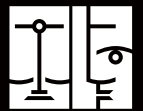


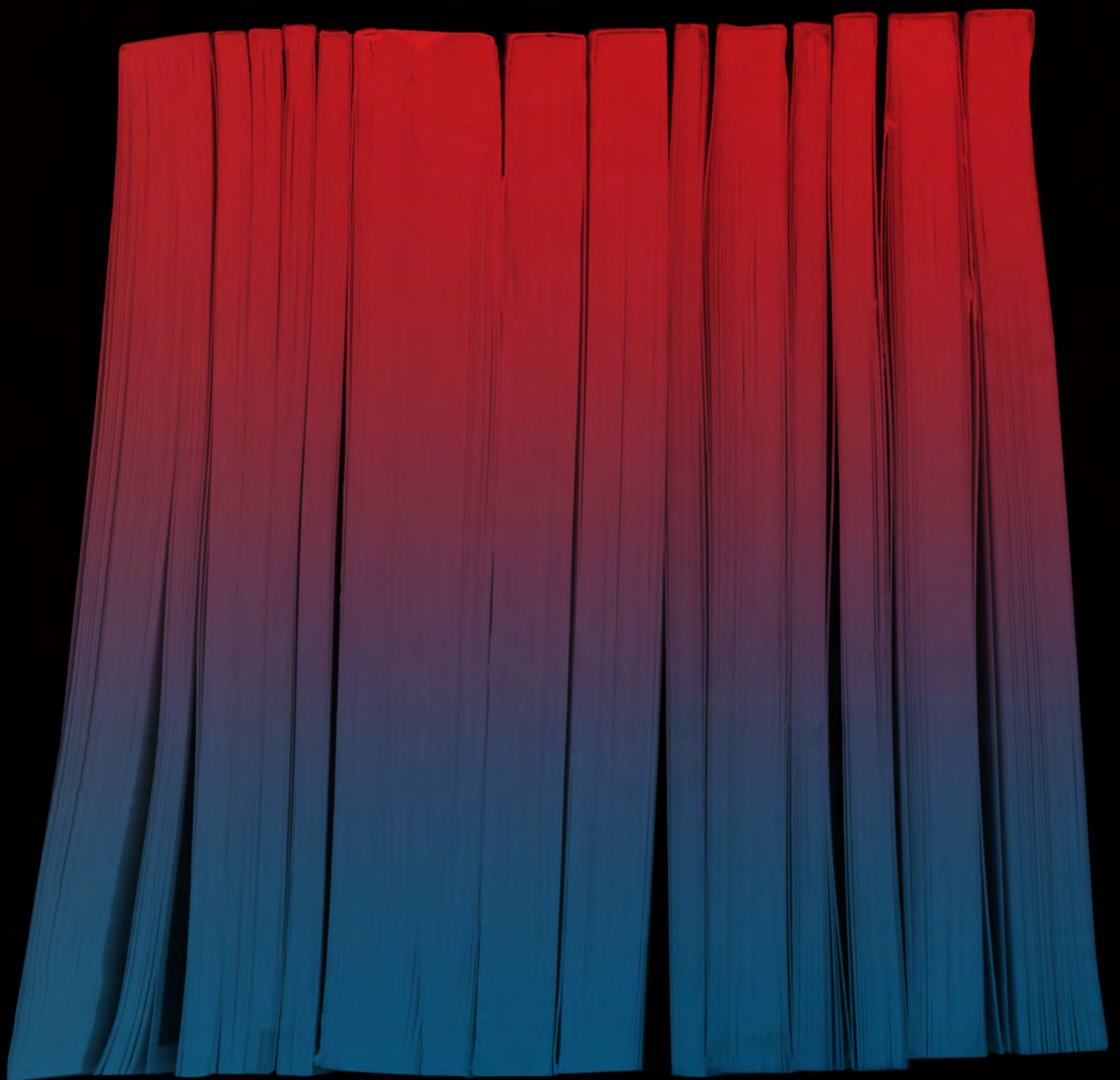
**Annual  
Report**

2019/  
2020

Inclusive  
Independent  
Innovative



Victorian  
Law Reform  
Commission





**PUBLISHED BY THE VICTORIAN LAW REFORM COMMISSION**

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.

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**DESIGN**

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**COVER**

The Annual Report cover design features the splayed sides of the printed reports produced by the Victorian Law Reform Commission during the 2019–2020 period. The sense of illumination within the image is metaphoric of the reflective and analytical process of undertaking law reform.



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**In July 2019, the Commission was still coming to terms with the death of the Chair, the Honourable Philip Cummins AM, which had occurred in February 2019. Bruce Gardner PSM was appointed as Acting Chair on 4 March 2019.**

**The disruption caused by Philip's death affected the research teams then working on the Community Law Reform project on Neighbourhood Tree Disputes and the references on Committals and Contempt of Court. There was more than usual staff movement following these events which added to the challenge of the period.**

**By the time I was appointed as Chair on 30 August 2019, the Neighbourhood Tree Disputes report had been completed and the Committals and Contempt of Court reports were well advanced. The Commission owes a debt of gratitude to Bruce and to the CEO, Merrin Mason, for shepherding the Commission through an unusually difficult period.**

The Neighbourhood Tree Disputes report was tabled on 27 November 2019. The Attorney General, the Honourable Jill Hennessy, agreed to our request to mark the occasion by launching the report at a function at Parliament House. The tradition of launching reports had fallen into disuse and not occurred for about eight years. Further, the Attorney-General told the gathering that the government intended to implement the recommendations of the Commission.

One of my aims is to ensure a close and cooperative working relationship with the Attorney-General and with the Department of Justice and Community Safety (DJCS), at the same time recognising the paramountcy of the independence of the Commission from government. The occasion of the tabling of the Neighbourhood Tree Disputes report was a very good start to this approach. I am grateful for the cooperation of the Attorney-General and the government in these respects.

Whilst I aim to promote a cooperative relationship with government, it is necessary to emphasise the non-political nature of the work of the Commission. To that end I invited the Shadow Attorney-General, the Honourable Edward O'Donoghue, to a briefing about the work of the Commission. That was an opportunity to show him around the offices of the Commission and to introduce him to some of the staff.

The Contempt of Court report was delivered to the Attorney-General on 28 February 2020. The Committals report followed on 31 March 2020.

Of course, the reputation of the Commission for excellence in producing reports depends on the work of the research teams. In order to recognise their efforts, I asked the Attorney-General to meet the research team when the reports are delivered to her. She generously agreed to do so, and the meeting with the Contempt of

Court research team provided a justified recognition of their work. Unfortunately, the arrival of the coronavirus prevented the same recognition for the Committals team. All of the teams on the completed inquiries have done a wonderful job and I express my thanks to them:

- > Contempt of Court (team leader Anna Beesley, Helen Donovan, Joyce Chia, Leah Bloch and Octavian Simu)
- > Committals (team leader Michael McKitterick, Dr Emma Larking, Briana Proud, Michael Hepworth and Jonathan O'Donoghue)
- > Neighbourhood Tree Disputes (team leader Emma Cashen, community law reform manager Natalie Lilford, Hana Shahkhan and Anna Woods).

It is important for the smooth and efficient functioning of the Commission that it has continuity of work, and that there are no gaps between the completion of references and the commencement of the next. In accordance with that aim, on 12 March 2020, the Commission initiated a Community Law Reform project on the subject of Inclusive Juries – Access for People who are Deaf, Hard of Hearing, Blind or Have Low Vision.

That meant that the new project was ready to commence within a couple of weeks after the delivery of the Contempt of Court report on 28 February 2020.

During October and November 2019 I wrote to more than 20 legal and research agencies asking for their ideas about areas of Victorian law that needed reform. We asked for suggestions for Attorney-General references and for our smaller self-referred community law reform projects. We received an excellent response and had a number of follow-up meetings. From the information provided we distilled a list of possible areas for reform which we provided to DJCS for their consideration.

We have emphasised to the government the need for continuity of workflow and were thus delighted to receive from the Attorney-General a new reference, the Response of the Justice System to Sexual Offences, on 1 April 2020, the very next day after the delivery of the Committals report on 31 March 2020.

In order to entrench the continuity of work for the Commission, we are working on a proposal for the attention of the Attorney-General of a system to program new references, possibly developing a two or three-year plan, or one which runs for a full parliamentary term. That is a template used by some other law reform bodies.

Another important issue for the efficient operation of the Commission is the way in which it engages staff. Most of the research and policy staff are engaged for the term of a specific project. When that project is finished, the staff move on. In many cases the Commission then loses the experience gained. There is a place for a larger cohort of ongoing research staff, particularly if the proposal for a defined future work program is adopted.

As I write, the world is in the grip of the coronavirus. The Commission has recruited research staff for the Inclusive Juries – Access for People who are Deaf, Hard of Hearing, Blind or Have Low Vision project and for the Response of the Justice System to Sexual Offences reference. That process was largely conducted online. Initial consultations in both are underway without face-to-face contact. We have assembled two stellar teams which promise to produce reports in keeping with the outstanding reputation of the Commission as a research body of excellence.

There has been a degree of change in the composition of the Commission with the departure of the Honourable Frank Vincent AO QC and Dr Ian Hardingham QC, both long-serving members of the Commission. They have been important contributors to the high reputation gained by the Commission. On 19 June 2020 the Attorney-General announced the reappointment of Gemma Varley PSM and Bruce Gardner PSM and the appointment of the Honourable Jennifer Coate AO. I was very grateful to be asked for my views in regard to reappointments and new appointments and am pleased that my suggestions are reflected in the appointments made. This I take as a mark of the Attorney-General's recognition of the independence of the Commission, and her confidence in its expertise in finding the best possible people for the Commission.

The Commissioners have shouldered a heavy workload in their consideration of the Neighbourhood Tree Disputes report, the Committals report, and the Contempt of Court report. They have approached the task with dedication and deep reflection. I thank them for their work. I also thank them particularly for the warm welcome they have accorded to me as the new Chair.

There is much to learn from other law reform agencies in Australia and overseas about how law reform agencies are organised and how law reform is conducted. I was heartened by the welcome I received on my appointment as Chair from the heads of other law reform agencies in Australia. As a result of the contact with the Honourable Justice Sarah Derrington, President of the Australian Law Reform Commission, the Commission agreed to assist with organising the Australasian Law Reform Agencies Conference in Brisbane in July 2020. However, due to the coronavirus, this conference has been postponed. A mark of the value of collaboration on law reform issues is demonstrated by the invitation extended to the CEO to speak at the Fiji Attorney-General's conference in Fiji in December 2019 about the work of the Commission on medicinal cannabis legalisation.

Navigating the challenges of losing Philip, educating a new Chair, finalising three reports and recruiting new research teams for two inquiries while coping with the impact of coronavirus has been achieved without fuss or bother by the professionalism and experience of the CEO Merrin Mason. She has been the calm voice of continuity and stability. I thank her for that and also for the warmth of her welcome to me in my new role. She has imbued the Commission with a spirit of collegiality. In that spirit, I and the Commission have been assisted by the finance and office manager Jeniffer Joyner, my executive assistant Monika George, the communications manager Nick Gadd, information officer Gemma Walsh and receptionist Janis Dunk.



The Hon. Anthony North QC  
Chair  
Victorian Law Reform Commission

## The Victorian Law Reform Commission is a central agency for law reform in Victoria. It is a statutory authority, established under the *Victorian Law Reform Commission Act 2000*.

The Victorian Law Reform Commission is the central agency for law reform in Victoria. It is a statutory authority, established under the Victorian Law Reform Commission Act 2000.

The Commission aims to make a significant contribution to maintaining and further developing a just, inclusive and accessible legal system for all Victorians.

The Commission is funded by the Victorian Government and the Victorian Legal Services Board. The Commission's work is independent of the political process.

The Commission is committed to inclusive law reform. It consults with the community and advises the Attorney-General on how to reform Victorian laws.

When the Commission carries out a law reform inquiry, it consults with people who are affected, and especially targets:

- people in regional and remote communities
- Aboriginal and Torres Strait Islander people
- people from culturally and linguistically diverse backgrounds
- people with disabilities.

The Commission reports to the Attorney-General on completion of an inquiry, making practical, innovative recommendations that aim to make the law fairer, more up-to-date and more accessible to everyone.

### The functions of the Commission

Under section 5(1) of the *Victorian Law Reform Commission Act 2000* (Vic), the functions of the Commission are:

- (a) 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;
- (b) to 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;
- (c) to 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;
- (d) to monitor and co-ordinate law reform activity in Victoria;
- (e) to undertake educational programs on any area of the law relevant to a reference, whether past or current.

