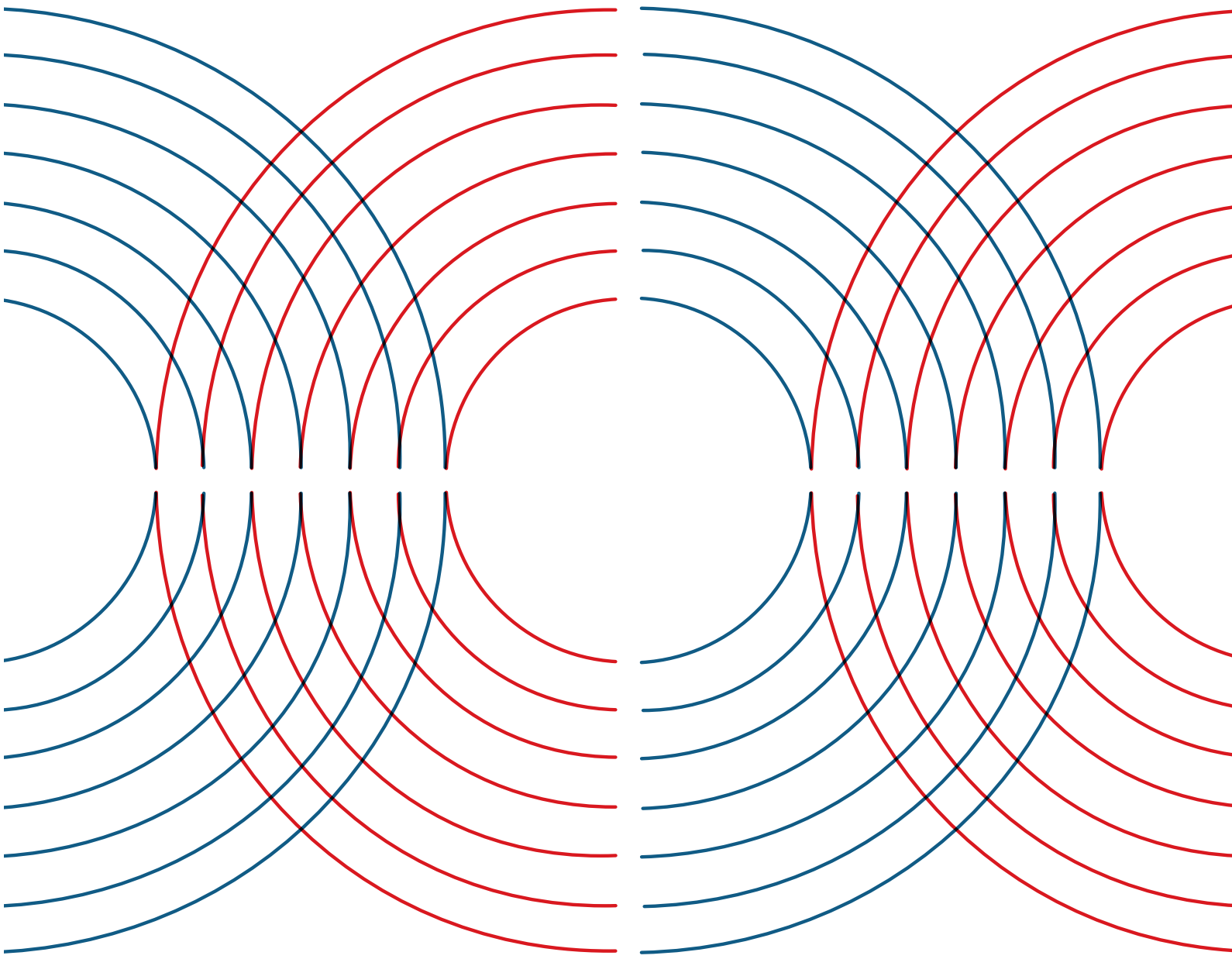


Annual Report

2017–2018



Inclusive
Independent
Innovative





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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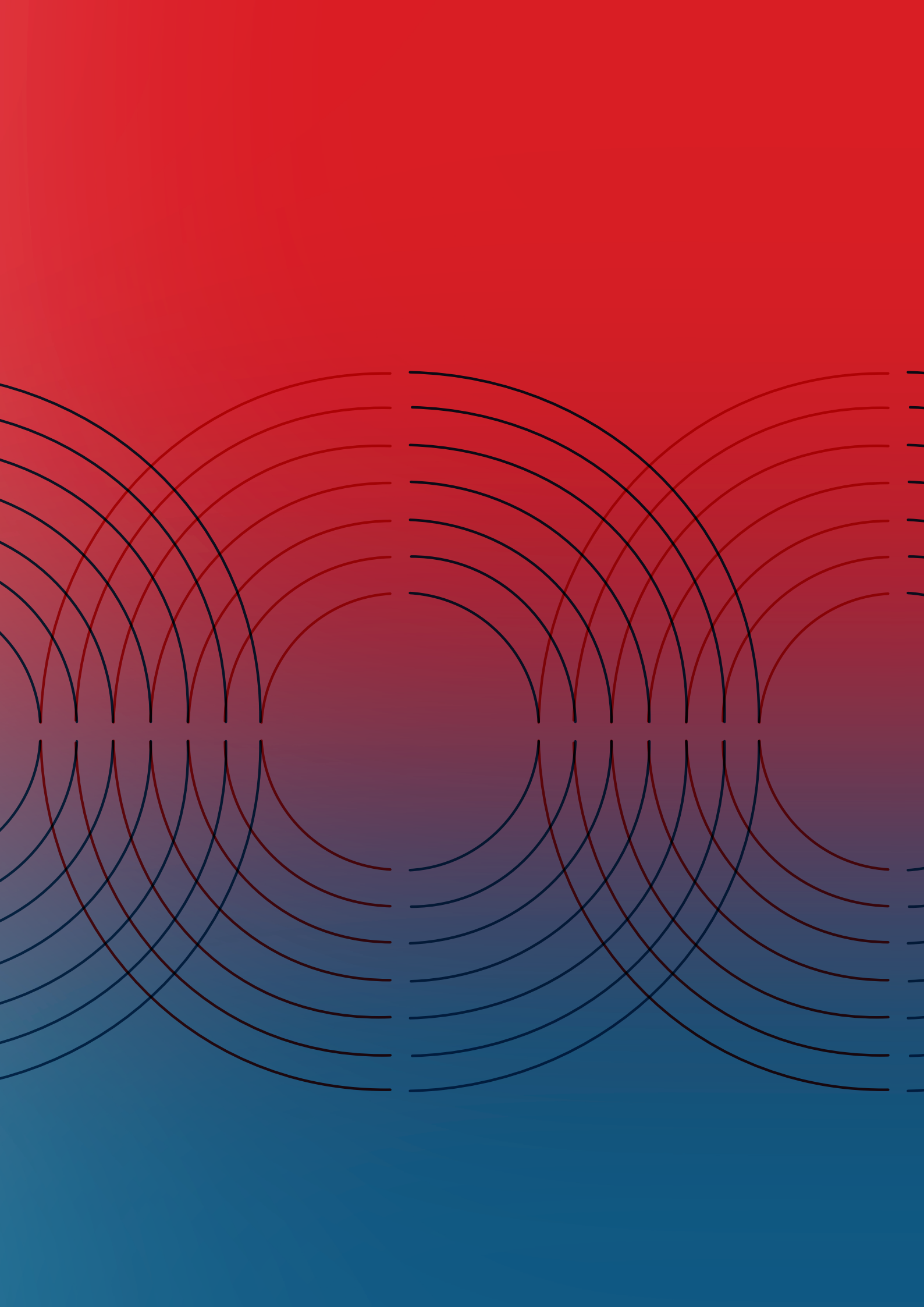
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The principal work of the Commission is to undertake and fulfil references made by the Victorian Attorney-General.

The principal work of the Commission is to undertake and fulfil references made by the Victorian Attorney-General pursuant to section 5(1)(a) of the *Victorian Law Reform Commission Act 2000* (VLRC Act 2000). These are termed references. A subordinate, but nonetheless important, part of the work of the Commission is community law reform inquiries. These are termed projects on the Commission's website, are initiated by the Commission itself, and derive from community input. The power for such inquiries is contained in section 5(1)(b) of the VLRC Act 2000, which provides that the inquiries should relate to matters of general community concern and should not require a significant deployment of the resources available to the Commission.

References and Inquiries 2017–2018

References

During the reporting year 2017–2018, the Victorian Law Reform Commission completed one report, *Access to Justice—Litigation Funding and Group Proceedings* (Report no. 37). It was delivered to the Attorney-General by the due date of 30 March 2018 and tabled in Parliament on 19 June 2018. As is the case with all reports, it has been published on our website, where readers can also find the public submissions and background information about the reference.

In July 2017 the Attorney-General provided the Commission with supplementary terms of reference for its inquiry into the *Victims of Crime Assistance Act 1996*, broadening the inquiry to consider the effectiveness of the Act for all victims. The Commission published a supplementary consultation paper in August 2017. The report was delivered to the Attorney-General by the due date of 27 July 2018.

2017 also marked the 30th anniversary of the release in 1987 of *Plain English and the Law*, a landmark report by the Law Reform Commission of Victoria (a predecessor organisation of the VLRC) that has been highly influential not only in Victoria but nationally and internationally. To ensure that the report continues to be widely available, the Commission has republished the report in a new format, now available in hard copy and on its website, and with a new Preface.

Community law reform inquiry

The Commission has made significant progress during the year with its community law reform inquiry, Neighbourhood Tree Disputes, which focuses on disputes between neighbours regarding trees on private land. A consultation paper was published in December 2017. The Commission has consulted widely, and received 33 submissions. An online video was produced to promote the inquiry, which also received significant media coverage. Preparation of the report is well under way for completion by May 2019.

School and community education

Under section 5(1)(e) of the VLRC Act 2000, a function of the Commission is to undertake educational programs on areas of law relevant to the Commission's references. This is a significant function, to which the Commission gives careful attention. It involves extensive visits to schools, universities and community organisations, and is reported in detail later in this annual report. The Commission undertakes much of this work on its own, and also participated in five Law Talks events—three regional and two metropolitan this year—in collaboration with the Victoria Law Foundation, with whom it has a productive and warm relationship. A further educational initiative was made in the reporting year. The Commission has commenced presentations to the University of the Third Age (U3A) and has made four presentations, in metropolitan and regional Victoria. This is a valuable development and has been warmly received.

Thanks

Once again I warmly thank the current part-time Commissioners for their continuing work: Liana Buchanan, Helen Fatouros, Bruce Gardner PSM, Dr Ian Hardingham QC, His Honour David Jones AM (term completed 28 February 2018), Alison O'Brien, Gemma Varley PSM, and the Hon. Frank Vincent AO QC. Professor Bernadette McSherry joined the Commission on 26 June 2018, and I warmly welcome her.

The Commission continues to be very well served by its Chief Executive Officer, Merrin Mason, and by its hard-working, talented staff who bring their skills and dedication to every reference and inquiry.

I have enjoyed excellent relations with government, in particular the Attorney-General, the Hon. Martin Pakula MP and the Department of Justice and Regulation. I record my warm thanks to Ryan Phillips, Deputy Secretary, Criminal Law Policy and Operations, and to Donald Speagle, Deputy Secretary, Civil Justice.

I commend this Annual Report to you.

Responsible body's declaration

In accordance with the *Financial Management Act 1994* I am pleased to present the Victorian Law Reform Commission's Annual Report for the year ending 30 June 2018.



The Hon. P. D. Cummins AM
Chair
July 2018

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 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 reference or inquiry, it consults with people who are affected, especially:

- people in regional and remote communities
- Indigenous people
- people from culturally and linguistically diverse backgrounds
- people with disabilities.

The Commission reports to the Attorney-General on completion of a reference or 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.

20
17**JULY 2017**

The Attorney-General referred to the Commission supplementary terms of reference for the review of the *Victims of Crime Assistance Act 1996*.

