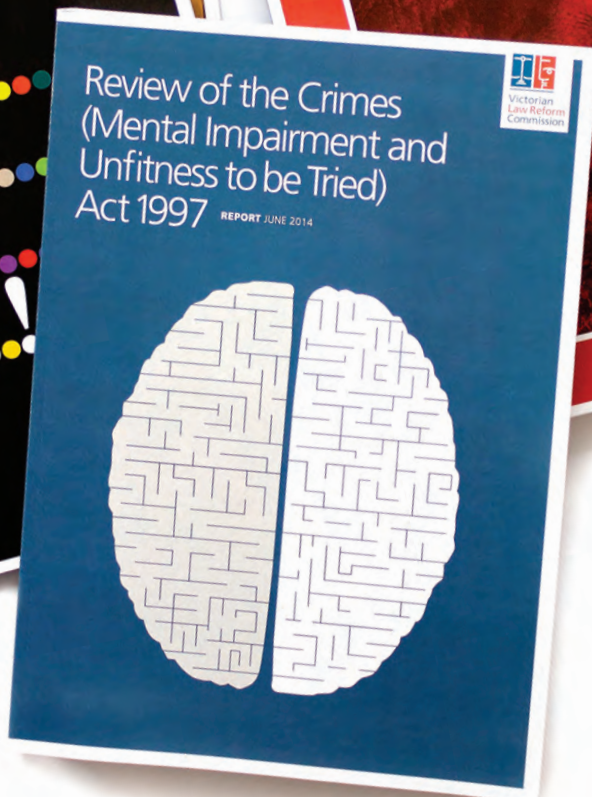


# Annual Report 2013–2014

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* (Vic) as a central agency for developing law reform in Victoria.

© Victorian Law Reform Commission 2014

This work is protected by the laws of copyright. Except for any uses permitted under the *Copyright Act 1968* (Cth) or equivalent overseas legislation, no part of this work may be reproduced by any process without the written permission of the publisher. All rights reserved.

This publication of the Victorian Law Reform Commission follows the Melbourne University Law Review Association Inc, *Australian Guide to Legal Citation* (3rd ed., 2010).

Annual report 2013-2014/Victorian Law Reform Commission

ISBN 978-0-9925955-1-7

**ORDERED TO BE PRINTED**

Victorian Government Printer  
PP No 371, Session 2010-2014

**DESIGN**

Letterbox

**PHOTOGRAPHY**

Paul Phillipson  
Lyndall Smythe



Victorian Law  
Reform Commission  
GPO Box 4637  
Melbourne  
Victoria 3001  
Australia  
DX 144, Melbourne

Level 3  
333 Queen Street  
Melbourne  
Victoria 3000  
Australia

Telephone  
+61 3 8608 7800  
Freecall  
1300 666 555  
(within Victoria)  
Fax  
+61 3 8608 7888

Email  
law.reform@lawreform.vic.gov.au  
[www.lawreform.vic.gov.au](http://www.lawreform.vic.gov.au)

# **Annual Report**

2013–2014

Inclusive  
Independent  
Innovative



---

## CONTENTS

---

04

Chair's report

---

06

The Victorian Law Reform  
Commission

---

07

Highlights

---

08

Strategic plan

---

10

Commissioners

---

12

CEO's report and Accountable  
Officer's declaration

---

14

The year in review

---

16

Reference:  
Review of the Crimes  
(Mental Impairment and  
Unfitness to be Tried) Act 1997

---

18

Reference:  
Jury Empanelment

---

20

Reference:  
Succession Laws

---

21

Reference:  
Trading Trusts–Oppression Remedies

---

22

Reference:  
The Forfeiture Rule

---

24

Community law reform

---

26

Communications and education

---

27

Governance and organisational  
structure

---

28

Organisational structure

---

30

Workforce data

---

31

Other disclosures

---

39

Financial report

---



## CHAIR'S REPORT

# A productive year.

The past 12 months has been a most productive period for the Victorian Law Reform Commission. The Commission has completed three major references and a community law reform project, and has commenced work on two new references from the Attorney-General and a new community law reform project.

The Commission delivered four final reports to the Attorney-General: *Succession Laws, Birth Registration and Birth Certificates, Jury Empanelment*, and the *Review of the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997*. The Commission also published four consultation papers during the reporting period. All these documents are available on our website. I commend the Commissioners, the staff and the expert panels who worked with excellent results on these important references.