VLRC Community Law Report  
*Neighbourhood Tree Disputes*  
(2017)

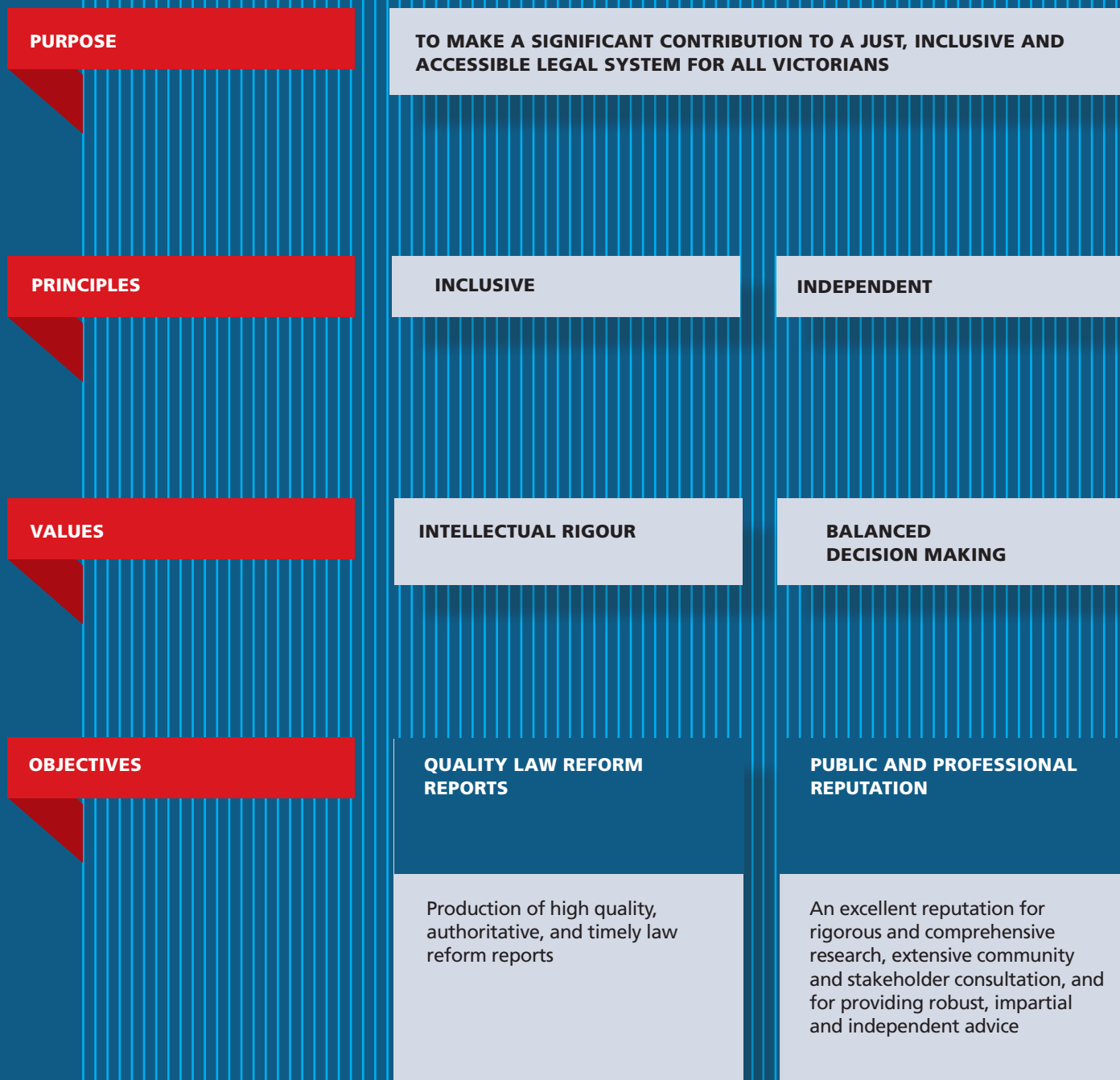
VLRC Community Law Report  
*Birth Registration and Birth Certificates*  
(2013)

VLRC Report  
*Medicinal Cannabis*  
(2015)









**INNOVATIVE**

**RECOGNITION OF DIVERSITY**

**PUBLIC ENGAGEMENT  
AND EDUCATION**

Enhancing the public's understanding of law reform, educating students, identifying areas of general community concern and increasing contributions to the law reform process

**EFFECTIVE COMMUNICATION**

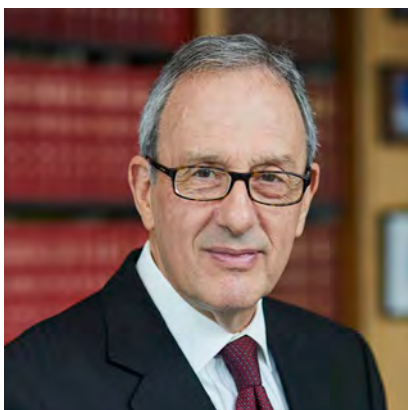
**ACCESS FOR THE  
MARGINALISED AND  
DISADVANTAGED**

Giving a voice to marginalised groups within the community by consistently obtaining input from difficult to reach and non-traditional stakeholders and interested parties

**ETHICAL EMPLOYER**

**SHARING LAW REFORM  
INFORMATION**

Maintaining relationships with other bodies involved in law reform in Victoria, monitoring and reporting on law reform activities



## Chair

With a distinguished career spanning 45 years, the **Hon. Anthony North QC** is a former judge of the Federal Court and the Supreme Court of the Australian Capital Territory. Admitted to the Victorian Bar in 1976, he was appointed Queen's Counsel in 1989. In 1995, Mr North was made judge of the Federal Court of Australia, where he served until his retirement in 2018. He also served, from 2004, as additional judge of the Supreme Court of the ACT. During his time as judge, Mr North presided over cases involving constitutional and commercial law, industrial and employment law, taxation, intellectual property and native title. He holds a Bachelor of Arts and Bachelor of Laws with Honours from the University of Melbourne and a Master of Laws from the University of London.

## Commissioners

**Liana Buchanan** is Victoria's Principal Commissioner for Children and Young People. She was formerly the Executive Officer of the Federation of Community Legal Centres and was also responsible for monitoring and review of the Victorian corrections system as Director, Office of Correctional Services Review from 2009 to 2013. Ms Buchanan has worked as a community lawyer and in a range of law reform and legal policy roles, including at the Women's Legal Service (SA), the Equal Opportunity Commission, the Victorian Law Reform Commission and as senior adviser to the Secretary, Department of Justice. She was appointed to the Victorian Law Reform Commission in February 2015.

The **Hon. Jennifer Coate AO** has held a number of judicial appointments over the last 27 years, including Magistrate, Deputy Chief Magistrate, the inaugural President of the Children's Court of Victoria, Judge of the County Court of Victoria, and the first female State Coroner of Victoria. In January 2013, Justice Coate was appointed a judge of the Family Court of Australia and thereafter released onto the Royal Commission into Institutional Responses to Child Sexual Abuse, where she served as one of six Commissioners for the five years of that Royal Commission. Ms Coate has previously held positions as a part-time Victorian Law Reform Commissioner, a solicitor in private practice, a solicitor for the Legal Aid Commission of Victoria and a legal policy officer in the Attorney-General's office of the Victorian Government. In October 2014, she was appointed as a Fellow of Monash University. In January 2019, she was made an Officer of the Order of Australia. In April 2020, she was appointed as the Chair of the Victorian Victims of Crime Consultative Committee. She was appointed to the Victorian Law Reform Commission in June 2020.

**Bruce Gardner PSM** was until 2018 the Senior Legal Advisor to the Victorian Director of Public Prosecutions. He had 36 years' experience in the Crown Solicitor's Office and the Office of Public Prosecutions as a prosecution solicitor. Since 1994, Mr Gardner held a range of policy-related positions including Manager of Policy and Advice for 21 years, for 14 years of which he was also Manager of Appeals. Mr Gardner has served on numerous committees and working groups addressing criminal law reform issues. He was appointed as a Commissioner of the Victorian Law Reform Commission in April 2012 and in June of the same year was awarded an Australian Public Service Medal for outstanding public service to criminal law reform. He served as Acting Chair of the Commission from March 2019 to August 2019. Mr Gardner was reappointed to the Commission in June 2020.

**Dr Ian Hardingham QC** is a leading barrister in a number of areas, including succession, property and equity law. Appointed Queen's Counsel in 1997, Dr Hardingham has had a distinguished career at the bar, appearing and advising in many significant cases. As well as authoring and contributing to a number of important texts, Dr Hardingham has contributed to several law reform projects, and was central to the Victorian Parliamentary Law Reform Committee's 1994 review of the law of wills. He joined the Victorian Law Reform Commission in June 2012 as the specialist Commissioner to the review on succession laws, and was appointed as a Commissioner in September 2013. His appointment as a Commissioner ended in March 2020.



**Professor Bernadette McSherry** is the Foundation Director of the Melbourne Social Equity Institute at the University of Melbourne and an Adjunct Professor of Law at Melbourne Law School. She is an internationally recognised legal academic in the fields of criminal law and mental health law and is a Fellow of the Academy of Social Sciences in Australia as well as a Fellow of the Australian Academy of Law. Professor McSherry served as a Legal Member of the Victorian Mental Health Tribunal for 18 years until mid-2018 and is currently a Commissioner serving on the Royal Commission into Victoria's Mental Health System. She was appointed to the Victorian Law Reform Commission in June 2018.

**Dan Nicholson** is the Executive Director, Criminal Law at Victoria Legal Aid, responsible for the delivery of legally aided criminal law services across the state. Dan has worked with VLA since 2012 in a range of roles. He led VLA's programs in mental health and disability advocacy, migration law, tenancy, discrimination and social security, and was responsible for VLA's Legal Help telephone advice service and funding to community legal centres. He previously managed the Human Rights Unit at the Victorian Department of Justice, was Associate to Justice Maxwell, President of the Court of Appeal and worked at Fitzroy Legal Service. He has worked on a range of human rights issues and lived in Cambodia and Timor-Leste. Dan was appointed to the Victorian Law Reform Commission in September 2018.

**Alison O'Brien PSM** has 24 years' experience working in government, including 22 years with the Victorian Government Solicitor's Office where she is the Assistant Victorian Government Solicitor, Government and Public Law. She provides advice to the state government on constitutional and other public law matters, including legislative development, and has been involved in cases which have developed critical areas of the law. In 2011 Ms O'Brien was awarded the Law Institute of Victoria Government Lawyer of the Year Award. She has been a member of the Victorian Legal Admissions Committee since 2015. Ms O'Brien was appointed to the Victorian Law Reform Commission in September 2013. She was awarded a Public Service Medal in June 2019 for outstanding public service to the provision of legal services to the Victorian public sector, particularly in the areas of constitutional and public law.

**Gemma Varley PSM** was Chief Parliamentary Counsel for Victoria from 2008 until 2016. She was Second Deputy Chief Parliamentary Counsel from 2004 until 2008 and has more than 37 years' experience as a legislative drafter in the Office of the Chief Parliamentary Counsel. She is in private practice as a consulting legislative drafter. Mrs Varley was appointed to the Victorian Law Reform Commission in August 2016. In 2017 she was awarded a Public Service Medal for outstanding public service through the drafting of legislation in Victoria. Mrs Varley was reappointed to the Commission in June 2020.

The **Hon. Frank Vincent AO QC** served 16 years as a trial judge of the Supreme Court of Victoria followed by a further eight years as a judge of the Court of Appeal. He was Deputy Chair and then Chair of the Victorian Adult Parole Board, a position he occupied for 17 years. He has served as a consultant to the Australian Law Reform Commission and as Chairman of the Victorian Criminal Bar Association, and since his judicial retirement he has been appointed by successive Attorneys-General to conduct inquiries into matters of public importance. From 2001 to 2009 he was the Chancellor of Victoria University. He conducted a review of the legislative framework for witness protection in Victoria, and was Senior Legal Advisor to the State Parliamentary Committee Inquiry into the sexual and physical abuse of children in non-government organisations. In 2018 he conducted a review of court suppression orders and the Open Courts Act 2013. He was appointed to the Victorian Law Reform Commission in July 2012. His appointment as a Commissioner ended in October 2019.



## Objectives

## Results

To produce high-quality, authoritative and timely law reform reports with recommendations that are practical, implementation-focussed and embrace innovative solutions to complex legal and policy issues

Delivered three reports to the Attorney-General:

- > Neighbourhood Tree Disputes
- > Contempt of Court
- > Committals

To maintain a reputation for rigorous legal research, extensive community and stakeholder consultation, and robust, impartial and independent advice to the government

Carried out extensive research and consultations with the community and stakeholders for two inquiries:

- > Contempt of Court (26 consultations)
- > Committals (38 consultations)

Consultations for Neighbourhood Tree Disputes were completed in the previous year.

To enhance public understanding of law reform through our community engagement and education initiatives, encouraging informed community debate on legal issues, identifying areas of general community concern and increasing contributions to the law reform process

Participated in three Law Talks events for VCE legal studies students, jointly with the Victoria Law Foundation. Made 33 school visits and addressed in total more than 1000 Year 12 legal studies students as detailed in the Communications and Education section of this report. (Due to the pandemic, these figures were lower than the previous year.)

The Commission's work was reported in the media, including TV, radio, print and online.

The Commission received 11 formal community law reform suggestions.

To give a voice to marginalised groups within the community

The Commission consulted extensively with disadvantaged Victorians, including regional Victorians, for all projects.

The Commission's current and recent publications are published on its website in accessible html versions and as accessible pdfs and Word documents.

To develop and maintain relationships with other bodies involved in law reform in Victoria, fostering information sharing and reporting on law reform activities.

VLRC e-newsletters and social media report on the activities of other law reform agencies, within Victoria and interstate, and relevant law reform activities. The community law reform and communications teams liaise with these agencies, sharing information and gathering updates on their activities.

### Current Financial Year in Review

- The Commission's income increased in 2019–20 to \$3,099,100 (2018–19: \$2.565M). This increase related to the special grant funds received from the Victorian Legal Services Board as a one-off payment to assist the Commission in covering the cost of current references.
- The Commission's expenditure increased in 2019–20 to \$2,782,619 (2018-19: \$2.578M). The increase in expenditure was primarily driven by the completion of references and the consequent increase in staff numbers.
- The overall net result was a gain of \$313,356 which is due to funds granted for ongoing references commenced late in the current financial year. This has resulted in a higher trust fund balance of \$656,437 (2018–19: \$249,237).
- The Commission's Trust Fund and the State Administered Unit (SAU) receivable account balance increased overall from \$538,131 to \$928,800 at 30 June 2020. This is largely the result of additional funding from the Victorian Legal Services Board.

## Performance against output performance measures

The following table shows the performance results against targets by output for the Commission over the full year ending 30 June 2020.

### Performance measures

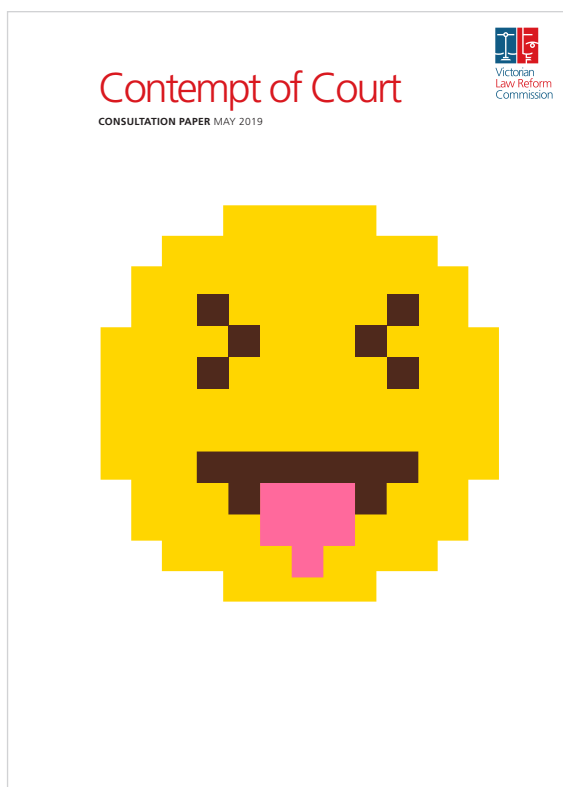
	Unit of Measure	2019–20 Actual	2019–20 Target	Performance Variation
<b>Quantity</b>				
Community education and consultation sessions	number	107	100	7.0%
Law reform projects	number	3	3	0%
<b>Quantity</b>	per cent	100	85	17.0%
Stakeholder satisfaction with consultation/education processes				
<b>Cost</b>				
Annual appropriation		856,100		
Victorian Legal Services Board		2,243,000		
<b>Total output cost</b>	\$	<b>3,099,100</b>		

The outputs relating to the Commission are included in the Budget Paper No. 3 (BP3) under the heading of the Department of Justice and Community Safety's *Criminal Justice Services - Criminal Law Support and Reform*. The Commission's outputs contribute to this consolidated total output cost of \$3.099M.

