(b) Nature and extent of risk arising from borrowings

Please refer to Note 15 for the nature and extent of risks arising from borrowings.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 10. PROVISIONS

	2010 \$	2009 \$
Current provisions		
Employee benefits ^(a) [Note 10(a)] - annual leave:		
Unconditional and expected to be settled within 12 months ^(b)	82,503	79,119
Unconditional and expected to be settled after 12 months ^(c)	13,254	8,539
Employee benefits ^(a) [Note 10(a)] - long service leave:		
Unconditional and expected to be settled within 12 months ^(b)	32,401	10,255
Unconditional and expected to be settled after 12 months ^(c)	30,429	32,015
	158,587	129,928
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months ^(b)	29,214	22,887
Unconditional and expected to be settled after 12 months ^(c)	8,060	6,872
Total current provisions	195,860	159,687
Non-current provisions		
Employee benefits ^(a) [Note 10(a)]	41,019	64,821
Employee benefit on-costs	6,177	9,755
Total non-current provisions	47,196	74,576
Total provisions	243,055	234,263

(a) Employee benefits and related on-costs

	2010 \$	2009 \$
Current employee benefits		
Annual leave entitlements	95,757	87,658
Long service leave entitlements	62,830	42,270
	158,587	129,928
Non-current employee benefits		
Long service leave entitlements	41,019	64,821
Total employee benefits	199,605	194,749
Current on-cost	37,274	29,759
Non-current on-costs	6,177	9,755
Total on-costs	43,451	39,514
Total employee benefits and related on-costs	243,057	234,263

Notes:

(a) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(b) The amounts disclosed are nominal amounts.

(c) The amounts disclosed are discounted to present values.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 10. PROVISIONS (CONTINUED)

(b) Movement in provisions

	On-costs Annual Leave	On-costs LSL	Total
	\$	\$	\$
2010			
Opening balance	23,398	16,117	39,514
Additional provisions recognised	18,050	1,153	19,204
Reductions arising from payments/other sacrifices of future economic benefits	(12,971)	(2,296)	(15,267)
Closing balance	28,477	14,974	43,451
Current	28,477	8,797	37,274
Non-current	0	6,177	6,177
	28,477	14,974	43,451

NOTE 11. SUPERANNUATION

Employees of the Commission are entitled to receive superannuation benefits and the Commission contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Commission does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Commission.

The name and details of the major employee superannuation funds and contributions made by the Commission are as follows:

Fund	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2010 \$	2009 \$	2010 \$	2009 \$
State Superannuation Fund - revised and new	90,245	91,045	3,548	1,418
Various other funds	56,913	35,417	1,890	712
Total	147,159	126,462	5,439	2,130

Notes:

- (i) The bases for determining the level of contributions is determined by the various actuaries of the superannuation plans.
- (ii) The above amounts were measured as at 30 June of each year.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 12. LEASES

Finance Leases

Leasing arrangements

Finance leases relate to motor vehicles with lease terms of 27 months. The Commission does not have an option to purchase the leased asset at the expiry of the lease period.

	Minimum future lease payments ^(a)		Present value of minimum future lease payments	
	2010 \$	2009 \$	2010 \$	2009 \$
Finance lease liabilities payable				
Not longer than 1 year	9,970	16,063	8,123	16,063
Longer than 1 year but not longer than 5 years	25,447	0	23,981	0
Longer than 5 years	0	0	0	0
Minimum lease payments	35,417	16,063	32,104	16,063
Less: Future finance charges	3,313	0	0	0
Present value of minimum lease payments	32,104	16,063	32,104	16,063
Included in the financial statement as:				
Current borrowings (Note 9)			8,123	16,063
Non-current borrowings (Note 9)			23,981	0
			32,104	16,063

Note:

(a) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

Operating Leases

Leasing arrangements

Operating leases relate to accommodation rental with lease terms of 5 years, with an option to extend for a further two years. The operating lease contract does not contain a market review clause in the event that the Commission exercises its option not to renew, but has a 4% fixed annual increases on the anniversary of the lease commencement date. The Commission does not have an option to purchase the leased asset at the expiry of the lease period.