The work of the Commission continues to inform new legislation. The *Jury Directions Act 2013* came into force on 1 July 2013, which implements many of the recommendations made in the Commission's report on jury directions in 2010. In December 2013, the Attorney-General introduced the *Jury Directions Amendment Bill*, intended to make further improvements to the law governing the directions that judges provide to jurors in criminal cases.

I thank the Commissioners for their hard work during this period. The continuing Commissioners are: Bruce Gardner PSM, Dr Ian Hardingham QC, Saul Holt SC, His Honour David Jones AM, Eamonn Moran PSM QC, the Hon. Frank Vincent AO QC, and new Commissioner Alison O'Brien who joined the Commission in September 2013. I especially thank Saul Holt SC, whose term as a Commissioner ended on 30 June 2014.

### REFERENCES

#### Succession Laws

The Commission's review of succession laws was delivered to the Attorney-General in September 2013, and tabled in Parliament in October 2013. The report contains 78 recommendations for reforming the laws that affect what happens to the assets of Victorians when they die.

#### Jury Empanelment

The Commission has completed its review of jury empanelment and delivered the report to the Attorney-General on 30 May 2014. The report contains recommendations in three areas:

- peremptory challenges and the Crown right to stand aside
- the identification of jurors by name or number in court
- the balloting off of additional jurors.

#### Review of the Crimes (*Mental Impairment and Unfitness to be Tried*) Act 1997

The Commission has completed a major review of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* and delivered the report to the Attorney-General on 30 June 2014.

The report contains significant recommendations about how the criminal justice system responds to people charged with offences who have a serious mental condition that affects their criminal responsibility for the offence or their capacity to participate in a criminal trial. It deals with the operation of the CMIA in the Magistrates' Court and Children's Court, as well as the higher courts in Victoria.

#### Forfeiture

The Commission has completed consultations and received 17 submissions for its review of the common law rule of forfeiture.

The Commission is reviewing the circumstances in which it is not appropriate for a person who has killed another person to benefit from that death, including by way of survivorship or as a beneficiary under a will or under intestacy rules.

### **Trading Trusts— Oppression Remedies**

Trading trusts are a common business structure, and the Attorney-General has asked the Commission to report on what recourse beneficiaries should have if there is a disagreement and they want to leave the trust. In particular, the Commission is reviewing whether beneficiaries should have similar rights to those provided to shareholders of companies under section 232 of the Corporations Act. The Commission published a consultation paper in June 2014 and called for submissions.

### **COMMUNITY LAW REFORM**

#### **Birth Registration and Birth Certificates**

While much of the work for this community law reform project was completed in the previous year, the report was delivered to the Attorney-General in August 2013.

Community law reform reports, which are made pursuant to section 5(1)(b) of the *Victorian Law Reform Commission Act 2000*, are, like Attorney-General's references, required to be delivered to the Attorney-General. However, unlike Attorney-General's references, community law reform reports are not legislatively required to be tabled by the Attorney-General in Parliament. I am pleased to report that the Attorney-General tabled the *Birth Registration and Birth Certificates Report* in Parliament

in November 2013. I commend the Attorney-General for doing so and look forward to the tabling of future community law reform reports, which of their nature are significant to the community.

We are pleased to note that several of the reforms recommended by the Commission have already been implemented by the Registry of Births, Deaths and Marriages.

#### **Photographing and Filming Tenants' Possessions**

For its latest community law reform project, the Commission is reviewing the rights of tenants, landlords and real estate agents in regard to the use of photographs and videos to advertise a property for sale or lease. This is a relevant and significant community law reform project, dealing with an issue of genuine community concern. Due to advances in technology and the ubiquity of the internet, the law now appears to be unclear in this area. The Commission published a consultation paper in June 2014 and called for submissions.

More detailed reports on each of these references and projects can be found in later pages of this annual report.

### **THANKS**

The Commission is especially well served by its Chief Executive Officer Merrin Mason and by its talented and hard-working staff. I record my respect and affection for them.

I have had the benefit of excellent relations with government, in particular the Attorney-General the Hon. Robert Clark MP and the Department of Justice. I record my thanks to Marisa De Cicco, Deputy Secretary, Criminal Justice, for the high level of performance of her functions and for her valued support.

The Commission has enjoyed a most productive year and we look forward to the continuing challenges posed by our ongoing references.



**The Hon. Philip Cummins AM**  
Chair

Victorian Law Reform Commission  
30 June 2014

## A central agency for law reform in Victoria.

**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 fair, just, responsive, inclusive and accessible legal system for all Victorians.