The total output cost for the Commission is an amount derived from the *Appropriation (2019-2020) Act 2019*, less required savings and other movements, plus the amount received from the Victorian Legal Services Board, as directed by the Attorney-General.

## Budget portfolio outcomes

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



## Contempt of Court

**This reference commenced during the 2018–2019 reporting period. The Commission was asked to review and report on the law of contempt of court and the Judicial Proceedings Reports Act, and enforcement. The Commission delivered its report to the Attorney-General on 28 February 2020.**

**REFERRED**

12 October 2018

**DUE DATE**

28 February 2020

**COMPLETED**

28 February 2020

**TABLED IN PARLIAMENT**

Scheduled in the next reporting period

**Commissioners and staff**

Acting Chair, Bruce Gardner PSM chaired the Division until the appointment of the Hon. Anthony North QC as Chair on 30 August 2019. Members of the Division were Liana Buchanan, Bruce Gardner PSM, Dr Ian Hardingham QC, Professor Bernadette McSherry, Dan Nicholson, Alison O’Brien, Gemma Varley PSM, and the Hon. Frank Vincent AO QC (until October 2019).

The research and policy team consisted of Anna Beesley (team leader), Helen Donovan, Joyce Chia, Leah Bloch (senior research and policy officers) and Octavian Simu (research assistant).

**Progress of the reference**

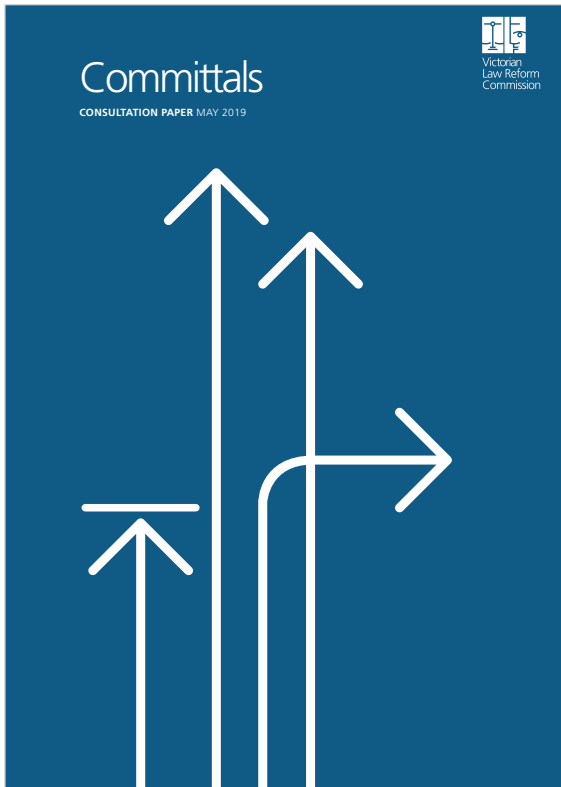
The Commission carried out 26 consultations, as listed in the report. 33 submissions were received by the closing date. The report, including recommendations, was delivered to the Attorney-General by the due date, 28 February 2020.

**Recommendations**

The overall aims of the recommendations are to make the law of contempt of court clearer and more accessible by articulating it in a new Act. The language should be modernised.

The Contempt of Court Act should state clearly what the law is, rather than the law being found throughout the common law.

The new Act should state where the court’s power comes from, the scope of the power in different courts (Supreme/ County/Magistrates’/Children’s/ Coroners), and define the common categories of contempt of court in clear accessible language. It should also define the processes to be followed, and appropriate penalties.



## Committals

**This reference commenced during the 2018–2019 reporting period. The Commission was asked to review committals and consider whether they should be abolished, maintained, replaced or reformed. The principles and goals of the review included minimising trauma to victims and witnesses, and enhancing the efficiency of the justice system, while ensuring the fair trial rights of accused persons.**

**REFERRED**

26 October 2018

**DUE DATE**

31 March 2020

**COMPLETED**

31 March 2020

**TABLED IN PARLIAMENT**

Scheduled in the next reporting period

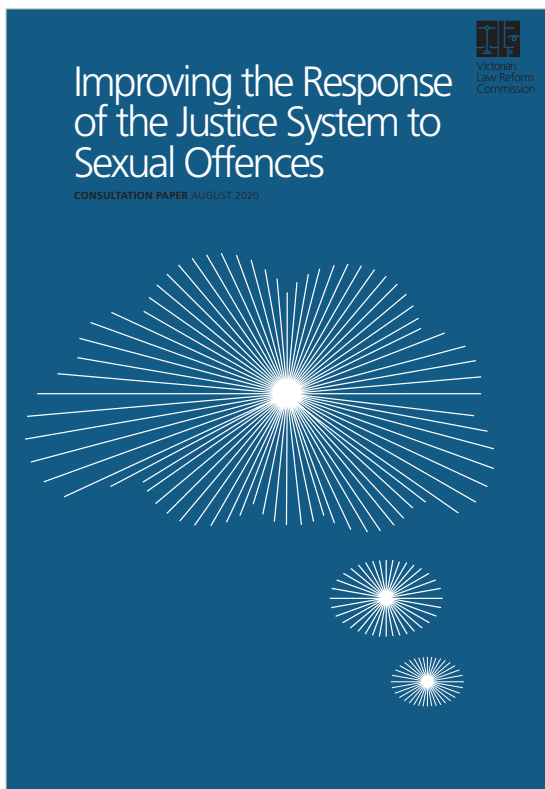
**Commissioners and staff**

Acting Chair, Bruce Gardner PSM chaired the Division until the appointment of the Hon. Anthony North QC as Chair on 30 August 2019. Members of the Division were Liana Buchanan, Dan Nicholson, and the Hon. Frank Vincent AO QC (until October 2019).

The research and policy team consisted of Michael McKitterick (team leader), Michael Hepworth, Dr Emma Larking, Jonathan O'Donohue and Briana Proud (senior research and policy officers).

**Progress of the reference**

The Commission carried out 38 consultations as listed in the report. Submissions were called for by 16 August 2019. The Commission received 27 submissions. The report, including recommendations, was delivered to the Attorney-General by the due date, 31 March 2020. At the time of preparing this annual report, it has not yet been tabled in Parliament and therefore the recommendations have not been made publicly available.



## Improving the Response of the Justice System to Sexual Offences

**The Victorian Law Reform Commission (VLRC) has been asked to review and report on Victoria's laws relating to rape, sexual assault and associated adult and child sexual offences (sexual offences). The review should identify opportunities to embed and build upon previous reforms, identify the barriers to reporting and resolving sexual offences, and make recommendations to improve the justice system's response.**

### **Commissioners and staff**

The Hon. Anthony North QC formed a Division to work on this reference, which he also chaired. Members of the Division are Liana Buchanan, the Hon. Jennifer Coate AO, Bruce Gardner PSM, Professor Bernadette McSherry, Dan Nicholson, Alison O'Brien PSM and Gemma Varley PSM.

### **Progress of the reference**

By the end of the reporting period, the project team had been assembled: team leader Jacinth Pathmanathan, senior policy and research officers Dr Joyce Chia, Dr Emma Larking, Dr Nesam McMillan, Hana Shahkhan and research assistant Jasmine Ali. The team has begun preliminary consultations with interested groups.

### **REFERRED**

1 April 2020

### **DUE DATE**

31 August 2021



**The Victorian Law Reform Commission Act 2000 section 5(1) (b) states that one of the Commission's functions is to make recommendations to the Attorney-General on legal issues of general community concern.**

**The community law reform program seeks to improve accessibility for people and communities who are not usually involved in law reform but who have ideas about how the law could be improved. Asking community members to identify problems in the law, and to put forward suggestions for change, gives the Commission access to the valuable insights of those with first-hand experience of the law's operation.**

**During October and November 2019, the Chair wrote to over 20 legal and research agencies asking for their ideas for areas of Victorian law that needed reform. We asked for suggestions for both Attorney-General references and for our smaller self-referred community law reform projects. We received an excellent response and had a number of follow-up meetings. From the information provided we distilled a list of possible areas for reform, some of which we will consider for future community law reform projects.**

## Criteria

Suggestions can come from individuals or community groups and can be in relation to any area of Victorian law. Each suggestion is assessed against the criteria for community law reform projects. It must be in relation to a contained problem, the resolution of which could deliver clear community benefits. The list of criteria is available on the Commission's website.

Suggestions are assessed by the community law reform team, and, if they fulfil the criteria, may be further researched and developed into a proposal for the approval of the whole Commission.

If a proposal is accepted as a community law reform project, the Commission will undertake a comprehensive process of research and consultation and will deliver a report and recommendations to the Attorney-General. This process closely mirrors the process undertaken for references from the Attorney-General.

Generally, the Commission can only work on one community law reform project at a time, but is always open to hearing suggestions from the community.

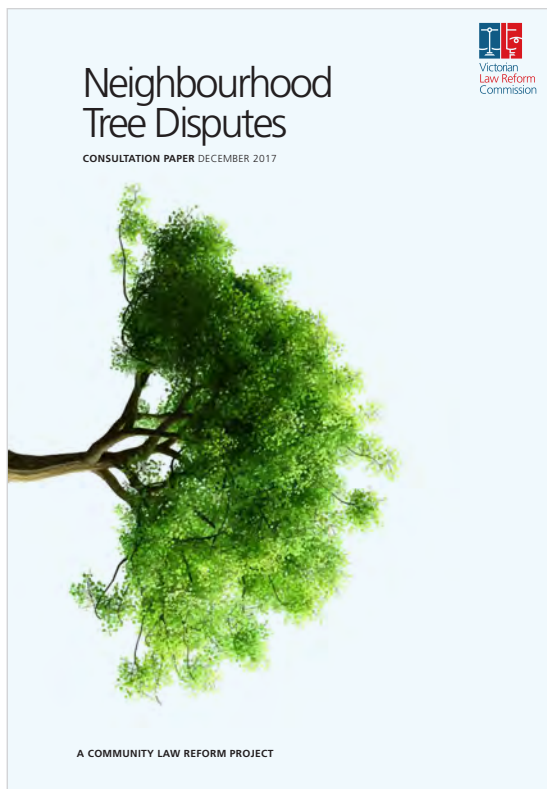
## Community law reform suggestions

The community law reform program aims to improve access to law reform by people and communities that are not generally involved in the law. The selection criteria for community law reform projects can be found on the Commission's website. It must be in relation to a contained problem, the resolution of which could deliver clear community benefits.

Suggestions are assessed by the community law reform team, and, if they fulfil the criteria, may be further researched and developed into a proposal for the approval of the whole Commission. Not all of the suggestions received by the Commission met the criteria for a community law reform project. This is because they were recently considered by another agency, would not affect the community generally or would require significant Commission resources to investigate. Other suggestions that met the criteria may be reconsidered at a later date when existing or planned projects are completed. Generally, the Commission is only able to undertake one community law reform project at a time.

During the financial year 2019–2020 the Commission received 11 suggestions for law reform. They related to a broad range of legal areas, including:

- > improving access to diversion programs for criminal offences
- > abolishing public drunkenness laws in Victoria
- > reviewing the way water rates are charged
- > reviewing the law governing collisions between pedestrians and cyclists
- > changing the law governing the licensing and importation of Airsoft replica toy weapons
- > examining the regulation of cigarette smoke drift in high density residential living
- > examining some of the powers and operations of the Coroners Court of Victoria
- > introducing legislative controls on the use of off road quad bikes and motorbikes by children and adolescents
- > penalties for fraudulent and illegal management practices of office-bearers in owners' corporations
- > the reclassification of some indictable offences to summary offences
- > review of the laws relating to incest.



## Neighbourhood Tree Disputes

**The Commission examined and made recommendations on improving the legal framework to help neighbours resolve disputes involving trees on private land that cause damage or harm. It delivered a report to the Attorney-General including recommendations for reform on 12 July 2019.**

**COMMENCED**  
8 June 2017

**DUE DATE**  
9 May 2019

**DELIVERED**  
12 July 2019

**TABLED IN PARLIAMENT**  
27 November 2019

The Attorney-General, the Hon. Jill Hennessy MP, launched the report which was tabled in Parliament on 27 November 2019. At the launch the Attorney-General committed the government to implementing the recommendations of the report.

Staff working on the project were Emma Cashen (team leader from April 2018), Natalie Lilford (community law reform manager), Hana Shahkhan and Anna Woods (researchers).

The Hon. Philip Cummins AM chaired this project until his death in February 2019. Bruce Gardner PSM then chaired the Division comprising Liana Buchanan, Dr Ian Hardingham QC, Alison O'Brien PSM, Professor Bernadette McSherry and Gemma Varley PSM.

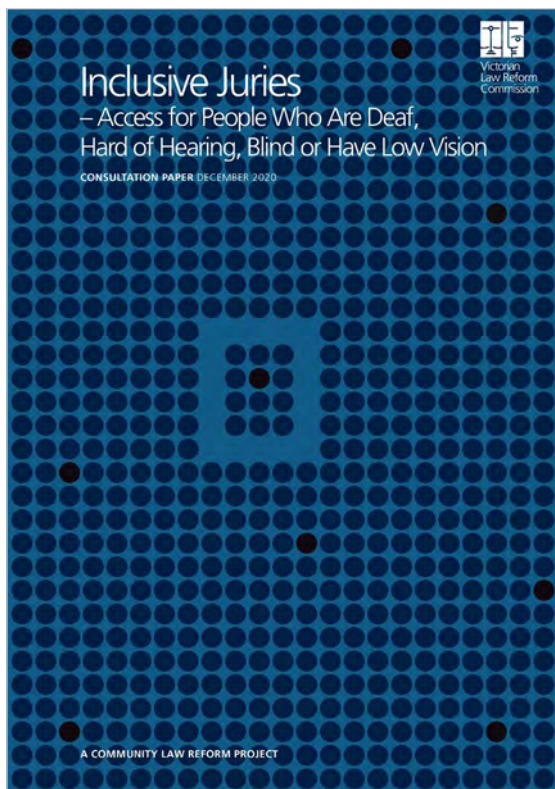
### Recommendations

The Commission recommends a new Neighbourhood Tree Disputes Act for Victoria, managed by the Victorian Civil and Administrative Tribunal (VCAT). A new Act is the best way to ensure that disputes are resolved in a quick, inexpensive and effective way. Community responses overwhelmingly support this option.