The Commission published a consultation paper: *Access to Justice—Litigation Funding and Group Proceedings*.

AUGUST 2017

The Commission published a supplementary consultation paper for its review of the *Victims of Crime Assistance Act 1996*.

SEPTEMBER 2017

A three-month period commenced of extensive community and stakeholder consultations for the review of the *Victims of Crime Assistance Act 1996*, with a focus on the views and experiences of victims of crime.

OCTOBER 2017

The Commission republished *Plain English and the Law*, the landmark 1987 report by the Law Reform Commission of Victoria (a predecessor organisation of the VLRC) with a new Preface.

DECEMBER 2017

The Commission published a consultation paper on neighbourhood tree disputes and called for submissions.

20
18**JANUARY 2018**

The Commission produced a video explaining the law of neighbourhood tree disputes and calling for submissions.

FEBRUARY 2018

Extensive consultations commenced for the neighbourhood tree disputes inquiry, including rural and regional consultations. The Commission received more than 120 responses to an online survey on neighbourhood tree disputes.

MARCH 2018

The Commission delivered its report, *Access to Justice—Litigation Funding and Group Proceedings* to the Attorney-General.

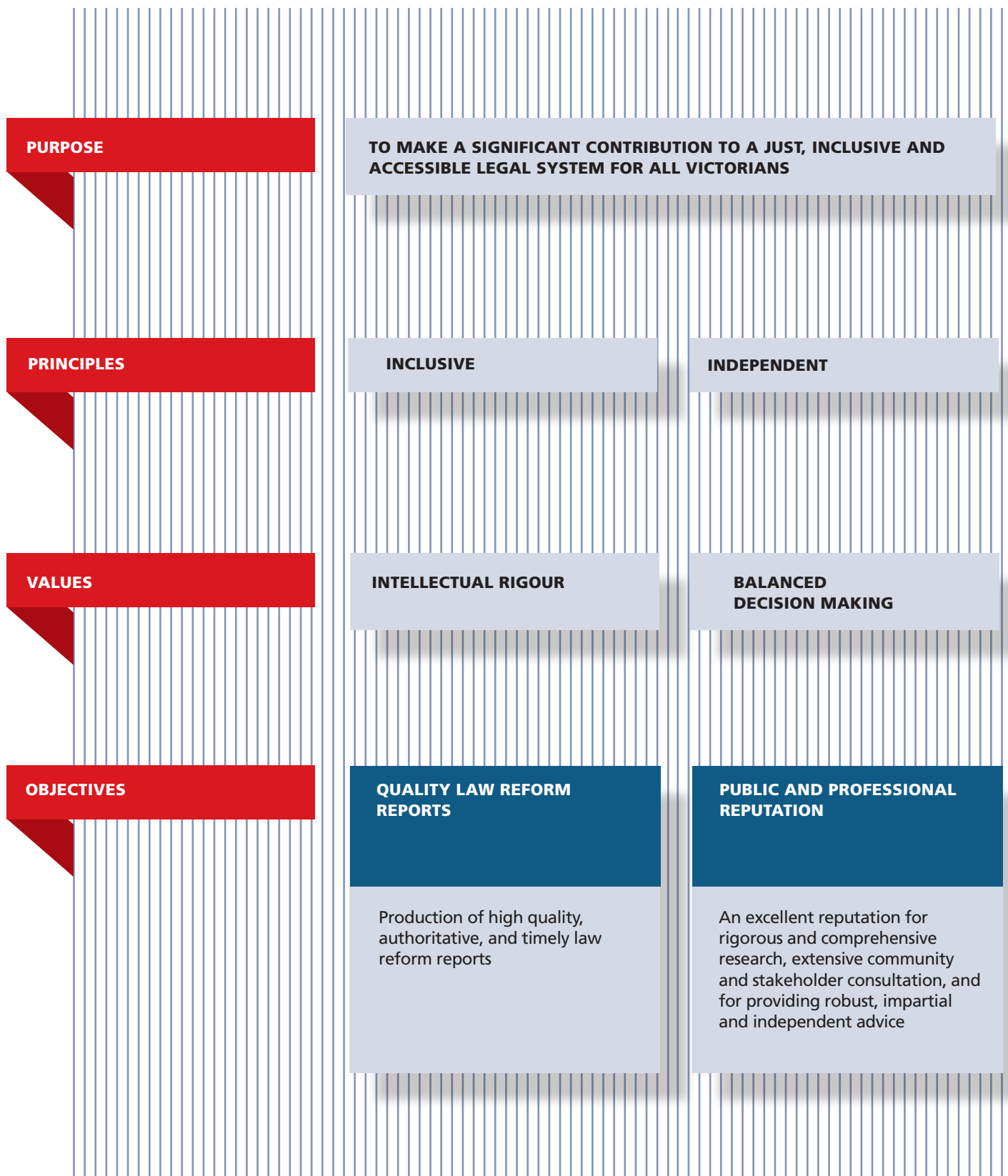
MAY 2018

The Commission presented to an audience of 380 legal studies students at Law Talks, a Law Week event. Overall, during 2017–18 the Chair and staff members presented at five Law Talks events, reaching 950 students.

JUNE 2018

The report on *Access to Justice—Litigation Funding and Group Proceedings* was tabled in Parliament, attracting extensive media coverage.

Professor Bernadette McSherry commenced as a part-time Commissioner.



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

The Hon. Philip Cummins AM, who commenced as Chair of the Victorian Law Reform Commission on 1 September 2012, was a Judge of the Supreme Court of Victoria from 1988 to 2009. He served in all Supreme Court Divisions and in the Court of Appeal, including as Senior Judge of the Trial Division of the Court and Principal Judge of the Criminal Division. In 2011–12 Mr Cummins was Chair of the Protecting Victoria's Vulnerable Children Inquiry. He was Chair of the Victoria Law Foundation from 2009 to 2014 and President of Court Network Inc from 2010 to 2014. He holds degrees from the University of Melbourne including Master of Laws and Master of Science (Psychiatry). He is a Fellow of the Australian Academy of Law. In December 2015 Mr Cummins was elected President of the Commonwealth Association of Law Reform Agencies, based in London. His term as President runs to 31 December 2019.

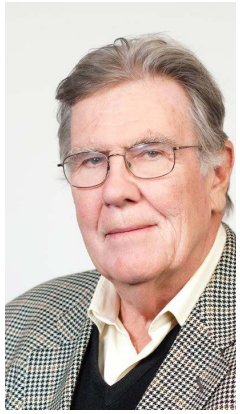
Commissioners (Part-time)

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.

Helen Fatouros has worked within the criminal justice system for over 18 years as a lawyer and leader within prosecutions and the legal assistance sector. Her previous roles include Executive Director Criminal Law Services at Victoria Legal Aid, Legal Prosecution Specialist and Directorate Manager Specialist Sex Offences at the Victorian Office of Public Prosecutions. In 2012, Helen led the Sexual Offences Interactive Legal Education Program, earning her the Law Institute of Victoria's 2013 President's Award for Government Lawyer of the Year. Helen is also a current Council Director of the Sentencing Advisory Council. She was appointed to the Victorian Law Reform Commission in September 2014.

Bruce Gardner PSM is the Senior Legal Advisor to the Victorian Director of Public Prosecutions. He has had 36 years' experience in the Crown Solicitor's Office and the Office of Public Prosecutions as a prosecution solicitor. Since 1994, Mr Gardner has held a range of policy-related positions including being 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.

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 Honour David Jones AM has held a wide range of positions in the legal sector, including 16 years as a judge of the County Court and two years as a reserve judge of that Court. Mr Jones was a member of the Adult Parole Board for 12 years. He led an independent inquiry into arrangements for CFA volunteers in 2011, and was Special Investigations Monitor between 2004 and 2009. He is Chair of the AFL Tribunal. He was appointed a member of the Victorian Law Reform Commission in March 2012 and was acting Chair from March to August 2012. Mr Jones's term concluded on 28 February 2018.

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 and the Faculty of Law, Monash University. 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. She served as a Legal Member of the Victorian Mental Health Tribunal for 18 years until mid 2018. She was appointed to the Commission in June 2018.

Alison O'Brien has 22 years' experience working in government, including 20 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. She was appointed to the Victorian Law Reform Commission in September 2013.

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. Mrs Varley is in private practice as a consulting legislative drafter. She 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.

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 third 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.

Objectives

Results

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

- Completed one reference: *Access to Justice—Litigation Funding and Group Proceedings*
- Republished the Commission's legacy report from 1987: *Plain English and the Law*.

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

- Published three consultation papers:
- *Access to Justice—Litigation Funding and Group Proceedings*
 - *Neighbourhood Tree Disputes*
 - *Review of the Victims of Crime Assistance Act 1996* (Supplementary consultation paper)

Extensive consultations with the community and stakeholders for:

- Access to Justice—Litigation Funding and Group Proceedings
- Neighbourhood Tree Disputes
- Review of the *Victims of Crime Assistance Act 1996*

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 five Law Talks events for VCE legal studies students, jointly with the Victoria Law Foundation, reaching 950 students.

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

13 proposals for community law reform projects were received.

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, 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 Year Financial Review

- The Commission's income increased in 2017–18 to \$2.717M (2016–17: \$2.495M). This increase related to additional grant funding received from the Victorian Legal Services Board in relation to additional reference work undertaken.
- The Commission's expenditure was relatively stable in 2017–18 at \$2.771M (2016–17: \$2.700M). Decreases in employee related expenses were offset by increases in other operating expenses primarily relating to contract staff costs.
- The overall net result of \$(50,235) is reflected in the lower trust fund balance of \$338,240.

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 2018.

Performance measures

Quantity	Unit of Measure	2017–18 Actual	2017–18 Target	Performance Variation
Community education and consultation sessions	number	55	100	–45
<p>Owing to a significant change in the 2018 Victorian Certificate of Education Legal Studies curriculum, the majority of school based education sessions were rescheduled to the latter half of the 2018 school year by the recipient schools. This information was not available when setting the BP3 targets. Consequently the VLRC target for the 2017–2018 financial year was not met, however, the same number of school talks will be given in the 2018 calendar year as usual.</p>				
Law reform projects ¹	number	4	3	1
<p>Supplementary terms of reference were received for the Commission reference on the Review of the <i>Victims of Crime Assistance Act 1996</i> in July 2017 which required the production of an additional, supplementary consultation paper.</p>				
Stakeholder satisfaction with consultation/education processes	per cent	0	85	
<p>As noted above, the relevant education sessions (on which the survey is based) were not held in this financial year. The VLRC's school sessions have been rescheduled to the latter half of the 2018 calendar year. Consequently, the data on which the survey results are based was not collected for the 2017–18 financial year.</p>				
Cost				
Annual appropriation		691		
Victorian Legal Services Board		2,046		
Total output cost		2,737		

The outputs relating to the Commission are included in the Budget Paper No. 3 (BP3) under the heading of the Department of Justice and Regulation's Criminal Justice Services—Criminal Law Support and Reform. The Commission's outputs contribute to this consolidated total output cost of \$67.7M.

The total output cost for the Commission is an amount derived from the *Appropriation (2017/2018) Act 2017*, less required savings and other movements, plus the amount received from the Victorian Legal Services Board, as directed by the Attorney-General.

¹ This measure records the number of publications produced.

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.



REFERENCE

Access to Justice— Litigation Funding and Group Proceedings

This reference focused on access to justice. The Commission reviewed specified issues to ensure that litigants are not exposed to unfair risks or disproportionate cost burdens when they use the services of litigation funders or are involved in class actions (referred to in the legislation as group proceedings).

Victoria has had procedures in place for class actions since 2000, as part 4A of the *Victorian Supreme Court Act 1986*. At the core of the terms of reference is the concern to ensure that the interests of the litigants are protected and given priority in proceedings funded by litigation funders and in class actions.