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

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

When the Commission carries out a law reform inquiry, it consults with people who are affected, 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 an inquiry, making practical, innovative recommendations that aim to make the law fairer, more up-to-date and more accessible to everyone.

### **The functions of the Commission**

Under section 5 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.



## HIGHLIGHTS

# 2013/2014

### AUGUST 2013

The Commission delivered its community law reform report on birth registration and birth certificates to the Attorney-General.

### SEPTEMBER 2013

The Commission delivered its report on succession laws to the Attorney-General.

The Commission received supplementary terms of reference from the Attorney-General for its review of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* (CMIA), extending our review to consider an expansion of the operation of the Act in the Children's Court.

Alison O'Brien, Assistant Victorian Government Solicitor, was appointed to the Commission.

Dr Ian Hardingham QC was reappointed to the Commission.

### OCTOBER 2013

The Attorney-General asked the Commission to review and report on the rights of beneficiaries of trading trusts who may be subject to oppressive conduct by a trustee.

The Attorney-General asked the Commission to review the common law rule of forfeiture.

The Commission's report on succession laws was tabled in Parliament. The report contains 78 recommendations for reforming the laws that affect what happens to the assets of Victorians when they die.

The Commission reached the figure of 2000 followers on Twitter.

### NOVEMBER 2013

The Commission's community law reform report on birth registration and birth certificates was tabled in Parliament.

The Commission received 381 responses to an online survey of jurors for its jury empanelment reference, with the support of the Jury Commissioners Office.

### DECEMBER 2013

The Commission initiated a new community law reform project, on photographing and filming tenants' possessions for advertising purposes.

### FEBRUARY–MARCH 2014

Commission staff made 31 school visits and addressed 801 legal studies students on the subject of law reform.

### MARCH 2014

The Commission published a consultation paper on the forfeiture rule.

### MAY 2014

The Commission delivered its report on jury empanelment to the Attorney-General.

In partnership with the Victoria Law Foundation and the State Library of Victoria, the Commission presented Law Talks, an all-day event attended by 180 Year 12 legal students from metropolitan Melbourne and their teachers. This was the first occasion at which metropolitan Melbourne legal studies students had received such a presentation.

### JUNE 2014

The Commission published a consultation paper on trading trusts—oppression remedies.

The Commission delivered its report, *Review of the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* to the Attorney-General.

# STRATEGIC PLAN 2014–16

## PURPOSE

**TO MAKE A SIGNIFICANT CONTRIBUTION TO A FAIR, JUST, RESPONSIVE, INCLUSIVE AND ACCESSIBLE LEGAL SYSTEM FOR ALL VICTORIANS.**

## PRINCIPLES

**INCLUSIVE**

**INDEPENDENT**

## VALUES

**INTELLECTUAL RIGOUR**

**BALANCED  
DECISION MAKING**

## OBJECTIVES

**QUALITY LAW REFORM  
REPORTS**

Production of high quality, authoritative, and timely law reform reports

**PUBLIC AND PROFESSIONAL  
REPUTATION**

An excellent reputation for rigorous and comprehensive research, extensive community and stakeholder consultation, and for providing robust, impartial and independent advice

**INNOVATIVE**

**RECOGNITION OF DIVERSITY**

**PUBLIC ENGAGEMENT AND UNDERSTANDING**

Enhancing the public's understanding of law reform, encouraging informed community debate, identifying areas for minor law reform 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**

Fostering information sharing through relationships with other bodies involved in law reform in Victoria, and reporting on the law reform activities being undertaken

---

## COMMISSIONERS

---



### Chair

**The Hon. Philip Cummins AM** 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 2011–2012 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. Mr Cummins holds degrees from the University of Melbourne including Master of Laws and Master of Science (Psychiatry) and is a Senior Fellow (Hon) of the Melbourne Law School. He commenced as Chair of the Victorian Law Reform Commission on 1 September 2012.

### Commissioners

**Bruce Gardner PSM** has had 30 years experience in the Crown Solicitor's Office and the Office of Public Prosecutions. Since 1994, Mr Gardner has held a range of policy-related positions, and since 2008 has been the Manager, Policy and Advice Directorate. He was appointed as a Commissioner in April 2012.

**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 led 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 Commission in June 2012 as the specialist Commissioner to the review on succession laws, and was reappointed to the Commission in September 2013.