A new Act should encourage people to resolve disputes informally and provide greater certainty for people who take legal action. It should clearly state when a case can be brought in VCAT and the range of outcomes available.

The policy aims of the proposed Act are to:

- > provide a clear dispute resolution pathway that encourages people to resolve disputes informally between themselves
- > enable disputes to be resolved efficiently and inexpensively
- > establish clear decision-making principles to guide the community about how the law applies and help the community resolve their own disputes
- > provide practical and effective remedies
- > balance competing rights and interests fairly and transparently and use evidence-based decision making
- > interact as simply as possible with other relevant laws without disrupting established policy wherever possible.



## Inclusive Juries – Access for People Who Are Deaf, Hard of Hearing, Blind or Have Low Vision

**The Victorian Law Reform Commission will consider what changes to legislation and practices should be made to enhance access for people who are deaf, hard of hearing, blind or have low vision who wish to serve as jurors in Victoria.**

**COMMENCED**  
12 March 2020

The *Juries Act 2000* (Vic) provides a list of people who are ineligible to serve as jurors. Among those excluded are persons with 'a physical disability that renders [them] incapable of performing the duties of jury service', and those who are 'unable to communicate in or understand the English language adequately'.

Although people with hearing or vision impairments are not expressly precluded from jury service, prohibitions on allowing interpreters or communication assistants into the jury room mean that, for many, such service would not be possible.

The project will examine the current legal framework to consider whether legislative change is required, what practical supports would be necessary, and whether there are specific circumstances in which such jury service should be limited.

### **Commissioners and Staff**

The Hon. Anthony North QC formed a Division to work on this reference, which he also chairs. The Division comprises Liana Buchanan, the Hon. Jennifer Coate AO, Bruce Gardner PSM and Gemma Varley PSM.

By the end of the reporting period, the broader project team had been recruited: team leader Emma Cashen, policy and research officer Sarah Sacher and researcher Grace Bramwell.

## Communications

### Media highlights

The Commission continued to provide expert comment to the media on issues related to its inquiries.

Highlights included:

- > In January 2020 a complete episode of 'The Law Report' on Radio National was devoted to the Commission's inquiry into Committals.
- > In September 2019 a joint investigation by *The Age/Sydney Morning Herald* into sexual violence, 'The Invisible Crime' included an interview with the acting Chair, Bruce Gardner, referring to several of the Commission's reports.
- > In November 2019, the introduction of a Government Bill to implement the recommendations of the Access to Justice, Litigation Funding and Group Proceedings report led to a flurry of reports and media comment, especially in *The Australian Financial Review*, *The Age* and *The Australian*.
- > The Commission contributed several columns on law reform topics to *The Law Institute of Victoria Journal*.

### Website

#### Traffic

The Commission's work continues to be a significant source of public information and interest, as indicated by the steady growth in traffic. Overall pageviews to the Commission's website were 494,313, an increase of 20 per cent on the previous year. The number of users was 225,634, an increase of 31 per cent on the previous year.

Besides the home page and 'All projects' page, the most popular pages covered a range of projects. Of the projects current during the year, Neighbourhood Tree Disputes attracted the most traffic. Reports and consultation papers from previous inquiries continue to be accessed for several years after publication. Among the most visited pages were sections from the Medicinal Cannabis report (2015); the Succession Laws report (2013), the Jury Empanelment consultation paper (2014), the Photographing and Filming Tenants Possessions consultation paper (2015), the Trading Trusts—Oppression Remedies consultation paper (2015) and the Adoption Act report (2017).

#### Planning a new site

The current website was built using Drupal 7, a content management system which is becoming obsolete and will no longer be supported after November 2021. Therefore the Commission is proposing to begin developing a new website using an alternative content management system, in the financial year 2020-2021.

### Social media

The Commission maintained an active social media presence during the year. Communications and information officer Gemma Walsh updated social media platforms with news and information related to the Commission's activities and law reform. Twitter is a social media platform used widely by legal and media professionals, whereas Facebook has a more general community demographic, including students.

By the end of the reporting period, the Commission had achieved the following

- > Facebook: 2,362 followers (an increase of 308 on last year) and 2,153 page likes
- > Twitter: 6,103 followers (an increase of 408)
- > LinkedIn: 826 followers (an increase of 653).

Due to the COVID-19 outbreak in early 2020, the Commission was unable to make any presentations to schools and community groups after March 2020, instead providing presentations online via YouTube. These presentations added to the existing videos that are already available, making the total number of videos 29. The total video views during 2019-20 was 6,853. The total number of views of all videos is now 29,546. Our video on neighbourhood tree disputes has been watched more than 1,700 times.

### E-newsletters and alerts

The Commission distributed nine email newsletters and alerts during the year, including quarterly e-newsletters and targeted email campaigns to limited audiences for specific projects, with calls to action where appropriate (eg invite public submissions, encourage participation in consultations.) E-newsletters raise awareness of the Commission's activities among the media, and often lead to contact from journalists. We include a regular round-up of law reform news from other agencies, consistent with the Commission's function of monitoring law reform activities in Victoria. The e-newsletters and alerts were opened by a total of 8289 users.

### Podcast

For the first time the VLRC ventured into the world of podcasts, producing four episodes during the year. These four episodes were downloaded a total of 736 times (it is not possible to measure the total number of listeners who streamed the episodes rather than downloading). In order of popularity, the episodes were: Contempt of Court (335 downloads) Committals (195) Community law reform (119) Tree Disputes (87).

## Education

One of the Commission's functions under section 5(1)(e) of the Victorian Law Reform Commission Act is to undertake educational programs on any area of the law relevant to a reference, past or current.

The Commission educates the community about law reform by making presentations at community organisations and schools, maintaining a website with all our publications easily accessible and searchable, publishing educational resources including case studies, writing all our publications in plain English, publishing educational videos and podcasts about law reform, and promoting our work through the media.

Due to the COVID-19 outbreak, this year we did not participate in university law school careers fairs as in previous years.

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### Schools presentations

The VLRC and its work is an essential part of the Victorian Certificate of Education (VCE) legal studies curriculum, included in all VCE legal studies text books. Our presentation to schools focusses on the structure and processes of the VLRC, and includes one or two case studies of recent inquiries (within the last four years) – usually chosen from Victims of Crime, Committals, Medicinal Cannabis and Funeral and Burial Instructions. The presentation was updated again this year to take into account developments in law reform and new inquiries.

During July–September 2019 the VLRC made 33 school visits and addressed more than 600 Year 12 legal studies students on the subject of law reform. All schools were visited by a VLRC presenter in person. The Commission subsequently surveyed teachers for their assessment of the presentations. 100 per cent rated the content as excellent. 100 per cent would invite the VLRC to present again and 100 per cent would recommend the VLRC to other schools.

The Commission participated in three Law Talks events for VCE students, organised by the Victoria Law Foundation: in Melbourne (July 2019), Wangaratta (September 2019) and

Geelong (December 2019). (Other Law Talks events were cancelled due to the COVID-19 outbreak.) A total of 440 students attended these events. This brings the total number of students who participated in events where the VLRC presented to more than 1000.

Due to the COVID-19 outbreak, the Commission was unable to make any presentations to schools and community groups after March 2020, instead providing presentations online via YouTube. These presentations were viewed 223 times.

A staff member presented on the Commission's work and the committals inquiry to an audience of legal studies teachers at Commview, the annual conference of the Victorian Commercial Teachers Association.

### Communications and information staff

The communications manager is Nick Gadd, and the communications and information officer is Gemma Walsh.



## Audit committee membership and roles

The audit committee consists of the following members:

- > Matthew Zappulla, Chairperson (Independent Member)
- > Anthony Phillips, (Independent Member)
- > Bruce Gardner PSM

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 Commission's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - 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
- > maintain effective communication with external auditors
- > consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised: and
- > oversee the effective operation of the risk management framework.

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## Human resource management and occupational health and safety

The Commission's occupational health and safety (OH&S) strategy aims to keep all staff safe and healthy at work. During the 2019-20 financial year, the Commission continued its initiatives to improve the health and safety of staff by offering ergonomic assessments, screen-based eye testing and annual influenza vaccinations for those who requested these services. The Commission supports and encourages staff to participate in lunchtime exercise classes.

The Commission conducts a bi-annual OH&S office walk around to check the physical safety of the environment for any potential hazards to staff. All small, frequently used electrical appliances used within the office are tag tested for safety on an annual basis.

The Commission had no occupational health and safety incidents during 2019–20. There were no WorkCover claims lodged during the period.

Three staff continue as fire wardens and attend the appropriate training. All staff at work on the day participated in a fire drill undertaken by the building management.

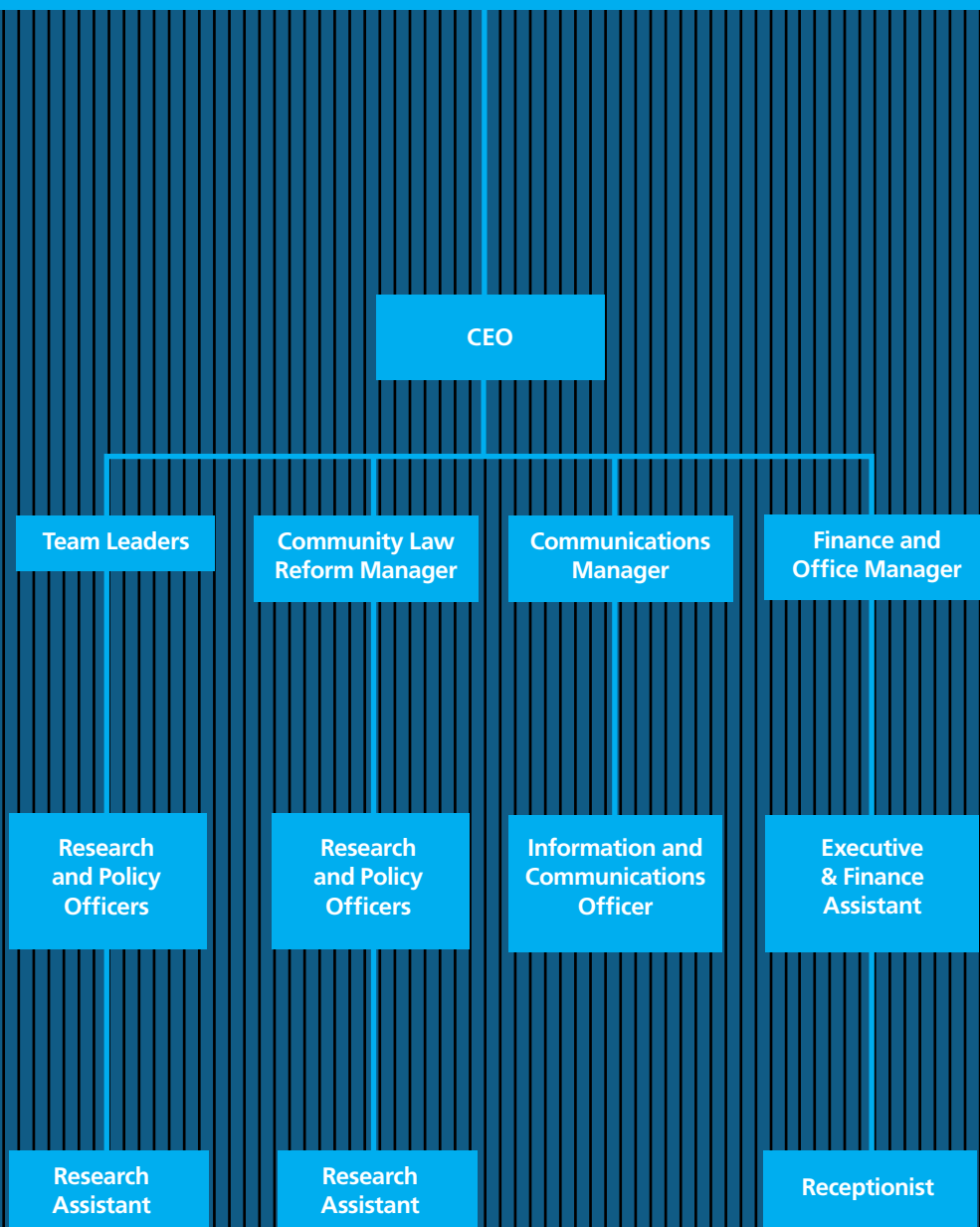
Staff were encouraged and assisted to gain professional development through participation in relevant conferences and appropriate further study.

A state of emergency was declared in Victoria on 16 March 2020 due to the global pandemic known as coronavirus (COVID-19). In order to slow the spread of the virus and to prioritise the health and safety of our staff, the Commission moved to operating in a COVIDSafe manner and implemented work from home arrangements. The Commission worked with staff to assess home offices and ensure their workspace was appropriate. Each staff member was supplied with a laptop and other equipment such as additional computer monitors and ergonomic chairs as needed. The Commission also instigated weekly team and individual meetings to facilitate staff to stay connected.

## 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. Employees have been correctly classified in workforce data collections. The Commission is committed to providing a respectful and supportive workplace for every employee.

## CHAIR AND PART-TIME COMMISSIONERS



## Public sector values and employment principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity. The Commission, through the Department of Justice and Community Safety, introduced policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. The Commission advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

## Workforce Inclusion Policy

The Commission continues to support a balanced working environment where equal opportunity and diversity are valued. The Commission values staff with non-binary gender identities at all levels from VPS officers through to executives. The Commission acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, staff may not disclose this information.

## Executive officer data

An Executive Officer (EO) is defined as an executive under Part 3 of the *Public Administration Act 2004* or a person to whom the Victorian Government's Policy on Executive Remuneration in Public entities applies.

All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The definition of an EO does not include a statutory office holder or an accountable officer.

Note 8.4 in the financial statements states the remuneration range for the EO over the course of the reporting period.

The Commission employs one full-time EO-3 grade female executive officer.