REFERRED

16 December 2016

DUE DATE

30 March 2018

DELIVERED

26 March 2018

TABLED IN PARLIAMENT

19 June 2018

Terms of reference

The Victorian Law Reform Commission is asked to report on the following issues to ensure that litigants who are seeking to enforce their rights using the services of litigation funders and/or through group proceedings are not exposed to unfair risks or disproportionate cost burdens. The Commission is asked to report on:

- 1 Whether there is scope for the supervisory powers of Victorian courts or Victorian regulatory bodies to be increased in respect of proceedings funded by litigation funders.
- 2 Whether removing the existing prohibition on law firms charging contingency fees would assist to mitigate the issues presented by the practice of litigation funding.
- 3 In respect of group proceedings commenced under the provisions of Part 4A of the *Victorian Supreme Court Act 1986* and similar proceedings that involve a number of disputants being represented by an intermediary, whether there should be further regulation of proceedings.

The full terms of reference can be viewed at www.lawreform.vic.gov.au.

Commissioners and staff

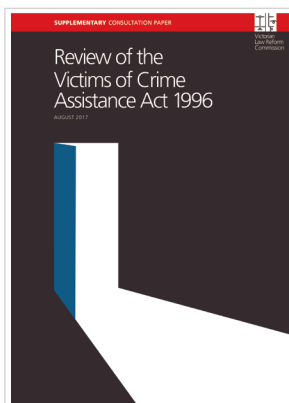
The Chair, the Hon. Philip Cummins AM, formed a Division to work on this reference, which he also chaired. Members were Helen Fatouros, His Honour David Jones AM, Alison O'Brien, and the Hon. Frank Vincent AO QC.

The research and policy team was Lindy Smith (team leader), Madeleine Roberts and Michelle Whyte (policy and research officers).

Progress of the reference

The report, *Access to Justice—Litigation Funding and Group Proceedings* was delivered to the Attorney-General on 26 March 2018, tabled in Parliament on 19 June 2018, and published on the Commission's website. The report made 31 recommendations, including:

- amendments to the *Supreme Court Act 1986* and the Supreme Court practice note on class actions with the aim of advancing the nationally consistent regulation and conduct of class actions
- that the Victorian Government should advocate through the Council of Australian Governments for stronger national regulation and supervision of the litigation funding industry
- recommendations reinforcing the role of the Supreme Court in safeguarding litigants from exposure to unfair risks and disproportionate cost burdens, and improving efficiency. They affect the Court's role and powers in:
 - > stronger case management
 - > certainty of powers to control costs
 - > better information and support for the Court's protective role
 - > better information for class members.
- that lawyers should be able to claim a percentage of the settlement in class actions in Victoria (contingency fees) with the Court's approval and subject to other conditions to control costs. This would increase access to justice by providing another avenue of funding.



REFERENCE

Review of the Victims of Crime Assistance Act 1996

This reference to the Commission originated as part of the Victorian Government response to the Victorian Royal Commission into Family Violence. The original reference was extended in July 2017 to cover all victims of crime. The reference seeks answers to the question of what changes should be made to the *Victims of Crime Assistance Act 1996* to assist victims.

REFERRED

22 December 2016

DUE DATE

27 July 2018

DELIVERED

23 July 2018

Terms of reference

In December 2016, the Commission was asked to review and report on the provision of state-funded financial assistance to victims of family violence under the *Victims of Crime Assistance Act 1996* (the Act). As part of this review, the Commission was asked to consider five matters raised by Recommendation 106 of the Royal Commission into Family Violence. These included:

- the eligibility test and whether this should be expanded to include victims of family violence where a pattern of non-criminal behaviour results in physical or psychological injury
- the categories and quantum of awards with regard to the cumulative impact of family violence behaviour on victims, and
- the requirement to notify a perpetrator, especially where the act of violence has not been reported to police or no charges have been laid, or the prosecution is discontinued or the person is acquitted.

In July 2017 the Commission was requested to expand its review to consider the operation and effectiveness of the Act and the Victims of Crime Assistance Tribunal for all crime victims, including victims of family violence. As part of the expanded terms of reference, the Commission was asked to consider whether there are other models of state-funded financial assistance that would more effectively deliver assistance to victims of crime. The Commission was also asked to consider whether it is appropriate in certain circumstances for alleged perpetrators of a crime to be notified of applications or to be called to give evidence.

In conducting the review and making recommendations the Commission was asked to bear in mind that a state-funded financial assistance scheme for victims

should seek to achieve outcomes for victims that:

- are fair, equitable and timely
- are consistent and predictable
- minimise trauma for victims and maximise the therapeutic effect for victims

and that the scheme must also be efficient and sustainable for the state.

The Commission was asked to provide a single report incorporating both the first reference and the expanded reference.

The full terms of reference can be viewed at www.lawreform.vic.gov.au

Commissioners and staff

The Chair, the Hon. Philip Cummins AM, formed a Division to work on this reference, which he also chairs. Members are Liana Buchanan, Bruce Gardner PSM, Dr Ian Hardingham QC and the Hon. Frank Vincent AO QC.

The research and policy team is Anna Beesley (team leader), Claire Gallagher and Alexia Staker (policy and research officers) and Claerwen O'Hara (research assistant).

Progress of the reference

The Commission released two consultation papers for this reference.

The Commission also consulted widely with stakeholders, including with victims of crime and their families, victims advocacy organisations and the Victims of Crime Commissioner, advocacy and support organisations, legal professionals, the courts and academics. Thirty consultations were held in metropolitan and regional Victoria.

Sixty written submissions were received in response to both consultation papers.

The report was delivered to the Attorney-General by the due date.

The Victorian Law Reform Commission Act 2000 by section 5(1)(b) provides that part of the Commission's function is to make recommendations to the Attorney-General on legal issues of general community concern. Community law reform inquiries must involve legal issues that are limited in scope, and of general benefit to the community.

The aim of the community law reform program is to improve accessibility for people and communities who are not usually involved in law reform but who have 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.

Criteria

Suggestions can come from individuals or community groups, and can be in relation to any area of Victorian law of general community concern. Each suggestion is assessed against the criteria for community law reform projects which are developed from the criteria stated in section 5(1)(b). 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 which is tabled in Parliament by 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 any one time.

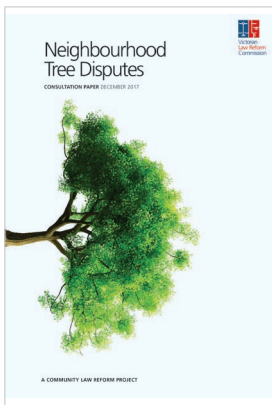
Community law reform suggestions

This financial year the Commission received 13 formal community law reform suggestions. The most common methods of submission were via e-mail, with eight suggestions received via e-mail, three via an online form, and two via letter. Individual community members accounted for 11 of the suggestions.

Suggestions for law reform related to a broad range of issues, including: matters under the *Bankruptcy Act 1966* (Cth); discounts to TAC premiums; the deportation of non-citizen prisoners; limiting access to transcripts in court appeals; creating an offence for online trolling; abolishing mandatory helmet use; exemptions to the failure to disclose an offence under section 327 of the *Crimes Act 1958* (Vic); changes to sexual assault laws; abolishing secret and half-secret trusts; creating an offence for using imitation explosive devices; and the consolidation of laws that manage fires and regulate fire-related offences.

None of the suggestions received met the criteria for community law reform inquiries because they:

- related to Commonwealth legislation
- had previously been reviewed or were currently under review by government or another body
- were a matter of government policy rather than a defect in the law
- were better suited to internal review by the government
- were not of general community concern, or
- were too complex, requiring significant resources and substantial changes to the law.



COMMUNITY LAW REFORM

Community law reform inquiry: Neighbourhood Tree Disputes

The Commission is examining the law governing disputes between neighbours involving trees on private land that cause damage or harm.

COMMENCED
8 June 2017

DUE DATE
9 May 2019

The Chair, the Hon. Philip Cummins AM, has formed a Division to work on this inquiry, which he also chairs. Commissioners on the Division are Liana Buchanan, Dr Ian Hardingham QC, Alison O'Brien, and Gemma Varley PSM.

Staff working on the inquiry are Emma Cashen (Principal Legal Policy Officer from April 2018), Natalie Lilford (Community Law Reform Manager, up to March 2018), Hana Shahkhan and Anna Woods (researchers).

Disputes about trees are a common source of conflict between neighbours, with common issues including encroaching roots, overhanging branches, leaf litter and property damage. Tree disputes can escalate quickly, and can have ongoing negative effects on neighbourhood relationships if not resolved.

The central questions driving the inquiry are: How well is current law working to assist neighbours to resolve their tree disputes and how can it be improved so that the dispute resolution process is simpler and fairer?

In this inquiry, the Commission will examine the types of disputes people experience, map the current dispute resolution pathways, and consider whether the law should be changed to provide a more effective framework for resolving tree disputes.

As it is necessary to limit the scope of community law reform inquiries, the Commission will not consider disputes about trees on public land, or disputes about trees that block sunlight and views. The complete terms of reference can be found on the Commission's website.

Progress of the inquiry

A consultation paper was published in December 2017, and in January 2018 a video explaining the issues was produced and uploaded to YouTube and the Commission's website. Thirty-three submissions were received and the Commission held 12 consultations with community members, arborists, local councils, the Victorian Civil and Administrative Tribunal (VCAT), the Dispute Settlement Centre of Victoria and the New South Wales Land and Environment Court. There were 124 community responses to an online survey about experiences of tree disputes. At the conclusion of the reporting period, writing of the report was under way for delivery to the Attorney-General by 9 May 2019.



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Poisonings, uprootings and court stoushes: the toxic world of neighbourhood tree disputes

[Download audio](#)

[show transcript](#)

Tuesday 20 February 2018 5:30PM [\(view full episode\)](#)

Have you ever had a dispute with your neighbour over a tree? Maybe their fruit or leaves have clogged up your gutters? What about a branch growing over the boundary fence?

In Victoria, neighbourhood tree disputes are so common that the state's main resolution body receives 10 calls a day from bickering neighbours.

Victoria's The Law Reform Commission is now looking to overhaul the state's confusing and outdated laws, to bring it into line with those in New South Wales and Queensland.



IMAGE: A NEIGHBOUR'S TREE CRASHES INTO A HOME AND CAR IN OUTER MELBOURNE. (ABC NEWS: JAMES DEAN)



Tuesday 5.30pm
Repeated: Wednesday 5.30am,
Thursday 11am

Presented by Damien Carrick

Opposite

Victoria Thieberger, a community member, was interviewed for the Commission's video on neighbourhood tree disputes. She also spoke on an episode of *The Law Report* devoted to the subject of tree disputes on Radio National.

Online videos, social media and mainstream media were among the channels that the Commission used to communicate with the community in 2017–2018.

COMMUNICATIONS

Media highlights

The Commission continued to provide expert comment to the media on issues related to its references. Highlights included:

- Numerous articles appeared in *The Australian* on the litigation funding reference, before and after the publication of the report. They included: 'Who is really winning these class actions' (26 October 2017), 'Plaintiff firms eye the big bucks' (23 February 2018), 'Class action inquiry to determine who benefits' (23 February 2018), 'Sensationalist reporting fuels row over costs' (16 March 2018), 'Class actions fuel insurance rates' (23 March 2018), 'Victoria considers US-style charging' (6 April 2018), 'Law body backs US-style legal fees' (20 June 2018), 'Price of justice must consider customers first' (22 June 2018).
- The litigation funding reference was also the subject of several articles in the *Australian Financial Review*: 'Firms, funders tussle over class actions' (21 July 2017), 'Rush to courts demands class actions overhaul' (22 September 2017), 'Class actions reform battle takes shape' (8 June 2018), 'Constraint needed on class action fees' (20 June 2018).
- The neighbourhood tree disputes inquiry was the subject of a complete episode of *The Law Report* on Radio National, including interviews with the Chair of the Commission (20 February 2018). The episode was also the basis of an article on the ABC website, 'Poisonings, uprootings and court stoushes: When neighbourhood tree disputes turn toxic' (21 February 2018).