**Saul Holt SC** has held the position of Chief Counsel/Director of Criminal Law, Victoria Legal Aid since 2009. He has previously been a senior legal policy officer in the Department of Justice, working primarily on the development of the *Criminal Procedure Act 2009*, and a Crown prosecutor and senior Crown prosecutor in New Zealand. He now practises at the Bar in Queensland and Victoria. He was appointed as a Commissioner in April 2012. He resigned as a Commissioner on 30 June 2014 because of his relocation to Brisbane.

**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. 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 Commission in February 2012, and was acting Chair from February until 31 August 2012.

**Eamonn Moran PSM QC** was Chief Parliamentary Counsel, Victoria from 1999-2008 and Deputy Chief Parliamentary Counsel, Victoria from 1987-99. He was Law Draftsman, Hong Kong, from 2008-12, a member of the Law Reform Commission of Hong Kong from 2008-2012, and Justice of the Peace, Hong Kong, from 2009 until 2012. Mr Moran was awarded an Australian Public Service Medal (PSM) in 2005 for 'outstanding public service to legislative drafting and public law, and to the promotion of plain legal language'. In 2012 the Hong Kong Government awarded him a Silver Bauhinia Star for dedicated service in the Law Drafting Division in the Department of Justice, and his contribution to the development of plain language drafting in Hong Kong. He commenced his term as a Commissioner in September 2012.

**Alison O'Brien** has 18 years experience working in government, including 16 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. She currently advises Government on the management of its major litigation.

In 2011, Ms O'Brien was awarded the Law Institute of Victoria Government Lawyer of the Year Award. She was appointed to the Commission in September 2013.

**The Hon. Frank Vincent AO QC** served 16 years as a 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 Chairman of the Victorian Criminal Bar Association, and since his retirement he has been appointed by successive Attorneys-General to conduct inquiries into matters of public importance. From 2001-2009, he was the second Chancellor of Victoria University. He is currently conducting a review of the legislative framework for witness protection in Victoria, and was Senior Legal Advisor to the recent State Parliamentary Committee Inquiry into the sexual and physical abuse of children in non-government organisations. He was appointed to the Commission in July 2012.



## CEO'S REPORT

# In this financial year the Commission delivered four reports to the Attorney-General.

For the first two months of the past financial year, Cynthia Marwood was acting in the CEO's role while I was on extended leave. I would like to thank Cynthia for all the good work she did in my absence, including the production of last year's annual report.

### References

In this financial year the Commission delivered four reports to the Attorney-General and had four references running concurrently for much of the time, in addition to a self-generated community law reform project. It was a challenge to keep all these projects running smoothly and it was largely due to the excellent work of the project team leaders that this was possible. This number of projects also made the workload of the Chair and Commissioners heavier than usual. Their willingness to contribute their time and expertise is essential to the Commission's work and very much appreciated. A summary of each reference project is contained later in this report.

### Community law reform

Community law reform remains an integral part of the Commission's work. It has value to the Commission in two main ways. When we engage the community by asking for community law reform suggestions, we are seeking ideas for areas of law reform and raising community awareness of the Commission and its work. The community law reform reports that we

produce are the practical outcomes of our research and consultations. The awareness of the broader work of the Commission generated by community law reform activities feeds into all of our projects, enhancing the range of stakeholders we can reach and working to create ongoing relationships with some of our most hard-to-reach community members. Details of the community law reform projects we have been working on during this financial year can be found in the following pages.

During the year our community law reform manager Myra White left the Commission after almost five years in the role including a period as a team leader. I thank her for the excellent work she did in strengthening the Commission's appreciation of the benefits of community law reform and embedding it into the fabric of the Commission.

The new community law reform team of manager Eve Gallagher and project officer Si Qi Wen have approached their work with energy and enthusiasm, already achieving a great deal in the few months that they have been with the Commission.

### Strategic planning

The Commission undertook a strategic planning exercise during this financial year which was enthusiastically embraced by the Commissioners and staff. The exercise was begun in September 2013, a year after the current Chair's term

commenced. The timing was particularly appropriate given that all the current Commissioners' terms had commenced within the previous 18 months. The Chair and Commissioners had had time to gain a full understanding of the Commission and its functions and processes, and with this knowledge take a fresh look at who we are and how we operate.

Following an initial all-of-staff meeting from which the preliminary views of the staff were distilled, a half-day facilitated Commission meeting was held for the Commissioners to provide their views on the key issues and challenges for the Commission. The strategic plan was then developed in a staged manner, with the purpose, principles, values and objectives being signed off by the Commission as the first step. Following this, the management team of the Commission developed goals and strategies for each of the objectives, and finally we considered measures and indicators of achievement.