	June 2020							June 2019						
	All employees <sup>(a)</sup>		Ongoing <sup>(b)</sup>			Fixed term and casual		All employees		Ongoing <sup>(b)</sup>			Fixed term and casual	
	Number	Full-time	Part-time	Number	Number	Number	Number	Full-time	Part-time	Number	Number	Number	Number	
	(head-count)	FTE <sup>(d)</sup>	(head-count)	(head-count)	FTE <sup>(d)</sup>	(head-count)	FTE <sup>(d)</sup>	(head-count)	FTE <sup>(d)</sup>	(head-count)	(head-count)	FTE <sup>(d)</sup>	(head-count)	FTE <sup>(d)</sup>
<b>Demographic data</b>														
<b>Gender</b>														
Women	13	10.56	1	4	3.66	8	6.9	12	10.4	3	3	4.8	6	5.6
Men	1	1	1	0	1-	0	0	4	4	1	0	1.0	3	3
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>VPS Classification data</b>														
<b>VPS 1-6 grades<sup>(c)</sup></b>														
VPS 2	1	0.80	0	1	0.80	0	0	0	0	0	0	0	0	0
VPS 3	3	2.26	0	1	0.66	2	1.6	4	3.6	0	1	0.6	3	3
VPS 4	1	0.60	0	1	0.60	0	0.0	0	0	0	0	0	0	0
VPS 5	6	5.30	2	0	2.00	4	3.3	7	6.2	2	1	2.6	4	3.6
VPS 6	2	1.60	0	1	0.60	1	1.0	4	3.6	1	1	1.6	2	2
<b>Executives<sup>(c)</sup></b>	1	1.0	1	0	1.00	0	0.0	1	1	1	0	1	0	0
<b>Total employees</b>	<b>14</b>	<b>11.56</b>	<b>3</b>	<b>4</b>	<b>5.66</b>	<b>7</b>	<b>5.9</b>	<b>16</b>	<b>14.4</b>	<b>4</b>	<b>3</b>	<b>5.8</b>	<b>9</b>	<b>8.6</b>

### Notes:

(a) Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies. Statutory appointees, as defined in the *Public Administration Act 2004* are also excluded.

(b) 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.

(c) 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 not include Governor in Council appointments as statutory office holders.

(d) Full-Time Equivalent.

## Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIIP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Job first policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

The Commission did not enter into any contracts to which the VIIP or Local Jobs First applies for the 12 months ending 30 June 2020.

## Government advertising expenditure

The Commission has not paid for any government advertising expenditure (campaigns with a media spend of \$100,000 or greater (exclusive of GST)) during the 12 months ending 30 June 2020.

## Consultancy expenditure

Details of consultancies (valued at \$10 000 or greater)

In 2019, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies is \$42,531 (excluding GST). Details of individual consultancies are outlined below.

## Details of consultancies under \$10 000

In 2019-20, there were no consultancies where the total fees payable to the consultants were less than \$10,000.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2019-20 (excluding GST)	Future expenditure (excluding GST)
Strathmore Accounting & Audit Services	Accounting quality assurance and CFAO function	1 July 2019	30 June 2020	\$20,931	\$20,931	\$15,000
KPMG <sup>(1)</sup>	Undertake Internal Audit function	1 July 2019	30 June 2020	\$20,000	0	\$20,000
Victorian Auditor-General's Office	For the audit of the financial report 2018-19	1 July 2019	30 June 2020	\$21,600	\$21,600	\$22,000

Note (1) The internal audit for this year relates to the VLRC compliance with and attestation to the Standing Directions. Therefore the work is being performed in the 2020-21 financial year and payment delayed.

**Information and Communication Technology expenditure**

*Details of Information and Communication Technology (ICT) expenditure*

For the 2019-20 reporting period, the Commission had a total ICT expenditure of \$55,489 with the details shown below.

ICT expenditure refers to the Commission's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and NonBusiness As Usual (NonBAU) ICT expenditure. NonBAU ICT expenditure relates to extending or enhancing the Commission's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

<i>All operational ICT expenditure</i>	ICT expenditure related to projects to create or enhance ICT capabilities		
<i>Business As Usual (BAU) ICT expenditure</i>	<i>Non Business As Usual (non BAU) ICT expenditure</i>	<i>Operational expenditure</i>	<i>Capital expenditure</i>
(Total)	(Total = Operational expenditure and Capital Expenditure)		
\$54,953	0	\$54,953	0

**Disclosure of major contracts**

The Commission entered into no major contracts (greater than \$10 million in value) in the 2019–20 reporting period.

**Freedom of information**

The Act allows the public a right of access to documents held by the Commission. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the Commission. This comprises documents both created by the Commission or supplied to the Commission by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

The Act allows the Commission to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to the Commission in-confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (Fol) processing time for requests received from 45 to 30 days. In some cases, this time may be extended.

If an applicant is not satisfied by a decision made by the Commission, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

**Making a request**

Fol requests can be lodged online at [www.foi.vic.gov.au](http://www.foi.vic.gov.au). An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.



Access to documents can also be obtained through a written request to the Department's Freedom of Information team, as detailed in s17 of the Freedom of Information Act 1982.

When making an FoI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of the Commission should be addressed to:

Freedom of Information Manager  
Victorian Law Reform Commission  
GPO Box 4637  
MELBOURNE VIC 3001

#### **FoI statistics/timeliness**

During 2019–20, the Commission received no FoI applications.

#### **Further Information**

Further information regarding the operation and scope of FoI can be obtained from the Act; regulations made under the Act; and [foi.vic.gov.au](http://foi.vic.gov.au).

#### **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*.

#### **Competitive Neutrality Policy**

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

#### **Compliance with the *Protected Disclosures Act 2012***

The *Protected Disclosures Act 2012* 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 its employees nor 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 to the extent it is legally possible.

### **Reporting procedures**

Disclosures of improper conduct or detrimental action by the Commission or any of its employees must be made in writing or by telephone to:

Independent Broad-based Anti-Corruption Commission (IBAC):  
Level 1, North Tower  
459 Collins Street  
MELBOURNE Vic 3000  
Tel: 1300 735 135  
Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

### **Compliance with the *Carers Recognition Act 2012***

The Commission staff are made aware of their entitlement to carers leave on commencement. Staff also have access to the Department of Justice and Community Safety induction, training and awareness activities, including in relation to carer obligations. An information session on leave entitlements and flexible working arrangements is made to staff at one staff meeting each year.

### **Compliance with the *Disability Act 2006***

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Commission seeks to facilitate participation by people with disabilities in its consultation processes by providing a range of ways to contribute, including having an accessibility compliant website, and producing short videos, quizzes and surveys to provide information in summary formats, as well as more comprehensive consultation papers. Contributions to the Commission work can be provided in writing (by post, email or through web-based forms) or through face-to-face meetings. The Commission will also receive submissions over the telephone, if requested.

The Commission offices are wheelchair accessible and have wheelchair accessible facilities.

### **Office-based environmental impacts**

The Commission endeavours to meet government requirements to reduce the impact on the environment by pursuing the following objectives:

- reducing greenhouse gas emissions
- reducing the amount of waste and maximising the amount of reused and recycled resources
- making environmentally sound purchasing decisions for capital items and consumables
- encouraging staff to reduce environmental impacts through behaviour change.

## Energy use

The Commission solely consumes electrical energy for the purpose of running its core business. The data represented below was collected through energy retailer billing information.

Overall energy use reflects the co-location with the Sentencing Advisory Council. The total FTE from both the Commission and the Sentencing Advisory Council has been used to calculate the *energy used per FTE*.

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 separately.

Indicator	2019–20		2018–19		2017–18	
	Electricity	Green Power	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	155,299	38,825	263,721	69,950	234,572	58,643
Total greenhouse gas emissions from energy consumption (tonnes CO <sub>2</sub> e)	39.6	...	50.37	...	61.6	...
Percentage of electricity purchased as Green Power	25%	...	25%	...	25%	...
Units of energy used per FTE (MJ/FTE)	6,180	...	9,693	...	8,953	...
Units of energy used per unit of office area (MJ/m <sup>2</sup> )	173	...	294	...	262	...

## Actions undertaken

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;  
 Lights in meeting rooms and offices are controlled with movement sensors;  
 Dishwashers are only run when full and always on an energy-save cycle.

### Explanatory notes

- Substantial reduction of energy use can be contributed to staff working from home during COVID-19 protocols being implemented.
- Units of energy per FTE is calculated using the average number of FTE staff over the financial year.

## Explanatory notes

- The data presented was collected through the retailer and represents only paper.
- Cartridge recycling data is provided by another retailer, who is committed to zero waste to landfill for all products processed on their site in Somerton.
- Landfill is collected nightly.

## Waste production

Indicator	2019–20	2018–19	2017–18
Total units of office waste disposed of (kg/year)	2345	1920	2900
Units of office waste disposed of per FTE (kg/FTE)	153	133	242
Recycling rate (per cent of total waste)	100%	100%	100%
Greenhouse gas emissions (t CO <sub>2</sub> e)	4.15	4.7	7.1

Actions undertaken – Fuji Xerox toner recycling program

Recycling: The total diverted from landfill is 12.9 kgs comprising: toner cartridges and bottles

## Paper use

Indicator	2019–20	2018–19	2017–18
Total units of A4 equivalent copy paper used (reams)	270	255	194
Units of A4 equivalent copy paper used per FTE (reams/FTE)	17.59	17.71	14.92
Percentage of 80-100% recycled content copy paper purchased (%)	100%	100%	100%
<b>Optional indicators</b>			
Percentage of publications publicly accessible electronically (%)	100%	100%	100%

## Actions undertaken

Default paper Default copy paper purchased through stationery supplier is 100% recycled content.

## Explanatory notes

- The increase in the total units of A4 equivalent paper used results from the size and number of publications produced during the reporting period.
- VLRC publications can be downloaded from its website.

### Water consumption

The data represented below, collected through the supplier, is from two water meter readings for the building, which consists of seven floors, one of which is partially occupied by the Commission. Overall water consumption for the building varies depending on the occupancy rate for the building for the financial year.

The apportionment method used to calculate water consumption for the Commission is based on the total units of metered water consumed within the building.

Additional data was used to calculate more accurate water consumption during the reporting period making comparison with previous years invalid. The relevant FTE calculations have been made using the Commission's and Sentencing Advisory Council's staff numbers combined.

The Commission's water consumption is for the purpose of running its core business in a leased office building located in the central business district. The water is from the metered domestic water supply. The building does not collect any rainwater nor does it have any recycling or reusable water facilities.

Indicator	2019–20
Total units of metered water consumed by water source (kilolitres)	3215
Total water consumed for VLRC and SAC based on office area (kilolitres)	428.89
Units of office water used per FTE (kilolitres/FTE)	19.95
Units of office water used per office area (kilolitres/m <sup>2</sup> )	0.28

### Transport

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

	2019–20			2018–19			2017–18	
Total distance travelled by air (km)	19,078			24,229			15,082	
	CBD	Metro	Regional	CBD	Metro	Regional	Metro	Regional
Percentage (%) using sustainable transport to get to work	0	93	100	0	94	100	92	100
Percentage (%) of employees residing in CBD, metropolitan Melbourne or regional Victoria	0	87	13	0	87	13	80	20

### Procurement

The Commission complies with the Government's Environmental Purchasing Policy and uses whole of Government suppliers. 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.

The Commission's Environmental Management Strategy and the current environmental management practices are examples of how the Commission has incorporated environmental considerations into procurement decision making.

The Commission's main areas of procurement are goods and services (92%) and contractors (8%).

### Greenhouse gas emissions

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

### 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 on request, subject to the provisions of the *Freedom of Information Act 1982*.

- (a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- (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 how these can be obtained;
- (d) details of major research and development activities undertaken by the Commission;
- (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;
- (g) details of assessments and measures undertaken to improve the occupational health and safety of employees;
- (h) a general statement on industrial relations within the Commission and details of time lost through industrial accidents and disputes; and
- (i) details of all consultancies and contractors including:
  - consultants/contractors engaged
  - services provided
  - expenditure committed to for each engagement.

The information is available on request from the:  
Finance and Office Manager  
Phone: (03) 8608 7820  
Email: [law.reform@lawreform.vic.gov.au](mailto:law.reform@lawreform.vic.gov.au)

### Victorian Law Reform Commission Financial Management Compliance Attestation Statement

I, Hon. Anthony North QC, on behalf of the responsible body, certify that the Victorian Law Reform Commission has complied with the applicable *Standing Directions 2018* under the *Financial Management Act 1994* and instructions.



The Hon. Anthony North QC  
Chair  
Victorian Law Reform Commission  
3 December 2020

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### Disclosure index

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

# Financial Report

## HOW THIS REPORT IS STRUCTURED

The Victorian Law Reform Commission has presented its audited general purpose financial statements for the financial year ended 30 June 2020 in the following structure to provide users with the information about the Commission's stewardship of resources entrusted to it.

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## ACCOUNTABLE OFFICER'S, CHIEF FINANCE OFFICER'S AND CHAIRPERSON'S DECLARATION

The attached financial statements for the Victorian Law Reform Commission have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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

accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the Commission at 30 June 2020.

At the time of signing, 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 3 December 2020.