	2010 \$	2009 \$
Non-cancellable operating leases payable		
Not longer than one year	348,868	331,850
Longer than one year and not longer than five years	753,425	1,102,293
Longer than five years	0	0
	1,102,293	1,434,143

NOTE 13. COMMITMENTS FOR EXPENDITURE

Capital expenditure commitments

There are no capital expenditure commitments as at 30 June 2010 (\$Nil - 2009).

NOTE 14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are neither contingent assets nor contingent liabilities at balance date not provided for in the Balance Sheet as at 30 June 2010 (\$Nil - 2009).

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 15. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Commission's principal financial instruments comprise of:

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- finance lease payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Commission's financial risks within the Government policy parameters.

The carrying amounts of the Commission's financial assets and financial liabilities by category are in the following table.

Table 15.1: Categorisation of financial instruments

	Contractual financial assets - loans and receivables		Contractual financial liabilities at amortised cost		Total	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Contractual financial assets						
Cash and deposits	400	400	0	0	400	400
Total contractual financial assets^(a)	400	400	0	0	400	400
Contractual financial liabilities						
Payables:						
Supplies and services	0	0	120,892	70,930	120,892	70,930
Other payables	0	0	66,582	56,655	66,582	56,655
Finance lease liability	0	0	32,104	16,063	32,104	16,063
Total contractual financial liabilities^(b)	0	0	219,578	143,648	219,578	143,648

Notes:

(a) The total amount of financial assets disclosed here excludes statutory receivables (i.e. Amounts owing from Victorian Government and GST input tax credit recoverable).

(b) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable).

(b) Credit risk

Credit risk arises from the financial assets of the Commission, which comprise cash and deposits, trade and other receivables. The Commission's exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to the Commission. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Commission's financial assets is minimal because the main debtor is the Department of Justice.

The Commission holds \$400 Petty cash, which is not subject to any credit rating as at 30 June 2010. (\$400 - 2009).

(c) Liquidity risks

Liquidity risk is the risk that the Commission would be unable to meet its financial obligations as they fall due. The Commission operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities.

The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The following table discloses the contractual maturity analysis for the Commission's financial liabilities.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 15. FINANCIAL INSTRUMENTS (CONTINUED)

Table 15.2: Maturity analysis of financial liabilities

	Carrying amount \$	Nominal amount \$	Maturity dates ^(a)			
			Less than 1 month \$	1-3 months \$	3 months - 1 year \$	1-5 years \$
2010						
Payables						
Supplies and services	120,892	120,892	120,892	0	0	0
Other Payables	66,582	66,582	66,582	0	0	0
Borrowings						
Finance lease liabilities	32,104	32,104	677	2,493	6,647	22,287
	219,580	219,580	188,151	2,493	6,647	22,287
2009						
Payables						
Supplies and services	70,930	70,930	70,930	0	0	0
Other Payables	56,655	56,655	56,655	0	0	0
Borrowings						
Finance lease liabilities	16,063	16,063	16,063	0	0	0
	143,648	143,648	143,648	0	0	0

Note:

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

(b) The carry amounts disclosed exclude statutory amounts (eg. GST payables).

(d) Market risk

The Commission's exposures to market risk is only insignificant exposure to foreign currency risks. Objectives, policies and processes used to manage this risk are disclosed in the paragraphs below.

Foreign currency risk

The Commission is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Commission does not hold any interest bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

(e) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial instrument assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instruments assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Commission considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short term nature of the financial instruments and the expectation that they will be paid in full.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 16. CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

	2010 \$	2009 \$
Total cash and cash equivalents disclosed in the balance sheet ^(a)	400	400
Balance as per cash flow statement	400	400

Note:

(a) For the purposes of the cashflow statement 'Total cash and cash equivalents' is Cash on Hand.