The 2014–16 plan was completed in June 2014. The Commission will review the goals, strategies and measures on a yearly basis. The purpose, principles, values and objectives will remain in place for the life of the current plan and be reassessed when the next plan is developed for 2017–2019.

### **Social media and online consultations**

Through the work of the communications manager Nick Gadd, the Commission has increased its presence on social media in the last year and achieved some excellent outcomes, particularly its use of Twitter, on which we now have more than 2,400 followers, Facebook, and videos on YouTube. Over the same period we achieved impressive response rates to two online surveys that we conducted to enhance community input into two of our projects. The success of these surveys was in large part due to our capacity to reach a large online audience through social media and our e-newsletter. These ways of engaging with the community have broadened our shareholder reach, making it easier and quicker to contribute, anonymously if desired. Rather than merely providing a different tool to community members who would have contributed anyway, we are drawing in people who previously would not have engaged with the Commission at all, possibly put off by the time commitment required to write a submission or attend a consultation.

### **Staff changes**

Due to the Commission's practice of employing research staff for specific references, most members of our research teams leave at the end of their project. Reference-specific staff are identified in the summaries of each reference.

Two administrative staff have left the Commission over the last 12 months — our operations manager Kathy Karlevski who has been with the Commission for 13 years, and administrative officer Failelei Siatua who has worked at the Commission for nine years. I thank both Kathy and Fai for their long service to the Commission, and note the many friendships they have made in their time here.

Following these departures the administrative needs of the Commission were reassessed and a new position created, finance and office manager, to replace the previous role of operations manager. The new role requires the occupant to have accounting qualifications. The Commission considers that this will provide a greater level of accountability which is increasingly required in the more financially complex and risk-averse environments that we operate in. In addition, in the current financial climate it was decided that the part-time administrative officer position would be left vacant for the time being. Workloads will be monitored to ensure this decision remains operationally viable.

### **Thank you**

My thanks go to all the staff of the Commission who make our workplace such a positive and satisfying place. I would like to especially thank the management team which includes our reference team leaders, and the managers of communications,

community law reform and operations. This team contributes substantially to the smooth operation of the Commission and has provided considerable input into the recent strategic planning exercise.

Vicki Christou was our acting operations manager for the last two months of the year and did an excellent job.

My thanks also to the Chair and Commissioners for their support. Quite apart from the expertise and professionalism they bring to their guidance of our law reform projects, they provide timely and wise advice on Commission governance issues. Working with them is a pleasure.

### **Accountable Officer's declaration**

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Law Reform Commission's annual report for the year ending 30 June 2014.



### **Merrin Mason**

Chief Executive Officer  
Victorian Law Reform Commission



### 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.

The Commission completed three references: Succession Laws, Jury Empanelment, and Review of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997*. The Commission completed one community law reform project: Birth Registration and Birth Certificates.

---

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

The Commission published consultation papers related to five projects: Review of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* and the Children's Court of Victoria; Jury Empanelment; Forfeiture; Trading Trusts; Photographing and Filming Tenants' Possessions. We conducted extensive consultations with the community, including online surveys that attracted a high number of responses.

---

To enhance public understanding of law reform through our community engagement and education initiatives, encouraging informed community debate on key issues, identifying areas for minor law reform and increasing contributions to the law reform process.

The Commission conducted a successful schools program and participated in Law Talks events jointly with the Victoria Law Foundation.

The Chair gave several interviews to media, including ABC radio and *The Age* on current law reform projects. 32 formal proposals for community law reform projects were received from 24 individuals and five organisations.

---

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

The Commission established a project team to liaise, track, share information and report on the activities of other law reform agencies.

---

To give a voice to marginalised groups within the community.

The Commission consulted extensively with Indigenous people, young people and people of culturally and linguistically diverse backgrounds in Melbourne and regional Victoria.

---

The Commission's *Review of the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997 Consultation Paper* was made available in an easy English version.

---

The Commission's current publications are published on the internet in accessible versions.



## Operational and budgetary objectives and performance

The following table outlines details of the outputs provided by the Commission to the Government, including performance measures and costs for each output, and the actual performance results against targets by output for the Commission over the full year ending 30 June 2014.