**Merrin Mason**

Chief Executive Officer  
Victorian Law Reform  
Commission, Melbourne  
3 December 2020



**Michael Almond**

Chief Finance and  
Accounting Officer  
Victorian Law Reform  
Commission, Melbourne  
3 December 2020



**The Hon. Anthony North**

Chair  
Victorian Law Reform  
Commission, Melbourne  
3 December 2020

## Independent Auditor's Report

### To the Commissioners of the Victorian Law Reform Commission

<p><b>Opinion</b></p>	<p>I have audited the financial report of the Victorian Law Reform Commission (the Commission) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2020</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• Accountable Officer's, Chief finance and Accounting Officer's and Chairperson's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the commission as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<p><b>Basis for opinion</b></p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p><b>The Commissioners' responsibilities for the financial report</b></p>	<p>The Commissioners of the Commission are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioners are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commission's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners.
- conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the commission to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
10 December 2020

Janaka Kumara  
*as delegate for the Auditor-General of Victoria*

## COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 2020

	Notes	2020	2019
		\$	\$
<b>Income from transactions</b>	2.1		
Output appropriations –			
Department of Justice and Community Safety		856,100	662,300
Grants - Victorian Legal Services Board		2,243,000	1,893,106
Interest		–	9,235
<b>Total income from transactions</b>		<b>3,099,100</b>	<b>2,564,641</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1.1	(2,048,513)	(1,931,429)
Depreciation	4.1.1	(193,297)	(6,035)
Interest expense	6.2	(10,629)	(669)
Other operating expenses	3.2	(530,179)	(639,773)
<b>Total expenses from transactions</b>		<b>(2,782,619)</b>	<b>(2,577,906)</b>
<b>Net result from transactions (net operating balance)</b>		<b>316,481</b>	<b>(13,266)</b>
<b>Other economic flows included in net result</b>			
Other gains/(losses) from other economic flows	8.1	(3,126)	(16,408)
<b>Total other economic flows included in net result</b>		<b>(3,126)</b>	<b>(16,408)</b>
<b>Net result</b>		<b>313,356</b>	<b>(29,674)</b>
<b>Comprehensive result</b>		<b>313,356</b>	<b>(29,674)</b>

The accompanying notes form part of these financial statements

**BALANCE SHEET**

AS AT 30 JUNE 2020

	Notes	2020	2019
		\$	\$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	656,437	249,237
Receivables	5.1	376,110	129,787
<b>Total financial assets</b>		<b>1,032,547</b>	<b>379,024</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	588,907	16,543
Other non-financial assets		76,090	110,457
<b>Total non-financial assets</b>		<b>664,997</b>	<b>127,000</b>
<b>Total assets</b>		<b>1,697,544</b>	<b>506,024</b>
<b>Liabilities</b>			
Payables	5.2	70,209	112,973
Borrowings	6.1	970,169	16,543
Employee related provisions	3.1.2	204,563	237,261
<b>Total liabilities</b>		<b>1,244,941</b>	<b>366,777</b>
<b>Net assets</b>		<b>452,603</b>	<b>139,248</b>
<b>Equity</b>			
Accumulated surplus		(21,173)	(334,529)
Contributed capital		473,777	473,777
<b>Net worth</b>		<b>452,603</b>	<b>139,248</b>

The accompanying notes form part of these financial statements

**CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 2020

	Notes	2020	2019
		\$	\$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		972,713	732,128
Receipts from other entities		2,243,000	1,893,106
Interest received		–	9,735
<b>Total receipts</b>		<b>3,215,713</b>	<b>2,634,969</b>
<b>Payments</b>			
Payments to suppliers and employees		(2,619,786)	(2,717,544)
Interest expense		(10,629)	(669)
<b>Total payments</b>		<b>(2,630,415)</b>	<b>(2,718,213)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.3.1	<b>585,298</b>	<b>(83,364)</b>
<b>Cash flows from/in investing activities</b>			
Payments for non-financial Assets		(36,227)	-
SAC Share of Lease Liability		109,176	-
Proceeds from the Sale of Non-financial Assets		15,286	-
<b>Net Cash Flows from/(used in) investing activities</b>		<b>88,235</b>	<b>-</b>
<b>Cash flows from/in financing activities</b>			
Capital expenditure injection		-	180
Proceeds from lease Borrowings		36,227	-
Repayment of vehicle lease Liability		(22,277)	(6,215)
Repayment of building lease Liability		(280,283)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(266,333)</b>	<b>(6,035)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>407,200</b>	<b>(89,399)</b>
Cash and cash equivalents at the beginning of the financial year		249,237	338,640
<b>Cash and cash equivalents at end of financial year</b>	6.3	<b>656,437</b>	<b>249,237</b>

The accompanying notes form part of these financial statements



**STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 2020

	Accumulated Surplus	Contributions by owners	Total
	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>(304,856)</b>	<b>473,597</b>	<b>168,741</b>
Net result for the year	(29,673)	-	(29,673)
Contributed Capital		180	180
<b>Balance at 30 June 2019</b>	<b>(334,529)</b>	<b>473,777</b>	<b>139,248</b>
Net result for the year	313,356	-	313,356
Contributed Capital		-	-
<b>Balance at 30 June 2020</b>	<b>(21,173)</b>	<b>473,777</b>	<b>452,603</b>

Note: The change in account policy for AASB 16 was nil refer to note 8.2.2.

The accompanying notes form part of these financial statements

## 1. ABOUT THIS REPORT

The Commission is an independent government-funded body established under the Law Reform Commission Act 2000 (the Act) as a central agency for developing law reform in Victoria. The Commission's main objective is 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 of the political process.

The Commission reports directly to the Attorney-General. The Attorney-General must table a copy of every Commission report on references before each House of Parliament.

Its principal address is:

Victorian Law Reform Commission  
3/333 Queen Street  
Melbourne VIC 3000

A description of the nature of the Commission's operations and its principal activities is included in the report of operations on page 12, which does not form part of these financial statements.

### Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing 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.

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Commission.

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 to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover the Victorian Law Reform Commission as an individual reporting entity and include all the controlled activities of the Commission.

All amounts in the financial statements have been rounded to the nearest dollar unless otherwise stated.

### Impact of COVID-19

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020. To contain the spread of the virus and to prioritise the health and safety of our communities, various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including the Victorian Law Reform Commission.

In response, the Commission moved to operating in a COVID-safe manner and implemented work from home arrangements where appropriate. The Commission's approved work program has continued throughout this period with minimal disruption to outputs.

### Compliance information

These general purpose financial statements have been prepared in accordance with the FMA and applicable Australian Accounting Standards (AASs), which include Interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting (AASB 1049).

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

## 2. FUNDING DELIVERY OF OUR SERVICES

### Introduction

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 at fair value.

To enable the Commission to fulfil its objective and provide outputs as described on Page 12, it receives income (accrual based parliamentary appropriations). The Commission also receives a grant from the Victorian Legal Services Board.

### Structure

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<b>2.3</b> Grants	44
<b>2.4</b> Interest	44
<b>2.5</b> Summary of compliance with annual Parliamentary and special appropriations	44

### Revenue Recognition

The Commission has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

The adoption of AASB 1058 did not have an impact on other comprehensive income and the Statement of Cash flows for the financial year.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Commission has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Commission recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) a lease liability in accordance with AASB 16;
- (c) a financial instrument, in accordance with AASB 9; or
- (d) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

### Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Commission without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

For non-reciprocal grants, the Commission recognises revenue when the grant is received.

Grants can be received as general-purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific-purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

## 2.1 Summary of income that funds the delivery of our services

	Notes	2020	2019
		\$	\$
Output appropriations – Department of Justice and Community Safety	2.2	856,100	662,300
Interest <sup>(a)</sup>	2.4	-	9,235
Grants – Legal Services Board	2.3	2,243,000	1,893,106
<b>Total income from transactions</b>		<b>3,099,100</b>	<b>2,564,641</b>

(a) The Department of Treasury and Finance implemented central banking across the public sector. Due to the transition no monies were invested for 2019–20.

### 2.2 Appropriations

Once annual Parliamentary appropriations are applied by the Treasurer, they become controlled by the Commission and are recognised as income when applied for the purposes defined under the relevant Appropriations Act. The appropriation amount includes funding for discretionary items, such as amortisation and depreciation.

Output appropriations: Income from the outputs the Commission provides to the 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.

### 2.3 Grants

The Attorney-General directed the Commission be allocated funds from the Law Reform and Research Account. These amounts are paid to it under Section 144 of the *Legal Profession Uniform Law Application Act 2014*. These non-public monies are held by the Victorian Legal Services Board until they are deposited in the Commission's Trust Account.

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

### 2.4 Interest

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

Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

### 2.5 Summary of compliance with annual Parliamentary and special 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' is disclosed as 'controlled' activities of the Commission. The Commission is not subject to administered transactions.

<i>Appropriations Act section 17</i>					
	Annual appropriation	Advance from Treasurer	Total Parliamentary authority	Appropriations applied	Variance <sup>(a)</sup>
	\$	\$	\$	\$	\$
<b>2020</b>					
Provision of outputs	856,100	-	856,100	856,100	-
<b>2020 Total</b>	<b>856,100</b>	<b>-</b>	<b>856,100</b>	<b>856,100</b>	<b>-</b>
<b>2019</b>					
Provision for outputs	662,300	-	662,300	662,300	-
<b>2019 total</b>	<b>662,300</b>	<b>-</b>	<b>662,300</b>	<b>662,300</b>	<b>-</b>

(a) Any variance is related to applied savings or budget pressure payments in the relevant financial year which have been committed to projects being delivered in the next financial year.

### 3. THE COST OF DELIVERING SERVICES

#### Introduction

This section provides an account of the expenses incurred by the Victorian Law Reform Commission in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and, in this note, the cost associated with provision of services are recorded.

#### Structure

<b>3.1</b> Expenses incurred in delivery of services	46
<b>3.2</b> Other operating expenses	48

#### 3.1 Expenses incurred in delivery of services

	Notes	2020	2019
		\$	\$
Employee benefit expenses	3.1.1	2,048,513	1,931,429
Other operating expenses	3.2	530,179	639,773
<b>Total expenses incurred in the delivery of services</b>		<b>2,578,693</b>	<b>2,571,202</b>

#### 3.1.1 Employee benefits in the comprehensive operating statement

	2020	2019
	\$	\$
Defined contribution superannuation expense	163,611	162,772
Salaries and wages, annual leave and long service leave	1,884,902	1,768,657
<b>Total employee expenses</b>	<b>2,048,513</b>	<b>1,931,429</b>

Employee expenses include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.

#### 3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2020	2019
	\$	\$
<b>Current provisions:</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	88,317	63,641
Unconditional and expected to settle after 12 months	9,221	7,711
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	10,631	8,720
Unconditional and expected to settle after 12 months	46,684	48,146
<b>Provisions for on costs</b>		
Unconditional and expected to settle within 12 months	18,398	21,427
Unconditional and expected to settle after 12 months	8,585	4,301
<b>Total current provisions for employee benefits</b>	<b>181,835</b>	<b>153,946</b>
<b>Non current provisions:</b>		
Employee benefits - Long service leave	19,606	72,188
On costs	3,122	11,127
<b>Total non current provisions for employee benefits</b>	<b>22,728</b>	<b>83,315</b>
<b>Total provisions for employee benefits</b>	<b>204,563</b>	<b>237,261</b>

#### Reconciliation of movement in on-cost provision

	2020
	\$
<b>Opening balance</b>	36,855
Additional provisions recognised	20,420
Reductions arising from payments of future economic benefits	(27,171)
<b>Closing balance</b>	<b>30,104</b>
Current	26,982
Non current	3,122

**Wages and salaries, annual leave and sick leave:** Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Commission does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Commission expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.



No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

### 3.1.3 Superannuation contributions

Employees of the Commission are entitled to receive superannuation benefits and the Commission contributes to defined contribution plans.

**Unconditional LSL** is disclosed 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:

- undiscounted value – if the Commission expects to wholly settle within 12 months; or
- present value – if the Commission does not expect to wholly settle within 12 months.

**Conditional LSL** is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL 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' in the net result.

	Paid contribution for the year		Contribution outstanding at year end	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Defined contribution plans</b>				
VicSuper	33,181	54,354	708	1,218
Other	127,956	104,852	1,767	2,349
<b>Total</b>	<b>161,136</b>	<b>159,206</b>	<b>2,475</b>	<b>3,567</b>

### 3.2 Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

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

	2020	2019
	\$	\$
<b>Supplies and services</b>		
Purchase of supplies and consumables	211,946	199,521
Purchase of services (including remuneration of auditors)	210,735	130,587
Maintenance	(512)	8,395
Rental outgoings and expenses	108,010	301,270
<b>Total other operating expenses</b>	<b>530,179</b>	<b>639,773</b>

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

### Introduction

The Commission controls plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Commission to be utilised for delivery of those outputs.

### Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

### Structure

**4.1 Total property, plant, equipment and vehicles** 49

#### 4.1 Total property, plant and equipment and vehicles<sup>(a)</sup>

	Gross carrying amount		Accumulated Depreciation		Net carrying amount	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Right of use leased office space	744,720		(186,180)		558,539	
Motor vehicle at fair value	36,227	33,642	(5,860)	(17,099)	30,368	16,543
<b>Net carrying amount</b>	<b>780,948</b>	<b>33,642</b>	<b>(192,040)</b>	<b>(17,099)</b>	<b>588,907</b>	<b>16,543</b>

(a) AASB 16 Leases has been applied for the first time from 1 July 2019. See table 4.1.3 for movements.

**Initial recognition:** Items of property, plant, equipment and vehicles, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

#### Right-of-use asset acquired by lessees (Under AASB 16 Leases from 1 July 2019) – Initial measurement

The Commission recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and

- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

**Vehicles** are valued using the current replacement cost method. The Commission acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by Vic Fleet who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

#### Subsequent measurement:

Property, plant, equipment and vehicles (PPEV) as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category. Refer to Note 7.3 for additional information on fair value determination of property, plant,

equipment and vehicles.

#### Right-of-use asset – Subsequent measurement

The Commission depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurements of the lease liability.

#### Impairment of property, plant, equipment and vehicles

The recoverable amount of primarily non-cash generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 Impairment of Assets, does not apply to such assets that are regularly revalued.

#### 4.1.1 Depreciation

##### Charge for the period

	2020	2019
	\$	\$
Right of use leased office space	186,180	-
Plant, equipment and vehicles	7,117	6,035
<b>Total depreciation and amortisation</b>	<b>193,297</b>	<b>6,035</b>

(a) The table incorporates depreciation of right-of-use assets as AASB 16 Leases have been applied for the first time from 1 July 2019.

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. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	(years) Useful Life	
ROU leased asset	5	The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Commission obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.
Motor vehicles	5	

#### 4.1.2 Carrying values by 'purpose' groups <sup>(a)</sup>

	Total Public Safety and environment purpose group	
	2020	2019
	\$	\$
<b>Nature based classification</b>		
Right of use leased office space	558,539	744,719
Plant, equipment and vehicles at fair value	30,368	16,543
<b>Net carrying amount</b>	<b>588,907</b>	<b>761,622</b>

(a) Property, plant, equipment and vehicles are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub-categorised according to the asset's 'nature' (i.e. buildings, plant etc.), with each sub-category being classified as a separate class of asset for financial reporting purposes.

#### 4.1.3 Reconciliation of movements in carrying amount of property, plant, equipment and vehicles

	Buildings at fair value		Plant, equipment and vehicles at fair value	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Opening balance 1 July 2019 <sup>(a)</sup></b>	-	-	16,543	22,578
<b>Recognition of right-of-use assets on initial application of AASB 16<sup>(a)</sup></b>	744,720	-	-	-
Additions	-	-	36,227	-
Disposals	-	-	(15,286)	-
Depreciation	(186,180)	-	(7,117)	(6,035)
<b>Closing balance</b>	<b>558,540</b>	<b>-</b>	<b>30,367</b>	<b>16,543</b>

Note: Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation.

(a) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to leases.

## 5. OTHER ASSETS AND LIABILITIES

### Introduction

This section sets out those assets and liabilities that arose from the Commission's operations.