(b) Reconciliation of net result for the period to net cash flows from operating activities

	2010 \$	2009 \$
Net result for the period	(178,134)	(492,169)
Non-cash movements:		
Depreciation and amortisation of non-current assets	223,355	227,520
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(161,107)	1,350,186
(Increase)/decrease in prepayments	57,654	(57,655)
(Decrease)/Increase in payables	60,142	12,445
(Decrease)/Increase in provisions	8,792	33,064
Net cash flows from/(used in) operating activities	10,703	1,073,392

NOTE 17. REMUNERATION OF AUDITORS

	2010 \$	2009 \$
Victorian Auditor-General's Office		
Audit or review of the financial report	16,834	15,444
	16,834	15,444

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 18: RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

Ministers and the Department

The persons who held the positions of Minister and Secretary of the Department are as follows:

Attorney-General	The Hon. Rob Hulls, MP	1 July 2009 to 30 June 2010
Acting Attorney-General	The Hon. Tony Robinson, MP The Hon. Bob Cameron, MP The Hon. John Lenders, MLC	1 July to 11 July 2009 11 January to 15 January 2010 16 January to 31 January 2010
Secretary to the Department of Justice	Ms Penny Armytage	1 July 2009 to 30 June 2010
Acting Secretary to the Department of Justice	Ms Louise Glanville Dr Claire Noone Ms Louise Glanville	25 October to 4 November 2009 23 December to 15 January 2010 28 June to 30 June 2010

The Commission

The persons who were Responsible Persons of the Commission as stipulated in Section 19 of the *Victorian Law Reform Commission Act 2000*, for the reporting period are as follows:

Statutory Office Holder Chairperson	Prof. Neil Rees	1 July 2009 to 30 June 2010
Accountable Officer Chief Executive Officer	Ms Padma Raman Ms Merrin Mason	1 July 2009 to 19 March 2010 29 May to 30 June 2010
Acting CEO	Ms Merrin Mason	22 March to 28 May 2010

Remuneration

Ministers and the Department

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Remuneration received or receivable by the Secretary in connection with the management of the Department during the period is reported by the Department of Justice.

The Commission

Remuneration received or receivable by the Chairperson in connection with the management of the Commission during the reporting period was in the range:

Base: \$205,000–\$205,999. Total: \$205,000–\$205,999. (Base: \$200,000–\$200,999. Total: \$200,000–\$200,999 in 2009).

Remuneration received or receivable by the Accountable Officer (CEO) in connection with the management of the Commission during the reporting period was in the range:

Base: \$116,000–\$116,999. Total: \$163,000–163,999. (Base: \$151,000–\$151,999. Total: \$163,000–163,999 in 2009).

Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

Related Parties

The Accountable Officer is employed by the Department.

The Commission conducted business and other transactions with its portfolio department - Justice - at normal commercial terms throughout the financial year.

Other transactions

Other related transactions and loans requiring disclosure under the Directions for the Minister of Finance have been considered and there are no matters to report.

NOTE 19. SUBSEQUENT EVENTS

There were no significant subsequent events to disclose.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 20. GLOSSARY OF TERMS

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense from transactions and actual experience.

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of

finance leases repayments, and the increase in financial liabilities and non employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non owner changes in equity'.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non produced) from their use or removal. In simple terms, other economic flows are changes arising from market re measurements.

Payables

Includes short and long term trade debt and accounts payable, grants and interest payable.

Receivables

Includes short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Commission.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Notes to the financial statements

For the financial year ended 30 June 2010

NOTE 21: SUMMARY OF COMPLIANCE WITH ANNUAL PARLIAMENTARY AND SPECIAL APPROPRIATIONS

(a) Summary of compliance with annual parliamentary appropriations

The following table discloses the details of the annual parliamentary appropriation received by the Commission for the year. In accordance with accrual output-based management procedures 'Provision of outputs' and 'Additions to net assets' are disclosed as 'controlled' activities of the Commission. Administered transactions are those that are undertaken by the Department of Justice on behalf of the State over which the Commission has no control or discretion.