The outputs relating to the Commission are included in the Budget Paper No. 3 (BP3) under the heading of the Department of Justice's Supporting Legal Processes and Law Reform—Access to Justice and Support Services. The Commission's outputs contribute to this consolidated total output cost of \$263.2m.

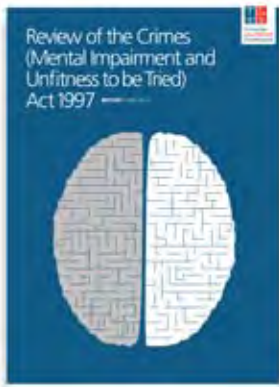
The total output cost for the Commission is an amount derived from the *Appropriation (2013/2014) Act 2013*, less savings and other movements, plus the amount received from the Legal Services Board, as directed by the Attorney-General.

### Budget portfolio outcomes

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

### Performance measures

	UNIT OF MEASURE	2013/14 ACTUAL	2013/14 TARGET
<b>Quantity</b>			
Community education and consultation sessions	number	156	60
<p>The significant variation between the target and the actual number of sessions provided can be explained by the fact that the VLRC received two additional references from the Attorney-General in the second quarter of the financial year. This made a total of four references running concurrently. The original target was based on the two references the Commission had at the commencement of the reporting period, plus a self-generated community law reform project. The Commission is not able to control the number of references provided by the Attorney-General or the timing of these references.</p>			
Law reform projects	number	5	3
<p>The variation between the target and the actual number is due to the situation described above.</p>			
<b>Quality</b>			
Stakeholder satisfaction with consultation/education processes	per cent	100	85
<p>Our measurement this year was based on the school talks program. The response from teachers surveyed was 100% positive.</p>			
<b>Cost</b>			
Annual appropriation		0.741	0.747
Legal Services Board		1.645	1.645
<b>Total output cost</b>	<b>\$ million</b>	<b>2.382</b>	<b>2.392</b>



## REFERENCE

# Review of the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997

**GRANTED**  
August 2012

**DELIVERED**  
30 June 2014

**DUE DATE**  
30 June 2014

### Background

The *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* (Vic) (CMIA) governs the law and procedure that applies where a person is charged with a criminal offence and:

- at the time the person appears in court their mental processes are so disordered or impaired, they are 'unfit to stand trial', and/or
- at the time of an alleged offence the person has a 'defence of mental impairment' which affects their criminal responsibility.

The CMIA also provides a system for supervising and managing people who are subject to the Act.

The reference is the first comprehensive review of the CMIA's operation. While a number of specific aspects of the CMIA have been reviewed, there has been no systemic review of the CMIA since it was introduced 17 years ago to replace the 'Governor's pleasure' regime that previously governed the law in Victoria.

### Terms of reference

The Victorian Law Reform Commission was asked to review and report on the desirability of changes to the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* (CMIA) to improve its operation.

The review examined the operation of the CMIA and considered whether changes were needed to ensure that the CMIA operates justly, effectively and consistently with the principles that underlie it.

In particular, the Commission considered whether:

- the CMIA should define 'mental impairment' and, if so, how it should be defined;
- the process of determining fitness to stand trial could be improved;
- the application of the CMIA should be further extended to the Magistrates' Court, for example:
  - › whether the process for determining fitness to stand trial should be adapted for use in the Magistrates' Court;
  - › whether the CMIA should permit the Magistrates' Court to make supervision orders or other orders appropriate to the jurisdiction, rather than being required to discharge the accused if the accused is found not guilty because of a mental impairment; and
  - › if the Magistrates' Court is permitted to make additional orders, whether this should be limited to indictable offences that are heard and determined summarily or extended to also include certain summary offences;

- legislative clarification was required as to how the law should provide for the jury to approach the elements of an offence and, any defences or exceptions, when the defence of mental impairment is in issue; and
- changes should be made to the provisions governing supervision and review.

In undertaking this reference, the Commission had regard to the cost implications of recommendations, and to the recommendations made by the Parliamentary Law Reform Committee in its *Inquiry into Access to and Interaction with the Justice System by People with an Intellectual Disability and their Families and Carers*.