### Structure

5.1 Receivables	51
5.2 Payables	51

### 5.1 Receivables

	2020	2019
	\$	\$
<b>Contractual</b>		
Sub-lease - Sentencing Advisory Council <sup>(a)</sup>	365,999	-
Other	9,286	-
<b>Statutory</b>		
Amount owing from Victorian Government	825	129,787
<b>Total receivables</b>	<b>376,110</b>	<b>129,787</b>
<i>Represented by</i>		
Current receivables	125,513	129,787
Non-current receivables	250,597	-

(a) The Commission has a sub-lease agreement with the Sentencing Advisory Council for a portion of the office space leased. Refer to note 6.2.

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Commission holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Commission applies AASB 9 Financial Instruments for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable

transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about the Commission's impairment policies exposure to credit risk and the calculation of the allowance are in note 7.1.

### 5.2 Payables

	2020	2019
	\$	\$
<b>Contractual</b>		
Supplies and services	19,943	64,796
Other payables	47,569	44,133
<b>Statutory</b>		
FBT payable	2,696	4,044
<b>Total payables</b>	<b>70,209</b>	<b>112,973</b>
<i>Represented by:</i>		
Current payables	70,209	112,973

Payables consist of:

**contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Commission prior to the end of the financial year that are unpaid; and

**statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the first 30 days from the date of the invoice.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

#### Maturity analysis of contractual payables <sup>(a)</sup>

	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months – 1 year	1–5 years
	\$	\$	\$			
<b>2020</b>						
Supplies and services	19,943	19,943	19,943	-	-	-
Other payables	47,569	47,569	47,569	-	-	-
<b>Total</b>	<b>67,513</b>	<b>67,513</b>	<b>67,513</b>	-	-	-
<b>2019</b>						
Supplies and services	64,796	64,796	64,796	-	-	-
Other payables	44,133	44,133	44,133	-	-	-
<b>Total</b>	<b>108,929</b>	<b>108,929</b>	<b>108,929</b>	-	-	-

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

## 6. HOW WE FINANCED OUR OPERATIONS

### Introduction

This section provides information on the sources of finance utilised by the Commission during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Commission.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

### Structure

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### 6.1 Borrowings

	2020	2019
	\$	\$
<b>Current borrowings</b>		
Lease liabilities – buildings	296,267	-
Lease liabilities – motor vehicle	7,010	6,198
<b>Total current borrowings</b>	<b>303,277</b>	<b>6,198</b>
<b>Non current borrowings</b>		
Lease liabilities – buildings	643,346	-
Lease liabilities – motor vehicle	23,547	10,345
<b>Total non current borrowings</b>	<b>666,892</b>	<b>10,345</b>
<b>Total borrowings</b>	<b>970,169</b>	<b>16,543</b>

### Interest Expense

	2020	2019
	\$	\$
Lease liabilities – buildings	9,601	-
Lease liabilities – motor vehicle	1,029	669
<b>Total interest expense</b>	<b>10,629</b>	<b>669</b>

'Interest expense' includes the interest component of finance leases repayments. Interest expense is recognised in the period in which it is incurred.

'Borrowings' refer to interest bearing liabilities and lease liabilities.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost unless the Commission elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

The Commission has designated lease liabilities at fair value through net result to eliminate or significantly reduce the accounting mismatch that would otherwise arise. All other interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities designated at fair value through net result, all transaction costs are expensed as incurred. And they are subsequently measured at fair value with changes in fair value relating to the Commission's own credit risk recognised in other comprehensive income and the remaining amount of changes in fair value recognised in net result.

### Maturity analysis of borrowings

	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months – 1 year	1–5 years
	\$	\$	\$	\$	\$	\$
<b>2020</b>						
Lease liabilities – buildings	939,612	960,985	25,654	51,308	230,888	653,135
Lease liabilities – motor vehicle	30,557	30,557	578	1,159	5,274	23,546
<b>Total</b>	<b>970,169</b>	<b>991,542</b>	<b>26,232</b>	<b>52,467</b>	<b>236,162</b>	<b>676,681</b>
<b>2019</b>						
Lease liabilities – motor vehicle	16,543	16,543	530	1,050	4,635	10,328
<b>Total</b>	<b>16,543</b>	<b>16,543</b>	<b>530</b>	<b>1,050</b>	<b>4,635</b>	<b>10,328</b>

### 6.2 Leases

#### Information about leases for which the Commission is a lessee is presented below.

#### The Commissions leasing activities

The Commission leases its office space and a motor vehicle. The lease contract for the office space is for a five year period and for the motor vehicle it is a three year period. Lease payments for properties are renegotiated every five years to reflect market rentals. As at 30 June 2020 the lease term remaining was three years.

The Commission has a sub-lease agreement with the Sentencing Advisory Council for a portion of the office space leased. The period of this agreement is for five years. As at 30 June 2020 the sub-lease contract term remaining is three years. Refer to receivables note 5.1.

#### Right-of-use Assets

Right-of-use assets are presented in note 4.1.

#### Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2020
Interest expense on lease liabilities	10,629
<b>Total amount recognised in the Comprehensive operating statement</b>	<b>10,629</b>

#### Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2020 relating to building leases.

	2020
Interest expense on building lease liability	9,601
SAC share of lease liability	(109,176)
Repayment of building lease liability	280,283
<b>Net outflow for building lease</b>	<b>180,708</b>

For any new contracts entered into on or after 1 July 2019, the Commission considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Commission assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Commission and for which the supplier does not have substantive substitution rights;
- Whether the Commission has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Commission has the right to direct the use of the identified asset throughout the period of use; and
- Whether the Commission has the right to take decisions in respect of ‘how and for what purpose’ the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

#### **Separation of lease and non-lease components**

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

#### **Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)**

##### **Lease Liability – initial measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Commission's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

##### **Lease Liability – subsequent measurement**

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

##### **Short-term leases and leases of low-value assets**

The Commission has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

##### **Presentation of right-of-use assets and lease liabilities**

The Commission presents right-of-use assets as ‘property plant equipment’ in the balance sheet. Lease liabilities are presented as ‘borrowings’ in the balance sheet.

##### **Recognition and measurement of leases (under AASB 117 until 30 June 2019)**

In the comparative period, leases of property, plant, equipment and vehicles were classified as either finance lease or operating leases.

The Commission determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant, equipment and vehicles where the Commission as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they were incurred.

Assets held under other leases were classified as operating leases and were not recognised in the Commission's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.



### 6.3 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement purposes, cash and cash equivalents are indicated below.

	2020	2019
	\$	\$
Funds held in trust <sup>(a)</sup>	656,437	249,237
<b>Balance as per cash flow statement</b>	<b>656,437</b>	<b>249,237</b>

(a) Refer to note 2.3 for details of trust establishment

#### 6.3.1 Reconciliation of net result for the period to cash flow from operating activities

	2020	2019
	\$	\$
<b>Net result for the period</b>	<b>313,356</b>	<b>(29,673)</b>
<b>Non cash movements</b>		
Depreciation and amortisation of non current assets	193,297	6,035
<b>Movements in assets and liabilities</b>		
Decrease/(increase) in receivables	119,740	69,704
Decrease/(increase) in pre-payments	34,367	(9,563)
Increase/(decrease) in payables	(42,764)	(34,204)
Increase/(decrease) in provisions	(32,698)	(85,664)
<b>Net cash flows from/(used in) operating activities</b>	<b>585,298</b>	<b>(83,365)</b>

## 6.4 Trust account balances

### Trust account balances relating to trust accounts controlled by the Commission

Cash and cash equivalents and investments	2020				2019			
	Opening balance as 1 July 2019	Total receipts	Total payments	Closing balance as 30 June 2020	Opening balance as 1 July 2018	Total receipts	Total payments	Closing balance as 30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Controlled trusts</b>								
VLRC Trust Fund <sup>(a)</sup>	249,237	2,243,000	1,835,800	656,437	338,240	1,902,341	1,991,344	249,237
<b>Total controlled trusts</b>	<b>249,237</b>	<b>2,243,000</b>	<b>1,835,800</b>	<b>656,437</b>	<b>338,240</b>	<b>1,902,341</b>	<b>1,991,344</b>	<b>249,237</b>

Note (a) The VLRC Trust fund was created to receive non-public monies, specifically to receive monies paid to VLRC under section 144 of the *Legal Profession Uniform Law Application Act 2014* [Section 17(a) *Victorian Law Reform Commission Act 2000*]

## 6.5 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

### 6.5.1 Total commitments payable

There were no outstanding commitments as at 30 June 2020.

Nominal amount 2019	Less than 1 year	1-5 years	Total
	\$	\$	\$
Operating lease commitments payable	296,010	960,986	1,256,996
Other commitments payable	28,672	-	28,672
<b>Total commitments (exclusive of GST)</b>	<b>324,682</b>	<b>960,986</b>	<b>1,285,668</b>

The Commission entered into an operating lease related to accommodation rental with lease terms of 5 years on 3 July 2018. The operating lease includes 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.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

The Victorian Law Reform Commission (the Commission) is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied.

### Structure

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### 7.1 Financial instruments specific disclosures

#### Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Commission's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

#### Categories of financial assets

##### Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Commission to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value, plus any directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method less any impairment.

The Commission recognises the following assets in this category:

- receivables (excluding statutory receivables)
- term deposits.

#### Categories of financial liabilities

**Financial liabilities at amortised cost** are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Commission recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

#### Reclassification of financial instruments:

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Commission's business model for managing its financial assets has changes such that its previous model would no longer apply.

However, the Commission is generally unable to change its business model because it is determined by the Performance Management Framework (PMF) and all Victorian government departments are required to apply the PMF under the Standing Directions 2018 under the *Financial Management Act 1994*.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

## 7.1.1 Financial instruments: Categorisation

	2020	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
		\$	\$	\$	\$
<b>Contractual financial assets</b>					
<b>Receivables (a)</b>					
Accrued investment income		-	-	-	-
<b>Investments and other contractual financial assets</b>					
Term deposits		656,437	-	-	656,437
Other receivables <sup>(b)</sup>		-	365,999	-	365,999
<b>Total contractual financial assets</b>		<b>656,437</b>	<b>365,999</b>		<b>1,022,436</b>
<b>Contractual financial liabilities</b>					
<b>Payables (a)</b>					
Supplies and services		-	-	19,943	19,943
Other payables		-	-	47,569	47,569
<b>Borrowings</b>					
Lease liabilities		-	-	970,169	970,169
<b>Total contractual financial liabilities</b>		<b>-</b>	<b>-</b>	<b>1,037,682</b>	<b>1,037,862</b>

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

(b) Refer to note 6.2

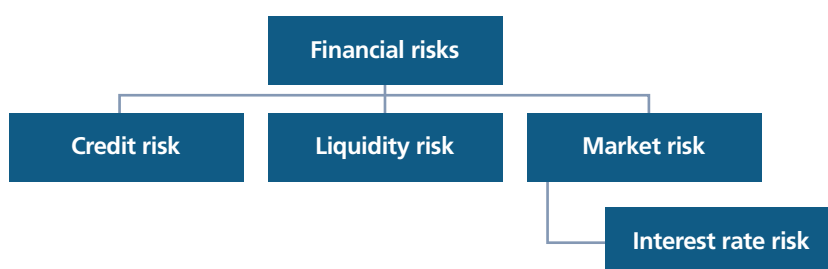
	2019	Cash and deposits	Contractual financial assets—loans and receivables held to maturity	Contractual financial liabilities at amortised cost	Total
		\$	\$	\$	\$
<b>Contractual financial assets</b>					
<b>Receivables (a)</b>					
Accrued investment income		-	-	-	-
<b>Investments and other contractual financial assets</b>					
Term deposits and cash		249,237	249,237	-	249,237
<b>Total contractual financial assets</b>		<b>249,237</b>	<b>249,237</b>	<b>-</b>	<b>249,237</b>
<b>Contractual financial liabilities</b>					
<b>Payables (a)</b>					
Supplies and services		-	-	64,796	64,796
Other payables		-	-	44,133	44,133
<b>Borrowings</b>					
Finance lease liabilities		-	-	16,543	16,543
<b>Total contractual financial liabilities</b>		<b>-</b>	<b>-</b>	<b>125,472</b>	<b>125,472</b>

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

### 7.1.2 Financial instruments – Net holding gain/(loss) on financial instruments by category

There were no net holding gains (losses) on financial instruments during 2019–20.

### 7.1.3 Financial risk management objectives and policies



As a whole, the Commission’s financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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 7.3 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 Commission’s main financial risks include credit risk, liquidity risk and interest rate risk. The Commission manages these financial risks in accordance with its financial risk management policy.

The Commission uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer of the Commission.

#### 7.1.4 Credit Risk

Credit risk arises from the contractual financial assets of the Commission, which comprise term deposits and non-statutory receivables. The Commission’s exposure to credit risk arises from the potential default of a 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 contractual financial assets is minimal because the main debtor is the Department of Justice and Community Safety.

#### 7.1.5 Liquidity Risk

Liquidity risk is the risk that the Commission would be unable to meet its financial obligations as and when 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. The Commission manages its liquidity risk through monitoring future cash flows and maturities.

#### 7.1.6 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 no exposure to fair value interest rate risk.

**Cash flow interest rate risk** is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission has minimal exposure to cash flow interest rate risks through its term deposits that are at floating rate.

### 7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. The Commission had no contingent assets or liabilities as at 30 June 2020.

### 7.3 Fair value determination

This section sets out information on how the Commission determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result
- property, plant, equipment and vehicles.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

### 7.4 How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end – details of significant unobservable inputs used in the fair value determination.

These financial instruments include:

Financial assets	Financial liabilities
<p><b>Cash and deposits</b></p> <p><b>Receivables:</b></p> <ul style="list-style-type: none"> <li>• Accrued investment income</li> <li>• Other receivables</li> </ul> <p><b>Investments and other contractual financial assets:</b></p> <ul style="list-style-type: none"> <li>• Term deposits</li> </ul>	<p><b>Payables:</b></p> <ul style="list-style-type: none"> <li>• For supplies and services</li> <li>• Amounts payable to government and agencies</li> <li>• Other payables</li> </ul> <p><b>Borrowings:</b></p> <ul style="list-style-type: none"> <li>• Finance lease</li> </ul>

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

The Commission determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

#### Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Commission determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Commission monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

#### Fair value determination of financial assets and liabilities

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

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly

- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Commission currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019–20 reporting period. The Commission applies Level 2 fair value determination to all assets and liabilities.