	Appropriation Act ^(a)				Financial Management Act 1994		Total Parliamentary Authority		Appropriations Applied		Variance	
	Annual Appropriation		Section 3(2)		Section 30							
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Controlled												
Provision for outputs	932,000	982,000	0	0	382,000	0	1,314,000	982,000	1,310,500	940,641	3,500	41,359
Total	932,000	982,000	0	0	382,000	0	1,314,000	982,000	1,310,500	940,641	3,500	41,359

Note:

(a) Appropriation (2009/2010) Act 2009, p 9.

(b) The variance is related to additional funding provided for the Protection Applications in the Children's Court reference.

Appendix 1: Disclosure Index

The Annual Report of the Victorian Law Reform Commission is prepared in accordance with all relevant Victorian Legislation. This index has been prepared to facilitate identification of the Commission's compliance with statutory disclosure requirements.

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<i>Building Act 1983</i>		
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<i>Victorian Industry Participation Policy Act 2003</i>		
<i>Financial Management Act 1994</i>		
<i>Multicultural Victoria Act 2004</i>		

Appendix 2: Budget Portfolio Outcomes

The Budget Portfolio Outcomes provides a comparison between the actual financial statements of the entity and the forecast financial information published in the Budget Papers.

The following table provides information for the current and previous four financial years.

The following *Budget Portfolio Outcomes* statements are not subject to audit by the Victorian Auditor-General's Office.

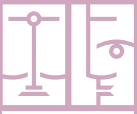
FINANCIAL REVIEW OF OPERATIONS AND FINANCIAL CONDITION

<i>Five year financial summary</i>	2010 \$	2009 \$	2008 \$	2007 \$	2006 \$
Target Budget	Unavailable	Unavailable	Unavailable	2,400,000	2,400,000
Expected Outcome	Unavailable	Unavailable	Unavailable	2,400,000	2,400,000
Annual Appropriation¹	932,000	982,000	1,010,000	1,046,000	1,010,000
Actual					
Grant from Department of Justice	1,310,500	940,641	948,525	957,648	903,382
Other revenue	1,700,000	1,300,000	1,640,000	1,600,000	1,409,827
Interest received on Trust Account funds	16,985	0	31,466	20,767	19,883
Total revenue	3,027,485	2,240,641	2,619,992	2,578,413	2,333,092
Net result from continuing operations	(178,134)	(492,169)	150,475	239,695	121,855
Net cash flow from operating activities	10,703	1,073,392	7,638	53,959	5,737
Total assets	992,622	1,085,781	1,540,591	1,365,568	1,082,250
Total liabilities	467,868	382,892	345,534	279,238	234,507

In the financial year ending June 2010, the Commission was only partially funded for the two new references it received. Eight additional staff were engaged to work on the references. The increase in employee expenses significantly impacted upon the Commission's income, as well as the overall increase in supplies and services.

In the financial year ending June 2009, the Commission's net result from operating activities was primarily affected by the reduced funding from the Legal Services Board of \$340,000 and an increase of \$227,520 in depreciation expense arising from the acquisition of leasehold fittings for the new premises during the year.

¹ Appropriation (2009/2010) Act 2010 9.



Victorian
Law Reform
Commission

Level 3, 333 Queen Street
Melbourne Victoria 3000 Australia

GPO Box 4637
Melbourne Victoria 3001 Australia
DX 144, Melbourne

Telephone: + 61 3 8619 8619
Freecall: 1300 666 555 (within Victoria)
Facsimile: + 61 3 8619 8600
Email: law.reform@lawreform.vic.gov.au
Web: www.lawreform.vic.gov.au

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