- The Chair of the Commission was interviewed on ABC Radio Melbourne Breakfast on 20 December 2017 about neighbourhood tree disputes.
- In October 2017 the Chair of the Commission was interviewed on JOY FM for a podcast, 'Dying to Know', on funeral and burial instructions, based on its 2016 report.
- Changes to adult guardianship, as recommended by the Commission in 2012, and implemented by the government in 2018, were discussed on ABC Radio Melbourne, Saturday Breakfast on 24 March 2018
- The Commission's reference on victims of crime assistance was mentioned in a series of articles about victims in the *Herald Sun*, including the editorials 'Victims must come first' (13 July 2017), 'Tax crims for victims' (6 February 2018), 'Violent crime victims waiting for desperately needed help' (11 July 2017), 'Victims cash boost' (6 February 2018).
- The Commission contributed regular columns on law reform topics to *The Law Institute of Victoria Journal*.

Website

Overall visits to the Commission's website were 180,914, a small increase on the previous year. The number of users was 131,766, an increase of 4 per cent on the previous year.

The number of first time visits to the site was 84 per cent, a very high proportion. This indicates that the Commission website tends to attract many new users.

Besides the home page and 'All projects' page, the most popular pages covered a range of references. The current references, Litigation Funding, the Victims of Crime Assistance Act and Neighbourhood Tree Disputes attracted

significant traffic. Among the most visited pages were sections from reports and consultation papers completed several years ago, including Succession Laws (2013), Jury Empanelment (2014), Photographing and Filming Tenants' Possessions (2015) and Trading Trusts—Oppression Remedies (2015). These figures indicate that the Commission's work continues to be a significant source of public information and interest well after it has been published.

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:

- 5,417 Twitter followers, an increase of 500 over last year (4,917).
- 1805 Facebook followers, an increase of 191 on last year (1,614).

The Commission has uploaded 27 videos to the video sharing website YouTube, ranging from information about specific projects to community education presentations recorded at events for students. The total number of video views during 2017–18 was 5,756, an increase on last year of more than 50 per cent. The total number of views is now over 15,000. A new video on neighbourhood tree disputes was watched more than 500 times.

E-newsletters and alerts

The Commission distributed 14 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 to invite public submissions and encourage participation in consultations.) E-newsletters raise awareness of the Commission's activities among the media, and often lead to contact from journalists. These 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 16,835 users.

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 to community organisations, schools and universities; maintaining a website where all our publications are easily accessible and searchable; publishing educational resources including case studies; writing all our publications in plain English; publishing educational videos about law reform and related matters on YouTube; and promoting our work through the media. We participated in law students' careers fairs at Melbourne University, Monash University, and Australian Catholic University, and presented to law students at Deakin and Victoria Universities.

Schools program

The VLRC and its work is an important part of the Victorian Certificate of Education (VCE) legal studies curriculum, and is included in all VCE legal studies text books. The Commission's presentations to schools focus on the structure and processes of the VLRC, and include a case study on the medicinal cannabis inquiry, a discussion of the funeral and burial instructions community law reform project, and a showing of the funerals and burials video.

The presentations were updated again this year. All students were given a copy of the booklet, *Law Reform in Action* and all classes received wall posters on the law reform process.

In 2018, a new legal studies curriculum was introduced in Victoria which shifted law reform from Unit 3 to Unit 4. This means that schools now study law reform in the second half of the year, not early in the year as before. Therefore the number of school visits in the first half of 2018 was limited, and most visits will now take place in the July–September period.

The Chair and the communications manager presented on the Commission's work and the recent report on medicinal cannabis to an audience of around 50 legal studies teachers at Commview, the annual conference of the Victorian Commercial Teachers Association at Victoria University in December 2017.

Law Talks

The Commission participated in five Law Talks events for VCE organised by the Victoria Law Foundation: two in Melbourne and three regional: Bendigo, Sale and Mildura. A total of 950 students attended these events.

University of the Third Age

University of the Third Age (U3A) groups are community organisations that embody the values of lifelong learning. The Commission has established a relationship with U3A in Victoria and made several visits to local branches to explain law reform.

Presenters

The Chair, the Hon. Philip Cummins AM spoke at five Law Talks events. Nick Gadd (communications manager) spoke at two Law Talks events, Commview, and U3A community presentations.

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:

- Anthony Phillips, Chairperson (Independent Member)
- Matthew Zappulla, appointed 7 February 2018 (Independent Member)
- The Hon. Philip Cummins AM
- John Bafit, resigned 7 February 2018 (Independent Member).

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.

Human resource management and occupational health and safety

During the 2017–18 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 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 2017–18. There were no WorkCover claims lodged during the period.

Two staff members undertook first aid officer training and three staff undertook fire warden 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.

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 eight part-time Commissioners

Executive and administrative assistant

CEO

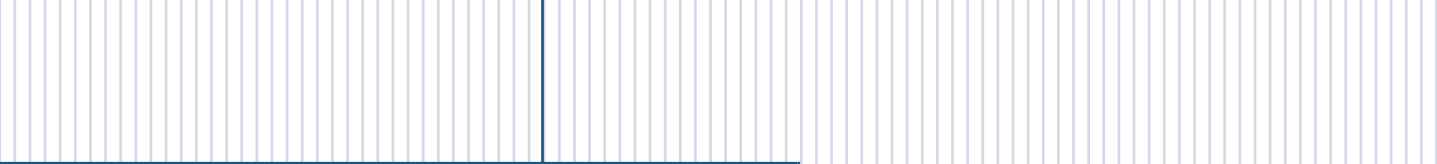
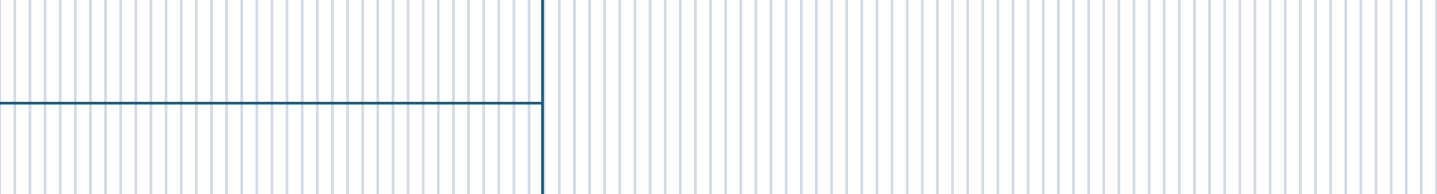
Team leaders

Community law reform manager

Research officer

Policy and research officers

Research assistants



Communications manager

Finance and office manager

Information and communications officer

Administrative assistant

Comparative workforce data

The following table discloses the head count and full-time staff equivalent (FTE) of all active employees(a) of the Commission, employed in the last full pay period in June of the current reporting period (2018), and the last full pay period in June of the previous reporting period (2017).

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) The Commission does not employ staff at VPS Grades 1 and 2.
- (d) 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.

	June 2018							June 2017						
	All employees		Ongoing ^(b)			Fixed term and casual		All employees		Ongoing ^(b)			Fixed term and casual	
	Number	Full-time	Part-time	Number	Number	Full-time	Part-time	Number	Full-time	Part-time	Number	Full-time	Part-time	
	(head-count)	FTE ^(e)	(head-count)	(head-count)	FTE ^(e)	(head-count)	FTE ^(e)	(head-count)	FTE ^(e)	(head-count)	(head-count)	FTE ^(e)	(head-count)	FTE ^(e)
Demographic data														
Gender														
Men	1	1.0	1	0	1.0	0	0.0	1	1.0	1	0	1.0	0	0.0
Women	13	11	4	2	5.0	7	6	14	12.8	5	2	6.0	7	6.8
Classification data														
VPS 1-6 grades ^(c)														
VPS 3	4	2.8	0	1	0.6	3	2.2	5	4.4	1	1	1.6	3	2.8
VPS 4	2	1.8	1	0	1	1	0.8	0	0.0	0	0	0.0	0	0
VPS 5	4	4.0	2	0	2.0	2	2.0	6	6.0	3	0	3.0	3	3.0
VPS 6	3	2.4	1	1	1.4	1	1.0	3	2.4	1	1	1.4	1	1.0
Executives^(d)	1	1.0	1	0	1.0	0	0.0	1	1.0	1	0	1.0	0	0.0
Total employees	14	12	5	2	6.0	7	6.0	15	13.8	6	2	7.0	7	6.8

Implementation of the Victorian Industry Participation policy

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of the Local Jobs First—Victorian Industry Participation Policy (Local Jobs First—VIPP). Departments and public sector bodies are required to apply Local Jobs First—VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for state-wide projects, or \$1 million or more for procurement activities in regional Victoria.

The Commission did not enter into any contracts to which the VIPP applies for the 12 months ending 30 June 2018.

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 2018.

Consultancy expenditure

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

In 2017–18, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2017–18 in relation to these consultancies is \$52,759 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2017–18 (excluding GST)	Future expenditure (excluding GST)
Strathmore Accounting & Audit Services	Accounting quality assurance and CFAO function	1 July 2017	30 June 2018	\$15,000	\$13,049	\$15,000
KPMG	Undertake Internal Audit function	1 July 2017	30 June 2018	\$19,710	\$19,710	\$20,000
Victorian Auditor-General's Office	For the audit of the financial report 2017-18	1 July 2017	30 June 2018	\$20,000	\$20,000	\$20,000

Details of consultancies under \$10,000

In 2017–18, there were three consultancies, where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2017–18 in relation to these consultancies is \$13,400 (excluding GST).

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

For the 2017–18 reporting period, the Commission had a total ICT expenditure of \$32,247 with the details shown below.

ICT expenditure refers to the Commission's costs in providing business enabling ICT services. It comprises Business As Usual (BAU) ICT expenditure and Non Business As Usual (Non BAU) ICT expenditure.

Non BAU 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)		
\$36,247	0	\$36,247	0

Disclosure of major contracts

The Commission entered into no major contracts (greater than \$10 million in value) in the 2017–18 reporting period.

Freedom of information

The *Freedom of Information Act 1982* 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 (an FoI request). They comprise documents either 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 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

FoI requests can be lodged online at www.foi.vic.gov.au. An application fee of \$28.40 applies. Access charges may also be payable if the document pool is large and the search for material is time consuming.

FoI requests can also be made direct to the Commission. They should be 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:

Finance and Office Manager
Victorian Law Reform Commission
GPO Box 4637
MELBOURNE VIC 3001

FoI statistics/timeliness

During 2017–18, the Commission received no 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.

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 that, where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership is 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.

The Commission is working to ensure Victoria fulfils its requirements on competitive neutrality reporting for technology-based businesses against the enhanced principles as required under the Competition Principles Agreement.

Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure 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

Disclosures under the *Protected Disclosure Act 2012*

	2017–18 number	2016–17 number
The number of disclosures made by an individual to the Commission and notified to the Independent Broad-based Anti-corruption Commission		
Assessable disclosures	0	0

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 Regulation 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 of 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.

Indicator	2017–18		2016–17		2015–16	
	Electricity	Green Power	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	246,958	61,740	234,572	58,643	226,527	56,632
Total greenhouse gas emissions from energy consumption (tonnes CO ₂ e)	64.7		61.6		61.7	
Percentage of electricity purchased as Green Power	25%		25%		25%	
Units of energy used per FTE (MJ/FTE)	9,354		8,953		7,758	
Units of energy used per unit of office area (MJ/m ²)	276		262		253	

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 on movement sensor
- Dishwashers only used when full and always on energy-save cycle.

Explanatory notes

- Some of the increase of energy used per FTE is due to a reduced number of staff at the end of the financial year when FTE is calculated.

Explanatory notes

- The data represented above 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 kept to a minimum and is collected nightly.

Waste production

Indicator	2017-18	2016-17	2015-16
Total units of office waste disposed of (kg/year)	2900	1950	2390
Units of office waste disposed of per FTE (kg/FTE)	242	141	151
Recycling rate (per cent of total waste)	100%	100%	100%
Greenhouse gas emissions associated with waste disposal (t CO ² e)	7.1	No available data	No available data

Actions undertaken

Recycling: The total diverted from landfill is 6.9kgs comprising: toner cartridges and bottles

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.