## 8. OTHER DISCLOSURES

### Introduction

This section includes additional material disclosures required by accounting standards or otherwise for the understanding of this financial report.

### Structure

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### 8.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. 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;

	2020	2019
	\$	\$
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service liability <sup>(a)</sup>	(3,126)	(16,408)
<b>Total other gains/(losses) from other economic flows</b>	<b>(3,126)</b>	<b>(16,408)</b>

(a) Revaluation gain/(loss) due to changes in bond rates.

### 8.2 Change in accounting policies

#### 8.2.1 Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the Commission has applied the transitional provision of AASB 1058.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

### 8.2.2 Leases

This note explains the impact of the adoption of AASB 16 Leases on the Commission's financial statements.

The Commission has applied AASB 16 with a date of initial application of 1 July 2019.

The Commission has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the Commission determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 Determining whether an arrangement contains a Lease. Under AASB 16, the Commission assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.2.

On transition to AASB 16, the Commission has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

#### Leases classified as operating leases under AASB 117

As a lessee, the Commission previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Commission. Under AASB 16, the Commission recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low-value leases.

On adoption of AASB 16, the Commission recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Commission's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Commission has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

#### Leases as a Lessor

The Commission is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. The Commission accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, the Commission recognised \$744,721 of right-of-use assets, receivables of \$475,175 and \$1,219,896 of lease liabilities.

When measuring lease liabilities, the Commission discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 1.45 percent.



	\$
Total operating lease commitments disclosed at 30 June 2019	1,256,996
Discounted using the incremental borrowing rate at 1 July 2019	1,219,896
Finance lease liabilities as at 30 June 2019	16,543
<b>Lease liabilities recognised at 1 July 2019</b>	<b>1,236,439</b>

### 8.2.3 Transition impact

Impact on balance sheet due to the adoption of AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards at 1 July 2019:

Balance Sheet	Notes	Before new accounting standard	Impact of accounting standard AASB 16	After new accounting standard
		Closing 30 June 2019		Opening 1 July 2019
Cash and Deposits		249,237	-	249,237
Receivables	5.1	129,787	475,175	604,962
<b>Total Financial Assets</b>		<b>379,024</b>	<b>475,175</b>	<b>854,199</b>
Property Plant, Equipment and Vehicles	4.1	16,543	744,721	761,264
Total non-financial assets		110,457	-	110,457
<b>Total Non-Financial Assets</b>		<b>127,000</b>	<b>744,721</b>	<b>871,721</b>
<b>Total Assets</b>		<b>506,024</b>	<b>1,219,896</b>	<b>1,725,920</b>
Payables and Contract Liabilities	5.2	112,973	-	112,973
Borrowings	6.1	16,543	1,219,896	1,236,439
Employee Related Provisions	3.1.2	237,261	-	237,261
<b>Total Liabilities</b>		<b>366,777</b>	<b>1,219,896</b>	<b>1,586,673</b>
Accumulated surplus / (deficit)		(334,529)	-	(334,529)
Contributed Capital		473,777	-	473,777
<b>Total equity</b>		<b>139,248</b>	<b>-</b>	<b>139,248</b>

### 8.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

#### Names

The persons who held the positions of Ministers and Accountable Officers of the Department of Justice and Regulation are as follows:

#### The Department

Attorney-General	The Hon. Jill Hennessy, MP	1 July 2019	to	30 June 2020
Acting Attorney-General	The Hon. Benjamin Carroll, MP	1 July 2019	to	5 July 2019
	The Hon. Gavin Jennings, MP	6 July 2019	to	13 July 2019
	The Hon. Benjamin Carroll, MP	14 July 2019	to	20 July 2019
	The Hon. Gavin Jennings, MP	1 August 2019	to	10 August 2019
	The Hon. Benjamin Carroll, MP	20 December 2019	to	12 January 2020
Secretary	Rebecca Falkingham	1 July 2019	to	30 June 2020
Acting Secretary	Simon Cohen	2 October 2019	to	4 October 2019
	Joshua Smith	10 October 2019	to	11 October 2019
	Ryan Phillips	10 February 2020	to	12 February 2020

#### The Commission

The persons who were Responsible Persons of the Commission as stipulated in Section 7 of the *Victorian Law Reform Commission Act 2000* for the reporting period are as follows:

Chair	The Hon. Anthony North, QC	29 August 2019	to	30 June 2020
Acting Chair	Bruce Gardner PSM	1 July 2019	to	28 August 2019
Commissioner	Bruce Gardner PSM	1 July 2019	to	30 June 2020
Commissioner	Dr Ian Hardingham QC	1 July 2019	to	10 April 2020
Commissioner	Alison O'Brien PSM	1 July 2019	to	30 June 2020
Commissioner	The Hon Frank Vincent AO QC	1 July 2019	to	18 October 2019
Commissioner	Liana Buchanan	1 July 2019	to	30 June 2020
Commissioner	Gemma Varley PSM	1 July 2019	to	30 June 2020
Commissioner	Bernadette McSherry	1 July 2019	to	30 June 2020
Commissioner	Dan Nicholson	1 July 2019	to	30 June 2020
Commissioner	Jennifer Coate	19 June 2020	to	30 June 2020
Accountable Officer				
Chief Executive Officer	Ms Merrin Mason	1 July 2019	to	30 June 2020
Acting CEO	Lindy Smith	1 July 2019	to	9 July 2019

## Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Commission during the reporting period was in the range: \$220,000 – \$230,000 (\$210,000 – \$220,000 in 2018–19).

### 8.4 Remuneration of executives and key management personnel

The number of executive officers and key management personnel, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table on the following page. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 Employee Benefits) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered.

Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

**Termination benefits** include termination of employment payments, such as severance packages.

Remuneration of executive officers	2020	2019
<i>(including key Management Personnel as disclosed in Note 8.5)<sup>(a)</sup></i>	\$	\$
Short-term employee benefits	596,940	503,051
Post-employment benefits	50,470	64,263
Other long-term benefits	12,622	17,942
<b>Total remuneration</b>	<b>660,031</b>	<b>585,256</b>
<b>Total number of executives<sup>(c)</sup></b>	<b>10</b>	<b>7</b>
<b>Total annualised employee equivalents<sup>(b)</sup></b>	<b>3.1</b>	<b>2.5</b>

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.5).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

(c) Total number of executives includes paid and unpaid Commissioners. KMP holding their position for fewer than 14 days have been excluded.

## 8.5 Related Parties

The Commission is an independent agency established under the Victoria Law Reform Commission Act 2000. It is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Commission include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements

All related party transactions that have been entered into on an arm's length basis.

**Key management personnel** of the Commission includes the Attorney-Generals, the Hon. Jill Hennessy; the Acting Attorney-Generals, the Hon. Benjamin Carroll MP and the Hon. Gavin Jennings; and the Chair, Acting Chairs and Commissioners of the Victorian Law Reform Commission; and members of the Senior Executive Team, which includes:

Key Management Personnel	Position title
The Hon. Anthony North, QC	Chair
Bruce Gardner PSM	Commissioner and Acting Chair
Dr Ian Hardingham QC	Commissioner
Alison O'Brien PSM	Commissioner
The Hon Frank Vincent AO QC	Commissioner
Liana Buchanan	Commissioner
Gemma Varley PSM	Commissioner
Bernadette McSherry	Commissioner
Dan Nicholson	Commissioner
Jennifer Coate	Commissioner
Ms Merrin Mason	Chief Executive Officer
Lindy Smith	Acting CEO

Two new Commissioners, Dr Vivian Waller and Kathleen Foley were appointed by The Governor in Council with effect from 24 November 2020.

The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

### Significant transactions with government-related entities

The Commission received funding of \$2.994 million (2019: \$2.565 million) and made payments of \$0.205 million (2019: \$0.233 million) to government-related entities.

During the year, the Commission had the following government-related entity transactions:

- \$95,054.65 in payroll tax to the State Revenue Office (2019: \$93,240).
- \$109,054.65 in other transactions that are collectively, but not individually significant (2019: \$94,499).

### Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Outside of normal citizen type transactions with the Commission, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

### 8.6 Remuneration of auditors

	2020	2018
	\$	\$
<b>Victorian Auditor General's Office<sup>(a)</sup></b>		
Audit or review of the financial statements	21,600	20,500
<b>Other non-audit services<sup>(b)</sup></b>		
Internal audit	-	19,710
<b>Total remuneration of auditors</b>	<b>21,600</b>	<b>40,210</b>

(a) The Victorian Auditor-General's Office is prohibited from providing non-audit services.

(b) Planned expenses relating Internal Audit services for 2019–20 were not incurred in the current period due to delays in the provision of these services associated with the focus of the audit, and will instead be incurred in the 2020–21 reporting period.

### 8.7 Subsequent events

The policy in connection with recognising subsequent events that are for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

The Commission acknowledges that the COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Commission at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Commission, its operations, its future results and financial position. The state of emergency in Victoria was extended on 21 November 2020 until 6 December 2020 and the state of disaster was ended on 21 November 2020.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Commission, the results of its financial operations or the state of affairs of the Commission in the future financial years. The state of emergency in Victoria was extended on 21 November 2020 until 6 December 2020 and the state of disaster was ended on 21 November 2020.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Commission, the results of its financial operations or the state of affairs of the Commission in the future financial years.

## 8.8 Other accounting policies

### Contributions by owners

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Commission.

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

## 8.9 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2019-20 reporting period.

These accounting standards have not been applied to the Model Financial Statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- This Standard principally amends AASB 101 *Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The Commission has not earlier adopted the Standard.

The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.

The Commission is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current*
- This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* with the intention to defer the application by one year to periods beginning on or after 1 January 2023. The Commission will not early adopt the Standard.

The Commission is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Commission's reporting.

- AASB 17 Insurance Contracts.
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

## 8.10 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

**Borrowings** refers to lease liabilities and other interest bearing arrangements.

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

**Comprehensive result** is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

**Controlled item** generally refers to the capacity of the Commission to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

**Current grants** are amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

**Depreciation** is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

**Effective interest method** is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

**Employee benefits expenses** include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

**Ex gratia expenses** mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

**Finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Financial asset is any asset that is:

- (a) cash;
- (b) 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

**Financial instrument** is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial liability** is any liability that is:

- (a) a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

Financial statements in this Report comprises:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information; and
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements.

**Interest expense** represents costs incurred in connection with borrowings. It includes interest components of lease repayments, and amortisation of discounts or premiums in relation to borrowings.

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

**Leases** are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

**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 classified as 'other non-owner movements in equity'.

**Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

**Non-financial assets** are all assets that are not financial assets. It includes inventories and plant and equipment.

**Operating 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 movements in equity'. Refer also 'net result'.

**Other economic flows** included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets and fair value changes of financial instruments.

**Payables** includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

**Receivables** includes amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

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 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 into 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.

### 8.11 Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

..	zero, or rounded to zero
(xxx.x)	negative numbers
200x	year period
200x 0x	year period

The financial statements and notes are presented based on the illustration for a government Department in the 2019–19 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Commission's annual reports.



## DISCLOSURE INDEX

The annual report of the Commission is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

### Standing Directions & Financial Reporting Directions

#### *Report of operations*

##### **Charter and purpose**

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FRD 22H	Key initiatives and projects	Page 14–21
FRD 22H	Nature and range of services provided	Page 14–21

##### **Management and structure**

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##### **Financial and other information**

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FRD 22H	Application and operation of Freedom of Information Act 1982	Page 26
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FRD 22H	Statement on National Competition Policy	Page 27
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FRD 22H	Details of consultancies over \$10 000	Page 25
FRD 22H	Details of consultancies under \$10 000	Page 25
FRD 22H	Disclosure of government advertising expenditure	Page 25
FRD 22H	Disclosure of ICT expenditure	Page 26
FRD 22H	Statement of availability of other information	Page 27
FRD 24C	Reporting of office based environmental impacts	Page 28
FRD 25D	Local Jobs First	Page 25
FRD 29C	Workforce Data disclosures	Page 24
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##### **Compliance attestation and declaration**

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SD 5.2.3	Declaration in report of operations	Page 35

#### *Financial statements*

##### **Declaration**

SD 5.2.2	Declaration in financial statements	Page 35
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## Standing Directions & Financial Reporting Directions

### Other requirements under Standing Directions 5.2

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 69
SD 5.2.1(a)	Compliance with Standing Directions	Page 35
SD 5.2.1(b)	Compliance with Model Financial Report	Page 71

### Other disclosures as required by FRDs in notes to the financial statements (a)

FRD 13	Disclosure of Parliamentary Appropriations	Page 44
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 35
FRD 103G [pending]	Non Financial Physical Assets	Page 49
FRD 110A	Cash Flow Statements	Page 40

Note: References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

### Legislation

<i>Freedom of Information Act 1982</i>	Page 26
<i>Building Act 1993</i>	Page 27
<i>Protected Disclosure Act 2012</i>	Page 27
<i>Carers Recognition Act 2012</i>	Page 28
<i>Disability Act 2006</i>	Page 28
<i>Local Jobs Act 2003</i>	Page 25
<i>Financial Management Act 1994</i>	Page 65

## BUDGET PORTFOLIO OUTCOMES

The Budget Portfolio Outcomes provide comparisons between the actual financial statements of the agency and 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>	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
<b>Annual Appropriation</b>	<b>856,100</b>	662,300	665,300	694,000	707,000
<b>Actual</b>					
Output appropriations					
– Department of Justice and Community Safety	<b>856,100</b>	662,300	665,300	694,000	706,400
Grants - Specific Purpose – Department of Justice and Community Safety	-	-	-	-	-
Grants - Legal Services Board	<b>2,243,000</b>	1,893,106	2,045,567	1,788,525	1,766,376
Interest	-	9,235	6,214	12,581	16,947
Total revenue	<b>3,099,100</b>	2,564,641	3,382,381	2,495,106	2,489,723
Total expenses	<b>(2,782,619)</b>	(2,577,906)	(2,771,724)	(2,700,032)	(2,686,707)
Net result from continuing operations	<b>313,356</b>	(29,674)	(50,235)	(205,176)	(200,651)
Net cash flow from operating activities	<b>585,298</b>	(83,364)	(39,901)	(208,512)	(202,913)
Total assets	<b>1,697,543</b>	506,024	661,603	643,869	857,176
Total liabilities	<b>1,244,941</b>	366,778	492,861	424,893	433,024

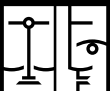
The difference between the annual appropriation and the actual grant from the Department of Justice and Community Safety is a direct result of the annual Government Efficiency Dividend, plus the annual adjustment for depreciation funded capital expenditure.











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