#### Supplementary terms of reference

In September 2013 the Commission was also asked to consider whether the application of the CMIA should be further extended to the Children's Court. In particular, the Commission considered:

- the Court of Appeal decision in *CL, A Minor (by his Litigation Guardian) v Director of Public Prosecutions (DPP) (obh Lee) [2011] VSCA 227*;
- whether the process for determining fitness to stand trial in the *Crimes (Mental Impairment and Unfitness to be Tried Act) 1997* should be adapted for application in the Children's Court;
- in relation to fitness and the defence of mental impairment, whether a different process for determination should apply in the Children's Court than any that may be proposed by the Commission with regards to the Magistrates' Court;
- what orders should be available in the Children's Court following a finding of unfitness or not guilty because of mental impairment;
- whether the current jurisdiction of the Children's Court should apply, so that the Court could hear and determine any matter before it if fitness or mental impairment should arise, apart from those currently required to be committed to the Supreme Court.

The Commission was granted an extension of time to report on the overall reference to 30 June 2014.

#### Commissioners and staff

The Division working on this project comprised the Chair, the Hon. Philip Cummins AM and three part-time Commissioners, the Hon. Frank Vincent AO QC, Bruce Gardner PSM and Saul Holt SC.

The research and policy team consisted of Nina Hudson (team leader), Catriona MacIvor and Jacinth Pathmanathan (research and policy officers).

#### Progress of the reference

The Commission published a consultation paper on the terms of reference in June 2013, along with a public call for submissions (due 23 August 2013). Consultations on the terms of reference were conducted throughout July–August 2013.

Following receipt of the supplementary terms of reference in September 2013, the Commission published a supplementary consultation paper and sought submissions by 18 December 2013.

The Commission received 34 submissions to the terms of reference and supplementary terms of reference. Most of the submissions are public and can be viewed on the Commission's website.

In total 55 consultations were conducted on the terms of reference and supplementary terms of reference across regional and metropolitan Victoria with a wide range of people who had personal and professional experience with the CMIA.

The Commission held four roundtable consultations on the operation of the CMIA: one on the higher courts; one on the Magistrates' Court; and two on the Children's Court with legal practitioners and with forensic clinicians respectively.

The Commission held discussions with organisations conducting law reform work or reviews in the area covered by the review, including the New South Wales Law Reform Commission, the Australian Human Rights Commission and the Australian Law Reform Commission. Regard was also had to the work being conducted overseas in this area, in particular by the Law Commission of England and Wales and the Law Commission of New Zealand. As some of the law reform options drew on Queensland legislation and practice, discussions were also held with representatives from that jurisdiction.

In September, the Commission also met for a second time with the advisory committee of experts, formed to provide insights into how the CMIA and surrounding systems work in practice and to discuss issues and options for reform.

The Commission records its thanks for the substantial contribution made to its work by the people and entities stated above and in particular to the members of its advisory committee.

The Commission delivered its report to the Attorney-General on 30 June 2014. The report will be published and distributed widely by the Commission after the report has been tabled in the Victorian Parliament.



## REFERENCE

# Jury Empanelment

**GRANTED**  
March 2013

**DELIVERED**  
30 May 2014

**DUE DATE**  
31 May 2014

### Background

In Victoria, juries are used to try indictable criminal matters and some civil proceedings in the Supreme and County Courts. There were 548 jury trials in Victoria in 2012–13.

Prospective jurors are randomly selected from the electoral roll to form a jury pool. From the jury pool, jurors are randomly selected again to form jury panels who attend court for a given trial. Random selection is intended to secure representativeness. Juries are usually made up of 12 jurors for criminal trials and six jurors for civil trials. However, a court may empanel additional jurors—up to three additional jurors for criminal trials and up to two additional jurors for civil trials. This is usually done to allow for the possibility of juror attrition over long trials.

The jury for the trial is balloted from the jury panel. As a prospective juror is selected their name or number is called out. The judge decides whether to identify jurors by name or number. In criminal trials, the accused may challenge up to six prospective jurors without providing a reason. This is called a 'peremptory challenge'. The prosecution may also challenge up to six prospective jurors in criminal trials without providing a reason. This is called 'the Crown right to stand aside'. In civil trials, each party may peremptorily challenge three prospective jurors.

In both civil and criminal trials, if a prospective juror is not challenged he or she becomes a member of the jury.

If additional jurors were empanelled and there are excess remaining when the jury is to consider its verdict, a ballot is held to reduce the jury to 12 in criminal trials and six in civil trials. Jurors who are balloted off do not participate in deliberations or the verdict. Fifty-six additional jurors were empanelled in Victoria in 2012–13. Nineteen of these (34 per cent) were balloted off.

---

### **Terms of reference**

The Commission was asked to review three specific aspects of jury empanelment in both civil and criminal trials:

- the identification of jurors by name or number in court
- peremptory challenges (and the Crown right to stand aside in criminal trials)
- the balloting off of additional jurors.