Paper use

Indicator	2017-18	2016-17	2015-16
Total units of A4 equivalent copy paper used (reams)	194	67.6	170.0
Units of A4 equivalent copy paper used per FTE (reams/FTE)	14.92	4.90	10.76
Percentage of 80-100% recycled content copy paper purchased (%)	100%	100%	100%
Percentage of 50-80% recycled content copy paper purchased (%)	0	0	0
Percentage of 0-50% recycled content copy paper purchased (%)	0	0	0

Optional indicators

Percentage of publications publicly accessible electronically (%)	100%	100%	
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Actions undertaken

Default paper	Default copy paper purchased through stationery supplier is 100% recycled content.
Colour paper	Colour copy paper purchased through stationery supplier: <ul style="list-style-type: none"> • has been awarded the FSC™ (Forest Stewardship Council™) certificate that guarantees well-managed forests. • Certified with EU Ecolabel. • has the ISO 9706 ageing resistance certification. This guarantees an archival life of >200 years • CO2 neutral excluding Colour Copy coated silk and glossy

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 occupied by the Commission.

The apportionment method is used to calculate water consumption for the Commission based on the total units of metered water consumed within the building per unit of total area (m²). Calculations are then made for the Commission's office area (m²).

The Commission's water consumption is solely 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	2017–18	2016–17	2015–16
Total units of metered water consumed by water source (kilolitres)	3,569	2,406	3,914
Total water consumed VLRC estimate by floor space	318.66	214.90	349.59
Units of metered water consumed in offices per FTE (kilolitres/FTE)	12.07	12.44	20.24
Units of metered water consumed in offices per unit of office area (kilolitres/m ²)	0.36	0.24	0.39

Explanatory notes

- The overall decrease of water consumption can be attributed to the building not being fully tenanted for the financial year.
- The decrease in water consumption per FTE is due to the lower number of FTE staff on the floor the Commission occupies and the overall decrease of water consumption in the building.

Transport

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

	2017–18			2016–17		2015–16	
	CBD	Metro	Regional	Metro	Regional	Metro	Regional
Total distance travelled by air (km)	15,082			8,000		20,956	
Percentage (%) using sustainable transport to get to work	0	92	100	88	0	90	0
Percentage of employees residing in CBD, metropolitan Melbourne or regional Victoria	0	80	20	100	0	100	0

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 (53%) and contractors (47%).

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; and
 - 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

Victorian Law Reform Commission Financial Management Compliance Attestation Statement

I, Hon. Philip Cummins AM, on behalf of the responsible body, certify that the Victorian Law Reform Commission has complied with the applicable *Standing Direction of the Minister for Finance under the Financial Management Act 1994* and instructions.



Hon. Philip Cummins AM
Chair
Victorian Law Reform Commission

28 August 2018

Disclosure index

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

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Notes to the financial statements

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 Minister for Finance 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 2018 and financial position of the Commission at 30 June 2018.

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 30 August 2018.



Merrin Mason

Chief Executive Officer
Victorian Law Reform
Commission, Melbourne
30 August 2018



Michael Almond

Chief Finance and
Accounting Officer
Victorian Law Reform
Commission, Melbourne
30 August 2018



The Hon. P. D. Cummins AM

Chair
Victorian Law Reform
Commission, Melbourne
30 August 2018

Independent Auditor's Report

To the Commissioners of the Victorian Law Reform Commission

Opinion	<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"> • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • accountable officer's, chief finance officer's and chairperson's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the commission as at 30 June 2018 and their 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>
Basis for Opinion	<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>
Commissioners' responsibilities for the financial report	<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
3 September 2018



Travis Derricott
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
		\$	\$
Income from transactions			
Output appropriation Grants – Department of Justice and Regulation		665,300	694,000
Income – Victorian Legal Services Board	1(f)	2,045,567	1,784,434
Interest		6,214	12,581
Other income	2	0	4,091
Total income from transactions		2,717,081	2,495,106
Expenses from transactions			
Employee expenses	3(a)	(1,995,557)	(2,084,650)
Depreciation	3(b)	(6,035)	(5,810)
Interest expense	3(c)	(853)	(1,032)
Other operating expenses	3(d)	(769,279)	(608,540)
Total expenses from transactions		(2,771,724)	(2,700,032)
Net result from transactions		(54,643)	(204,927)
Other economic flows included in net result			
Other gains/(losses) from other economic flows	4	4,408	(249)
Total other economic flows included in net result		4,408	(249)
Net result		(50,235)	(205,176)
Comprehensive result		(50,235)	(205,176)

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

BALANCE SHEET

AS AT 30 JUNE 2018

	Notes	2018	2017
		\$	\$
Assets			
Financial assets			
Cash and deposits	15	338,640	384,557
Receivables	5	199,491	143,143
Total financial assets		538,131	527,701
Non-financial assets			
Plant and equipment	6	22,578	28,613
Prepayments		100,894	87,554
Total non-financial assets		123,472	116,167
Total assets		661,603	643,868
Liabilities			
Payables	7	147,177	71,041
Borrowings	8	22,758	28,776
Provisions	9	322,925	325,075
Total liabilities		492,861	424,892
Net assets		168,741	218,976
Equity			
Accumulated surplus		(304,856)	(254,621)
Contributed capital		473,597	473,597
Net worth		168,741	218,976
Commitments for expenditure	12		
Contingent assets and contingent liabilities	13		

The balance sheet should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Accumulated Surplus	Contributions by owners	Total
	\$	\$	\$
Balance at 1 July 2016	(49,445)	473,597	424,152
Net result for the year	(205,176)	0	(205,176)
Balance at 30 June 2017	(254,621)	473,597	218,976
Net result for the year	(50,235)	0	(50,235)
Balance at 30 June 2018	(304,856)	473,597	168,741

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
		\$	\$
Cash flows from operating activities			
Receipts			
Receipts from government		609,107	762,048
Receipts from other entities		2,045,567	1,788,544
Interest received		6,369	13,125
Total receipts		2,661,043	2,563,717
Payments			
Payments to suppliers and employees		(2,700,091)	(2,771,197)
Interest expense		(853)	(1,032)
Total payments		(2,700,944)	(2,772,229)
Net cash flows from/(used in) operating activities	15(b)	(39,901)	(208,512)
Cash flows from investing activities			
Payments for non-financial assets		0	(33,642)
Proceeds from the sale of non-financial assets		0	10,000
Net cash flows from/(used in) investing activities		0	(23,642)
Cash flows from financing activities			
Capital expenditure injection		0	(106)
Proceeds from borrowing		0	33,642
Proceeds from/(repayment of) finance leases		(6,016)	(15,987)
Net cash flows from/(used in) financing activities		(6,016)	17,549
Net increase/(decrease) in cash and cash equivalents		(45,917)	(214,605)
Cash and cash equivalents at beginning of financial year		384,557	599,163
Cash and cash equivalents at end of financial year	15(a)	338,640	384,557

The above cash flow statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for the Victorian Law Reform Commission (the Commission) for the financial year ended 30 June 2018. The purpose of the report is to provide users with information about the Commission's stewardship of resources entrusted to it.

(A) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 23.

These annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 30 August 2018.

(B) Basis of accounting preparation and measurement

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The 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 the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of plant and equipment, (refer to Note 1(K));
- superannuation expense (refer to Note 1(G)); and

- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(L)).

These financial statements are presented in Australian dollars and prepared in accordance with the historical cost convention except for:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Consistent with *AASB 13 Fair Value Measurement*, the Commission determines the policies and procedures for both recurring fair value measurements such as plant and equipment, and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Commission has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Commission determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 Valuer-General Victoria (VGV) is the Commission's independent valuation agency.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies (continued)

(C) Reporting entity

The financial statements cover the Commission as an individual reporting entity.

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

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

A description of the nature of the Commission's operations and its principal activities is included in the report of operations on page 6, which does not form part of these financial statements.

Functions and funding

The Commission's functions are set out in section 5 of the Act and are:

- to examine, report and make recommendations to the Attorney-General on any proposal or matter relating to law reform in Victoria that is referred to the Commission by the Attorney-General;
- 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;
- 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;
- to monitor and co-ordinate law reform activity in Victoria; and
- to undertake education programs on any area of the law relevant to a reference whether past or current.

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

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

(D) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

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

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non financial assets;
- revaluations and impairments of non financial physical and intangible assets;
- remeasurement arising from defined benefit superannuation plans; and
- fair value changes of financial instruments

This classification is consistent with the whole of government reporting format and is allowed under *AASB 101 Presentation of Financial Statements*.

Balance sheet

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

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

Cash flow statement

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies (continued)

Rounding

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to Note 23 for a style convention explaining that minor discrepancies in totals are due to rounding.

Presentational currency

The presentational currency of the Victorian Law Reform Commission is the Australian dollar.

(E) Changes in accounting policies

No new and revised Standards have been adopted in the current period.

(F) Income from transactions

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

Income is recognised for the Commission as follows:

Output appropriations

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

Income – Victorian Legal Services Board

The Attorney-General directed the Commission be allocated funds from the Law Reform and Research Account. 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 VLRC i.e. the appropriation funds are not to be exhausted in the first instance to allow the VLRC to accumulate investment income from Trust Funds." The Department of Justice and Regulation monitors the equal use of the trust funds and appropriation amounts for operating and capital expenditure of the Commission.

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

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.

Services provided by the Department of Justice and Regulation

The Department of Justice and Regulation provides certain governance, executive and corporate support services and resources to the Commission. The value of these support

services and resources which includes the use of the Department's finance and payroll systems is not recognised in the financial statements. The Department is centrally funded to provide these services and resources for which fair value cannot be reliably determined.

(G) Expenses from transactions

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

Employee expenses

Refer to the section in Note 1(L) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

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

Depreciation

All plant and equipment, and motor vehicles that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 1(K) for the depreciation policy of leasehold improvements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

Asset	Useful life
Leasehold improvements	5 years
Motor Vehicle	5 years

Interest expense

Interest expense is recognised in the period in which it is incurred. Refer to *Glossary of terms and style conventions* in Note 23 for an explanation of interest expense items.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include:

Supplies and services

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies (continued)

(H) Other economic flows included in the net result

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

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Other gains/(losses) from other economic flows

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

- the revaluation of the present value of the annual leave and long service leave liability due to changes in the bond interest rates.
- impairment of non-financial assets. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset. Refer to Note 1(K) in relation to the recognition and measurement of non-financial assets.

(I) Financial instruments

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 under contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the Commission are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Cash, loans and receivables

Cash, loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs.

Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Cash, loans and receivables category includes cash and deposits (refer to Note 1(J)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities 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 (Refer to Note 23).

Financial instrument liabilities measured at amortised cost include all of the Commission's payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

(J) Financial assets

Cash and deposits

Cash and deposits recognised in the balance sheet comprise cash on hand and deposits at call.

Receivables

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services and accrued investment income; and
- statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(I) *Financial Instruments* for recognition and measurement). Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Impairment of financial assets

At the end of each reporting period, the Commission assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with *AASB 136 Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies (continued)

(K) Non-financial assets

Plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(M)) 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.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost.

Leasehold improvements

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

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(L) Liabilities

Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income. Accounts payable represent liabilities for goods and services provided to the Commission prior to the end of the financial year that are unpaid, and arise when the Commission becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(I)). Statutory payables 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 a contract.

Borrowings

All interest bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to Note 1(M) *Leases*). The measurement basis subsequent to initial recognition depends on whether the Commission has categorised its interest-bearing liabilities as either financial liabilities designated at fair value

through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

Provisions

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

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

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

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

Liabilities for long service leave are recognised in the provision for employee benefits.

Unconditional long service leave 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 long service leave 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 long service leave is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service leave is measured at present value.

Any gain or loss following revaluation of the present value of non-current long service leave 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies (continued)

recognised as an 'other economic flow' in the net result.

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.

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 comprehensive operating statement as it is taken.

Liabilities for wages and salaries are in payables (Note 7).

(M) Leases

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

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

Finance leases

Commission as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that the Commission will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating leases

Commission as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating

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

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

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

(N) Equity

Contributions by owners

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

(O) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 12 *Commitments for expenditure*) at their nominal value and exclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(P) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 13 *Contingent assets and contingent liabilities*) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented exclusive of GST receivable or payable respectively.

(Q) Accounting for the goods and services tax (GST)

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

Receivables and payables are stated exclusive of the amount of GST receivable or payable. Cash flows are presented on a net basis. The Department of Justice and Regulation manages the GST transactions on behalf of the Commission and the net

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1. **Summary of significant accounting policies (continued)**

amount of GST recoverable from or payable to the taxation authority is recognised in the Department of Justice and Regulation's financial statements.

Commitments and contingent assets and liabilities are also stated exclusive of GST.

(R) Foreign currency balances/transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

(S) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Commission and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

(T) Australian Accounting Standards issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises the Commission of their applicability and early adoption where applicable.

As at 30 June 2018, the following AASs have been issued by the AASB but not yet effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1.
**Summary of significant
 accounting policies
 (continued)**

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on public sector entity financial statements
<i>AASB 9 Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
<i>AASB 15 Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
<i>AASB 16 Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
<i>AASB 1058 Income of Not –For-Profit Entities</i>	This standard replaces AASB 1004 <i>Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.	1 January 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Note 2.		
Other Income		
Conference Registration Fees	0	4,091
Total other income	0	4,091
Note 3.		
Expenses from transactions		
(a) Employee expenses		
Salaries, wages, annual leave and long service leave	(1,835,297)	(1,921,218)
Post employment benefits:		
Defined contribution superannuation expense	(160,260)	(163,432)
Total employee expenses	(1,995,557)	(2,084,650)
(b) Depreciation		
Motor Vehicles	(6,035)	(5,810)
Total depreciation	(6,035)	(5,810)
(c) Interest expense		
Interest on finance lease	(853)	(1,032)
Total interest expense	(853)	(1,032)
(d) Other operating expenses		
Supplies and services:		
Purchase of supplies and consumables	(265,706)	(199,496)
Purchase of services	(234,838)	(146,682)
Maintenance	(3,466)	(10,223)
Rent and associated costs	(265,269)	(252,139)
Total other operating expenses	(769,279)	(608,540)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 4. Other economic flows included in net result

	2018	2017
	\$	\$
(a) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of annual leave and long service leave liability ⁽ⁱ⁾	4,408	403
Net gain / (loss) on non-financial assets - net profit (loss) on disposal of motor vehicle	0	(652)
Total other gains/(losses) from other economic flows	4,408	(249)

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

Note 5. Receivables

Current receivables		
Contractual		
Accrued Investment Interest	500	655
Other receivables	0	150
	500	805
Statutory		
Amounts owing from Victorian Government ⁽ⁱ⁾	135,991	103,486
Total current receivables	136,491	104,292
Non-current receivables		
Statutory		
Amounts owing from Victorian Government ⁽ⁱ⁾	63,000	38,852
Total non-current receivables	63,000	38,852
Total receivables	199,491	143,143

(i) The amounts recognised from the Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due. (Appropriations are amounts owed by the Victorian Government as legislated in the Appropriations Act. Due to the existence of the legislative instrument, the appropriation receivable to an entity is statutory in nature, and hence not within the scope of the financial instruments standards.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 6. Plant and equipment

	2018	2017
	\$	\$
Motor vehicle		
Under finance lease - at fair value	33,642	33,642
Less: accumulated depreciation	(11,064)	(5,029)
	22,578	28,613
Net carrying amount of plant and equipment	22,578	28,613

Table 6.1
Classification by
'Public Safety and
Environment'
purpose group —
carrying amounts

Table 6.2
Movements in
carrying amounts

	Motor vehicle under finance lease at fair value	Total
	\$	\$
2018		
Carrying amount		
Balance as at 1 July 2016	11,149	11,149
Additions	33,642	33,642
Disposals	(10,368)	(10,368)
Depreciation expense	(5,810)	(5,810)
Balance as at 30 June 2017	28,613	28,613
Additions	0	0
Disposals	0	0
Depreciation expense	(6,035)	(6,035)
Balance as at 30 June 2018	22,578	22,578

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

Leasehold improvements	5 years
Motor vehicle under finance lease	5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 7. Payables

(a) Maturity analysis of payables

Refer to Table 14.2 in
Note 14(c).

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

Refer to Note 14 for
the nature and extent
of risks arising from
contractual payables.

	2018	2017
	\$	\$
Current payables		
Contractual		
Supplies and services ⁽ⁱ⁾	111,566	33,840
Other payables ⁽ⁱⁱ⁾	32,817	32,237
	144,383	66,077
Statutory		
FBT payable	2,794	3,445
Payroll tax payable	0	1,519
Total current payables	147,177	71,041

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

(ii) Consists of accrued salaries

Note 8. Borrowings

(a) Maturity analysis of borrowings

Refer to Table 14.2 in
Note 14(c).

(b) Nature and extent of risk arising from borrowings

Refer to Note 14 for the
nature and extent of risks
arising from borrowings.

Current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	6,215	6,017
Total current borrowings	6,215	6,017
Non-current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	16,543	22,759
Total current borrowings	16,543	22,759
Total borrowings	22,758	28,776

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Note 9.		
Provisions		
Current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)] — annual leave:		
Annual leave [Note 9(a)]:		
Unconditional and expected to settle within 12 months	82,658	80,046
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	17,916	9,670
Long service leave [Note 9(a)]:		
Unconditional and expected to settle within 12 months	13,924	18,296
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	86,755	129,772
	201,253	237,784
Provisions for on-costs [Note 9(a) and Note 9(b)]:		
Unconditional and expected to settle within 12 months	24,554	19,940
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	24,442	22,533
	48,996	42,474
Total current provisions	250,249	280,258
Non-current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)]	63,000	38,852
On-costs [Note 9(a) and Note 9(b)]	9,676	5,967
Total non-current provisions	72,676	44,819
Total provisions	322,925	325,076

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 9. Provisions (continued)

	2018	2017
	\$	\$
(a) Employee benefits and on-costs⁽ⁱ⁾		
Current employee benefits		
Annual leave	100,574	89,716
Long service leave	100,679	148,068
	201,253	237,784
Non-current employee benefits		
Long service leave	63,000	38,852
Total employee benefits	264,253	276,636
Current on-costs	48,996	42,474
Non-current on-costs	9,676	5,967
Total on-costs	58,672	48,441
Total employee benefits and on-costs	322,925	325,076

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

(ii) Amounts are measured at present values

(b) Movement in provisions and on-costs

	Total
2018	\$
Opening balance	48,441
Additional provisions recognised	39,841
Reductions arising from payments/other sacrifices of future economic benefits	(29,609)
Closing balance	58,672
Current	48,996
Non-current	9,676
	58,672

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 10.

Superannuation

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

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Commission are as follows:

<i>Fund</i>	<i>Paid Contribution for the Year</i>		<i>Contributions outstanding at Year End</i>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Defined contribution plans:				
VicSuper	76,157	80,385	1,451	1,306
Various other funds	81,232	80,394	1,421	1,348
Total	157,388	160,779	2,872	2,654

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11. Leases

(a) Disclosures for lessees — finance lease liabilities

Leasing arrangements

The Commission entered into a 34 month lease in August 2016 relating to a motor vehicle with the Department of Treasury and Finance - Vic Fleet. The last payment for this lease will be made in June 2019. Under the arrangement, the portions of the payments that relate to the right to use the asset are accounted for as a finance lease as disclosed in the following table.

	<i>Minimum future lease payments⁽ⁱ⁾</i>		<i>Present value of minimum future lease payments</i>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Finance lease liabilities payable				
Not longer than 1 year	6,198	6,863	6,215	6,017
Longer than 1 year but not longer than 5 years	17,069	23,407	16,543	22,759
Longer than 5 years	0	0	0	0
Minimum future lease payments	23,267	30,270	22,758	28,776
Less future finance charges	509	1,494	0	0
Present value of minimum lease payments	22,758	28,776	22,758	28,776
Included in the financial statement as:				
Current borrowings lease liabilities (Note 8)			6,215	6,017
Non-current borrowings lease liabilities (Note 8)			16,543	22,759
			22,758	28,776

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11.
Leases
(continued)

(b) Disclosures for lessees - operating leases

Leasing arrangements

Operating leases relate to accommodation rental with lease terms of 5 years with 4 per cent 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.

	2018	2017
	\$	\$
Non-cancellable operating leases payable		
Not longer than one year	284,625	265,793
Longer than one year and not longer than five years	1,256,996	0
Longer than five years	0	0
	1,541,621	265,793

Sub leasing arrangements

Sub leases relate to accommodation rental with lease terms of 5 years. The sub lease contract rent is reviewed and increased annually by 4 per cent during the current lease term.

	2018	2017
	\$	\$
Non-cancellable operating sub leases receivable		
Not longer than one year	110,867	103,239
Longer than one year and not longer than five years	489,627	0
Longer than five years	0	0
	600,494	103,239

The lease payments recognised as an expense in 2017–18 were \$286,931 (\$253,867 in 2016–17)

The sub lease receivable offset against these expenses in 2017–18 was \$103,239 (\$98,577 in 2016–17)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 12. **Commitments** **for expenditure**

Capital expenditure commitments

Capital expenditure commitments as at 30 June 2018 – \$Nil (\$Nil – 2017).

Note 13. **Contingent assets** **and contingent** **liabilities**

There are neither contingent assets nor contingent liabilities as at 30 June 2018 (\$Nil – 2017).

Note 14. **Financial** **instruments**

(a) Financial risk management objectives and policies

The Commission's principal financial instruments comprise:

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

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

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

The Commission's main financial risks include credit risk and liquidity risk. The Commission manages these financial risks in accordance with its 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 Audit Committee and the Management Team.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 14. Financial instruments (continued)

Table 14.1
Categorisation
of financial
instruments

	<i>Contractual financial assets - cash, loans and receivables</i>	<i>Contractual financial liabilities at amortised cost</i>	<i>Total</i>
2018	\$	\$	\$
Contractual financial assets			
Cash and deposits	338,640	0	338,640
Other receivables: ⁽ⁱ⁾	500	0	500
Total contractual financial assets	339,140	-	339,140
Contractual financial liabilities			
Payables: ⁽ⁱ⁾			
Supplies and services	0	111,566	111,566
Other payables	0	32,817	32,817
Borrowings:			
Finance lease liability	0	22,758	22,758
Total contractual financial liabilities	0	167,141	167,141
2017			
Contractual financial assets			
Cash and deposits	384,557	0	384,557
Other receivables: ⁽ⁱ⁾	805	0	805
Total contractual financial assets	385,362	0	385,362
Contractual financial liabilities			
Payables: ⁽ⁱ⁾			
Supplies and services	0	33,840	33,840
Other payables	0	32,237	32,237
Borrowings:			
Finance lease liability	0	28,776	28,776
Total contractual financial liabilities	0	94,853	94,853

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 14.
Financial instruments
(continued)

(b) Credit risk

Credit risk arises from the contractual financial assets of the Commission, which comprise cash and 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 Regulation.

The Commission held no at call deposits with the Treasury Corporation of Victoria (TCV) as at 30 June 2018. (\$259,657 – 2017). TCV (the State of Victoria) was subject to a AAA credit rating.

(c) Liquidity risks

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 14.
Financial instruments
(continued)

Table 14.2.
Maturity analysis
of contractual
financial liabilities

	Carrying amount	Nominal amount	Maturity Dates ⁽ⁱ⁾			
			Less than 1 month	1–3 months	3 months – 1 year	1–5 years
2018	\$	\$	\$	\$	\$	\$
Payables:⁽ⁱⁱ⁾						
Supplies and services	111,566	111,566	111,567	-	-	-
Other payables	32,817	32,817	32,817	-	-	-
Borrowings:						
Finance lease liabilities	22,758	23,267	572	1,144	5,147	18,638
Total	167,141	167,650	144,955	1,144	5,147	18,638
2017						
Payables:⁽ⁱⁱ⁾						
Supplies and services	33,840	33,840	33,840	-	-	-
Other payables	32,237	32,237	32,237	-	-	-
Borrowings:						
Finance lease liabilities	28,776	30,270	572	1,144	5,147	23,407
Total	94,853	96,347	66,649	1,144	5,147	23,407

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

(ii) The carrying amounts disclosed exclude statutory amounts (eg. GST payables).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 14. **Financial instruments** **(continued)**

(d) Market risk

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

Foreign currency risk

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

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Commission does not hold any interest bearing financial instruments that are measured at fair value, therefore has 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 cash and deposits that are at floating rates, as shown in the following table.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 14. Financial instruments (continued)

Table 14.3.
Interest rate
exposure of
financial
instruments

	Weighted average interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non- interest bearing
2018					
Financial assets					
Cash and deposits	1.45	338,640		338,240	400
Receivables:					
Accrued investment income		500		500	
Total financial assets		339,140	0	338,740	400
Financial liabilities					
Payables ⁽ⁱ⁾ :					
Other payables		144,383			144,383
Borrowings:					
Finance lease liabilities	3.25	22,758	22,758		
Total financial liabilities		167,141	22,758	-	144,383
2017			Fixed interest rate	Variable interest rate	Non- interest bearing
Financial assets					
Cash and deposits	1.46	384,557		384,157	400
Receivables:					
Accrued investment income		655		655	
Total financial assets		385,212		384,812	400
Financial liabilities					
Payables ⁽ⁱ⁾ :					
Supplies and services		33,840			33,840
Other payables		32,237			32,237
Borrowings:					
Finance lease liabilities	3.25	28,776	28,776		
Total financial liabilities		94,853	28,776	0	66,077

(i) The carrying amounts disclosed here exclude statutory amounts (eg. amounts owing from Victorian government, GST input tax credits recoverable, and GST payables).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 14. Financial instruments (continued)

Table 14.3. Interest rate exposure of financial instruments

(e) Fair value

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

- Level 1 – the fair value of financial instrument 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; and
- 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 considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short term nature of the financial instruments and the expectation that they will be paid in full.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Note 15.		
Cash flow information		
(a) Reconciliation of cash and cash equivalents		
Funds in Trust ⁽ⁱ⁾	338,240	384,157
Cash at hand	400	400
Balance as per cash flow statement	338,640	384,557
<small>(i) refer to Note 22.</small>		
(b) Reconciliation of net result for the period		
Net result for the period	(50,235)	(205,176)
Non-cash movements:		
Depreciation and amortisation of non-current assets	6,035	5,810
Loss on disposal of motor vehicle under finance lease	0	652
Expenses adjustment on disposal of motor vehicle under finance lease	0	(180)
Movements in assets and liabilities:		
(Increase)/Decrease in cash and cash equivalents	0	0
(Increase)/Decrease in receivables	(56,348)	71,183
(Increase)/Decrease in prepayments	(13,340)	(55,015)
(Decrease)/Increase in payables	76,137	(17,405)
(Decrease)/Increase in provisions	(2,150)	(8,380)
(Decrease)/Increase in other liabilities	0	0
Net cash flows from/(used in) operating activities	(39,901)	(208,512)
Note 16.		
Remuneration of auditors		
Victorian Auditor-General's Office		
Audit of the financial report	20,000	23,850
KPMG/Deloitte Touche Tohmatsu		
Internal audit services	19,710	21,143
	39,710	44,993

Note 17. **Subsequent events**

The Commission has no material or significant events occurring after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 18. Responsible persons

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

Names

Ministers and the Department

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

Attorney-General	The Hon. Martin Pakula, MP	1 July 2017 to 30 June 2018
Acting Attorney-General	The Hon. Lisa Neville, MP	23 September 2017 to 8 October 2017
	The Hon. Lisa Neville, MP	22 December 2017 to 7 January 2018
	The Hon. Lisa Neville, MP	23 January 2018 to 31 January 2018
	The Hon. Gayle Tierney, MP	13 May 2018 to 19 May 2018
	The Hon. Gayle Tierney, MP	22 June 2018 to 25 June 2018
	The Hon. Marlene Kairouz, MP	26 June 2018 to 30 June 2018
Secretary to the Department of Justice and Regulation	Mr Greg Wilson	1 July 2017 to 30 June 2018
Acting Secretary	Julia Griffith	9 July 2017 to 15 July 2017
	Julia Griffith	15 August 2017 to 30 August 2017
	Mr Donald Speagle	27 December 2017 to 14 January 2018
	Julia Griffith	15 January 2018 to 31 January 2018

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:

Statutory Office Holder

Chairperson	The Hon. Philip D Cummins AM	1 July 2017 to 30 June 2018
Commissioner	Bruce Gardner PSM	1 July 2017 to 30 June 2018
Commissioner	Dr Ian Hardingham QC	1 July 2017 to 30 June 2018
Commissioner	His Hon. David Jones AM	1 July 2017 to 28 Feb 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 18.
Responsible
persons (continued)

Commissioner	Alison O'Brien	1 July 2017 to 30 June 2018
Commissioner	The Hon Frank Vincent AO QC	1 July 2017 to 30 June 2018
Commissioner	Helen Fatouros	1 July 2017 to 30 June 2018
Commissioner	Liana Buchanan	1 July 2017 to 30 June 2018
Commissioner	Gemma Varley PSM	1 July 2017 to 30 June 2018
Commissioner	Prof. Bernadette McSherry	26 June 2018 to 30 June 2018
Accountable Officer		
Chief Executive Officer	Ms Merrin Mason	1 July 2017 to 30 June 2018

Remuneration of statutory officer holders and executives

The number of statutory office holders and executive officers, other than ministers and departmental executives and their total remuneration during the reporting period is shown in the table below in their relevant income bands.

Several factors affect the total remuneration payable to statutory office holders and executives in the reporting period at the Commission. Statutory office holders appointed as part-time Commissioners are members of the judiciary or public sector employees and therefore as they already receive remuneration in their usual roles they are not entitled to receive remuneration as a member of the Commission. Three Commissioners were not paid during 2016–17 and 2017–18.

Income Band	Total Remuneration	
	2017 No.	2016 No.
\$0 - \$9,999	5	5
\$20,000 - \$29,999	4	4
\$30,000 - \$39,999	0	1
\$170,000 - \$179,999	0	1
\$180,000 - \$189,999	1	0
\$250,000 - \$259,999	0	1
\$270,000 - \$279,999	1	0
Total numbers	11	12
Total amount	\$573,337	\$570,527

Remuneration received or receivable by the Secretary and the Acting Secretary in connection with the management of the Department during the period is reported by the Department of Justice and Regulation in its annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 19. Remuneration of executives and statutory office holders

The number of statutory office holders and executives, other than ministers and departmental executives, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent statutory office holders and executives over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, in exchange for services rendered, 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.

Several factors affect the total remuneration payable to statutory office holders and executives in the reporting period at the Commission. Statutory office holders appointed as part-time Commissioners may be members of the judiciary or public sector employees and therefore as they already receive remuneration in their usual roles they are not entitled to receive remuneration as a member of the Commission.

	Total remuneration	
	2018	2017
Remuneration of executive officers (including Key Management Personnel disclosed in Note 20)		
Short-term employee benefits	508,813	505,892
Post-employment benefits	48,342	46,638
Other long-term benefits	16,182	17,907
Total remuneration^{(a)(b)}	573,337	570,527
Total number of executives and statutory office holders	11	12
Total annualised employee equivalents ^(c)	2	2

Notes:

(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 20).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 20. 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; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Significant transactions with government-related entities

The Commission received funding of \$2.711 million (2017: \$2.495 million) and made payments of \$0.223 million (2017: \$0.257 million).

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

- \$91,346 in payroll tax to the State Revenue Office (2017: \$96,106).
- \$77,607 in Vic Super superannuation contributions are fully explained in Note 10 (2017: \$81,691).
- \$54,379 in other transactions that are collectively, but not individually significant (2017: \$78,904).

Key management personnel of the Commission includes the Attorney-General, the Hon. Martin Pakula MP; the Acting Attorneys-General, the Hon. Natalie Hutchins MP, the Hon. Jill Hennessy MP, the Hon. Lisa Neville MP, the Hon. Steve Herbert MP, and the Hon. Gayle Tierney MP; and the Chair and Commissioners of the Victorian Law Reform Commission; and members of the Senior Executive Team, which includes:

Key Management Personnel	Position title
The Hon. Philip D Cummins AM	Chair
Mr Bruce Gardner PSM	Commissioner
Dr Ian Hardingham QC	Commissioner
His Hon. David Jones AM	Commissioner
Ms Alison O'Brien	Commissioner
The Hon. Frank Vincent AO QC	Commissioner
Ms Helen Fatouros	Commissioner
Ms Liana Buchanan	Commissioner
Ms Gemma Varley PSM	Commissioner
Prof. Bernadette McSherry	Commissioner
Ms Merrin Mason	Chief Executive Officer

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. Please refer to Note 18 and 19 for the breakdown of KMP's remuneration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 20. Related Parties (continued)

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 Procurement 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.

Note 21. Trust account balances

The trust account was created to receive monies from external entities (for example, funding from the Victorian Legal Services Board) and grants from the Department of Justice and Regulation.

These funds have been earmarked primarily for the Commission's operating expenses. Payments from the trust fund during 2017–18 amounted to \$2,097,698 (2016–17: \$2,016,106).

	2018			
	Opening balance as at 1 July 2017	Total receipts	Total payments	Closing balance as at 30 June 2018
Cash and cash equivalents and investments				
Controlled trusts	\$	\$	\$	\$
VLRC Trust Fund				
<i>The trust fund was created to receive non-public monies, specifically to receive monies paid to VLRC under section 6.7.10 of the Legal Profession Act 2004 [Section 17 (a) Victorian Law Reform Commission Act 2000].</i>	384,157	2,051,781	2,097,698	338,240
Total controlled trusts	384,157	2,051,781	2,097,698	338,240

	2017			
	Opening balance as at 1 July 2016	Total receipts	Total payments	Closing balance as at 30 June 2017
Cash and cash equivalents and investments				
Controlled trusts	\$	\$	\$	\$
VLRC Trust Fund				
<i>The trust fund was created to receive non-public monies, specifically to receive monies paid to VLRC under section 6.7.10 of the Legal Profession Act 2004 [Section 17 (a) Victorian Law Reform Commission Act 2000].</i>	598,763	1,801,500	2,016,106	384,157
Total controlled trusts	598,763	1,801,500	2,016,106	384,157

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 22.
Summary of compliance with annual parliamentary and special appropriations

(a) Summary of compliance with annual parliamentary appropriations

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

	Appropriation Act ⁽ⁱ⁾				Financial Management Act 1994		Total Parliamentary Authority		Appropriations Applied		Variance ⁽ⁱⁱ⁾	
	Annual appropriation		Section 3(2)		Section 30		2018	2017	2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Controlled												
Provision for outputs	665,300	694,000	0	0	0	0	665,300	694,000	665,300	694,000	0	0
Total	665,300	694,000	0	0	0	0	665,300	694,000	665,300	694,000	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 23. Glossary of terms and style conventions

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

Borrowings

Borrowings refers to interest-bearing liabilities, finance leases and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that are acquired for policy purposes.

Commitments

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

Comprehensive result

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

Controlled Item

Controlled item generally refers to the capacity of an entity 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.

Depreciation

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

The effective interest method is used to calculate the amortised cost of a financial asset and liability 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 instrument, or, where appropriate, a shorter period.

Employee benefits expenses

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.

Financial asset

A financial asset is any asset that is:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 23. **Glossary of terms and style conventions (continued)**

variable number of the entity's own equity instruments; or

- (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial Instrument

A 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 assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 23. **Glossary of terms and style conventions (continued)**

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

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

Net result from transactions/net operating balance

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

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows — other comprehensive income'.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Other economic flows included in 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-financial physical and intangible assets;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal.

Payables

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

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 23.
Glossary of terms
and style conventions
(continued)

Sales of goods and services

Refers to income from the direct provision of goods and services and fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rental income from the use of non-produced assets such as land. User charges includes sales of goods and services income.

Supplies and services

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

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in 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.

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 *2017–18 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.

APPENDIX 1

DISCLOSURE INDEX

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

Ministerial Directions and Financial Reporting Directions	Legislation Requirement	Page Ref
	Report of operations	
	Charter and purpose	
	FRD 22H Manner of establishment and the relevant Ministers	6
	FRD 22H Purpose, functions, powers and duties	6
	FRD 8D Objectives, indicators and outputs	6
	FRD 22H Initiatives and key achievements	7
	FRD 22H Nature and range of services provided	7–20
	Management and structure	
	FRD 22H Organisational structure	22
	Financial and other information	
	FRD 8D Performance against output performance measures	13
	FRD 8D Budget portfolio outcomes	79
	FRD 10A Disclosure index	77
	FRD 15D Executive officer disclosures	69
	FRD 22H Employment and conduct principles	21
	FRD 22H Occupational health and safety policy	21
	FRD 22H Summary of the financial results for the year	38
	FRD 22H Significant changes in financial position during the year	39
	FRD 22H Major changes or factors affecting performance	-
	FRD 22H Subsequent events	66
	FRD 22H Application and operation of <i>Freedom of Information Act 1982</i>	26
	FRD 22H Compliance with building and maintenance provisions of <i>Building Act 1993</i>	27
	FRD 22H Statement on Competitive Neutrality Policy	27
	FRD 22H Application and operation of the <i>Protected Disclosures Act 2012</i>	27
	FRD 22H Application and operation of the <i>Carers Recognition Act 2012</i>	28
	FRD 22H Details of consultancies over \$10,000	25
	FRD 22H Details of consultancies under \$10,000	25
	FRD 22H Disclosure of government advertising expenditure	25
	FRD 22H Disclosure of ICT expenditure	26
	FRD 22H Statement of availability of other information	32
	FRD 24C Reporting of office based environmental impacts	28
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	SD 5.2 Specific requirements under Standing Direction 5.2	34

APPENDIX 1

DISCLOSURE INDEX

Ministerial Directions (continued)

Compliance attestation and declaration

SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	32
SD 5.2.3	Declaration in report of operations	5
SD 5.2.2	Declaration in financial statements	34

Other requirements under Standing Directions 5.2

SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	42
SD 5.2.1 (a)	Compliance with Ministerial Directions	32
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Other disclosures as required by FRDs in notes to the financial statements

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FRD 11A	Disclosure of Ex-Gratia Expenses	N/A
FRD 13	Disclosure of Parliamentary Appropriations	72
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Legislation

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Freedom of Information Act 1982

Building Act 1983

Protected Disclosures Act 2012

Carers Recognition Act 2012

Victorian Industry Participation Policy Act 2003

Financial Management Act 1994

APPENDIX 2

BUDGET PORTFOLIO OUTCOMES

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

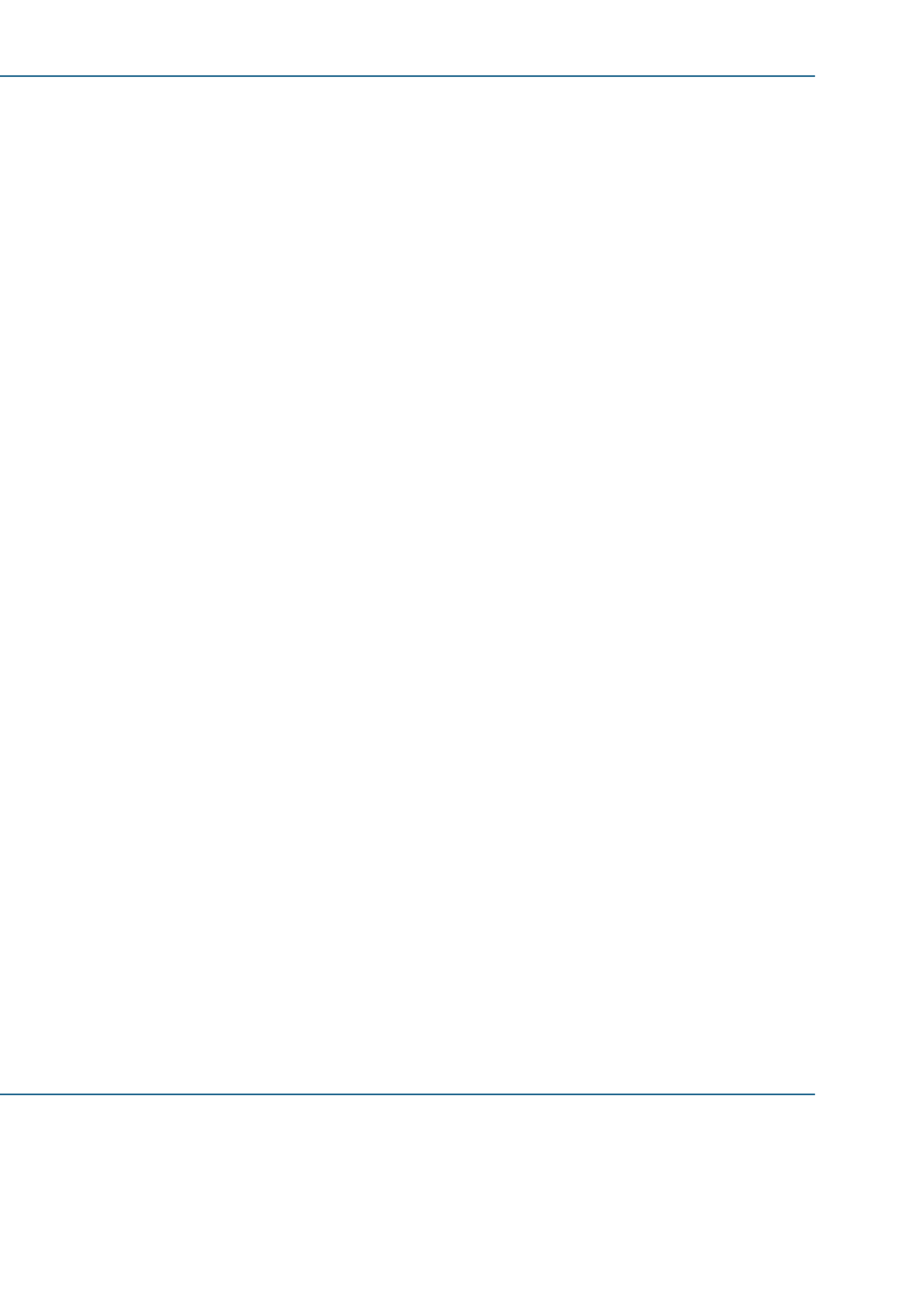
The following table provides information for the current and previous four financial years.

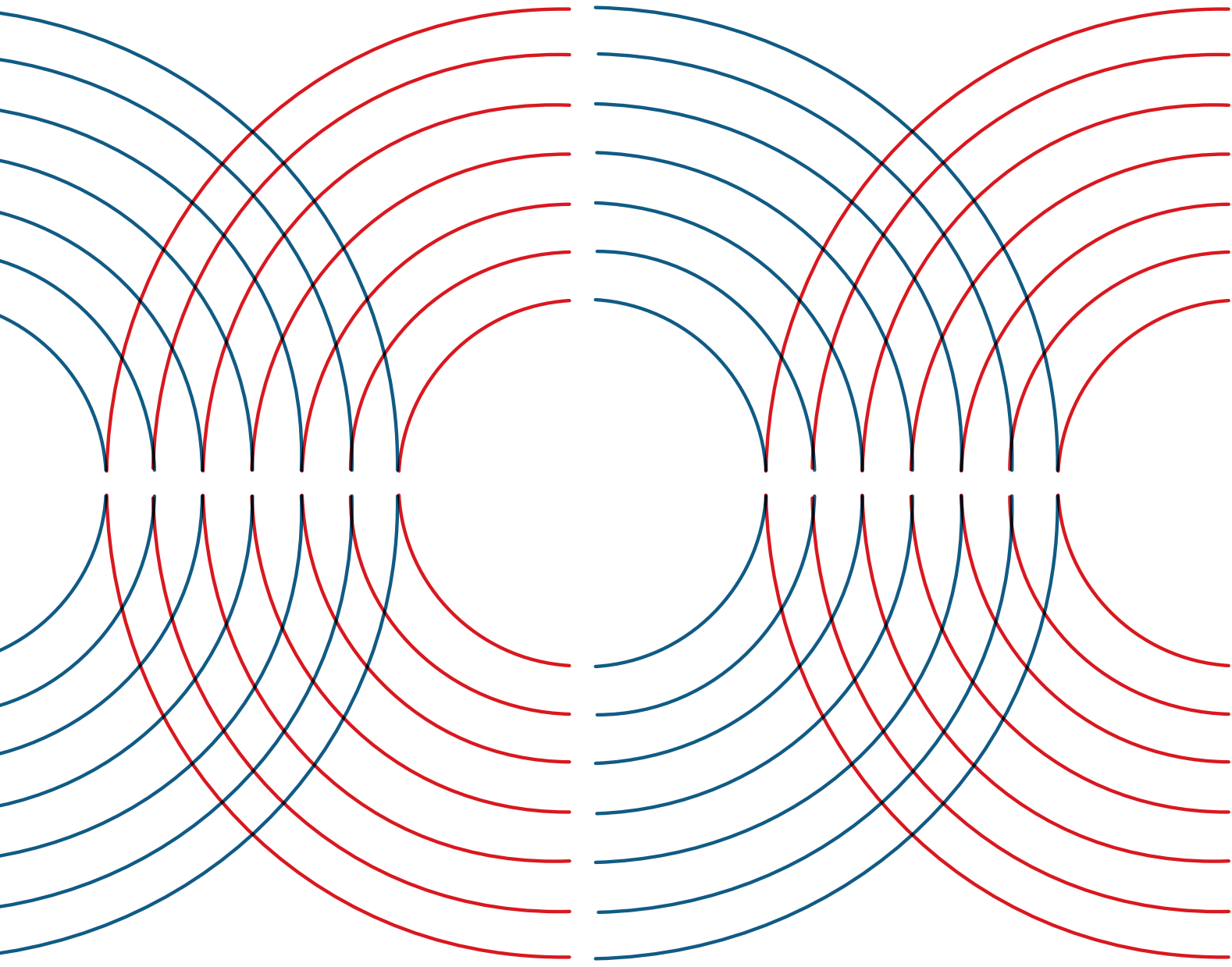
The following *Budget Portfolio Outcomes* statements are not subject to audit by the Victorian Auditor-General's Office.

Financial review of operations and financial condition

	2018	2017	2016	2015	2014
<i>Five year financial summary</i>	\$	\$	\$	\$	\$
Annual appropriation	665,300	694,000	707,000	721,000	747,000
Actual					
Grant from Department of Justice and Regulation (DJR)	665,300	694,000	706,400	720,300	741,000
Grant – Other Specific Purpose – from DJR			0	444,200	0
Other revenue	2,045,567	1,788,525	1,766,376	1,682,000	1,645,000
Interest received on Trust Account funds	6,214	12,581	16,947	5,784	15,225
Total revenue	2,717,081	2,495,106	2,489,723	2,852,284	2,401,225
Total expenses	(2,771,724)	(2,700,032)	(2,686,707)	(2,803,527)	(2,674,294)
Net result from continuing operations	(50,235)	(205,176)	(200,651)	37,745	(270,085)
Net cash flow from operating activities	(39,901)	(208,512)	(202,913)	16,310	(291,168)
Total assets	661,603	643,869	857,176	1,051,256	1,004,345
Total liabilities	492,861	424,893	433,024	426,673	417,508

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





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