The terms of reference asked the Commission to focus in particular on the effect of these processes on jurors.

### **Commissioners and staff**

The Division working on this project comprised the Chair, the Hon. Philip Cummins AM and four part-time Commissioners, Bruce Gardner PSM, Saul Holt SC, His Honour David Jones AM and the Hon. Frank Vincent AO QC.

The research and policy team consisted of Nicole Schlesinger (team leader), and Martin Wimpole (research and policy officer).

### **Progress of the reference**

The Commission completed its review and delivered its report to the Attorney-General on 30 May 2014.

The Commission received 18 written submissions to the review. In addition, the Commission held face to face consultations with key stakeholders, including judges, court staff and peak legal groups, in accordance with the provisions of the *Juries Act 2000* (Vic). To obtain the views of people who had participated in the jury empanelment process, the Commission designed a juror survey. There were 381 responses to the juror survey. The Commission also attended eight jury empanelments in Melbourne and the regions and held face-to-face consultations with participants in the jury empanelment process.



## REFERENCE

# Succession Laws

### GRANTED

March 2012

### DELIVERED

27 August 2013

### DUE DATE

1 September 2013

## Background

The Commission completed its review in August 2013 of aspects of the law concerning wills and the distribution and administration of assets after someone dies.

## Terms of reference

On 1 March 2012, the Attorney-General asked the Commission to review and report by 1 September 2013 on the desirability of legislative or other reform regarding a number of succession law matters.

Among other things, the terms of reference required a comprehensive review of family provision and intestacy law. Family provision law enables a person whom the deceased person had a responsibility to provide for to apply for a greater share of the estate. Intestacy law determines how to distribute the estate when the deceased person did not set out their wishes in a valid will.

The other topics within the terms of reference were more narrowly focussed, yet significant for beneficiaries, creditors, executors and administrators of deceased estates.

They led the Commission to review how the law on witnessing wills protects older and vulnerable will-makers; what happens under the law of ademption when the will leaves a specific gift that no longer exists; and how the Supreme Court may authorise a will for a person who does not have the capacity to make one.

The Commission also examined the regulation of legal practitioner executors and the costs and commissions that they and other executors may charge; how debts are paid out of the estate; and whether there are more efficient ways of dealing with small estates.

## Commissioners and staff

The reference was led by Dr Ian Hardingham QC. The Hon. Philip Cummins AM, His Honour David Jones AM and Eamonn Moran PSM QC joined him on a Division that was formed to work on the reference.

The research and policy team comprised Lindy Smith (team leader) and research and policy officers Mia Hollick, Joanna O'Donohue and Natalie Lilford.

## Progress of the reference

By the end of the 2012–13 financial year, the Commission had issued separate consultation papers on wills, family provision, intestacy, executors, small estates and debts, had received 46 submissions in response and had completed its consultations.

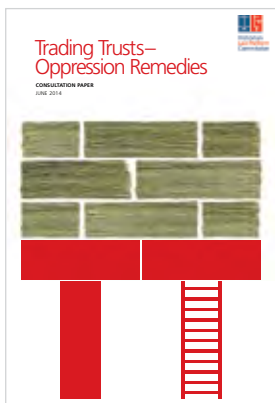
The report was delivered to the Attorney-General on 27 August 2013. It was tabled in Parliament on 15 October 2013.

The report contains 78 recommendations to reform the laws that affect what happens to the assets of Victorians after they die.

The recommendations aim to:

- reduce the costs of administering small estates, making it easier and cheaper to administer an estate when a person dies
- make the law clearer about which family members can challenge a will under family provision laws
- make the commissions and costs charged by executors more transparent, and provide new avenues for resolving disputes
- provide better public information to assist will-makers, administrators and executors of wills
- bring various succession laws in Victoria into line with the laws in other states.

The consultation papers, report and public submissions are published on the Commission's website.



## REFERENCE

# Trading Trusts –Oppression Remedies

### GRANTED

October 2013

### DUE DATE

3 February 2015

### Background

In Australia, trading trusts are often used as an alternative to companies as a way to structure businesses. They can be used by small, family businesses as well as larger enterprises. Like other trusts, a trading trust has a trustee that holds property on behalf of beneficiaries. The difference is that a trading trust actively conducts a business. Sections 232 to 234 of the *Corporations Act 2001 (Cth)* provide a range of remedies for shareholders subject to oppressive conduct by a corporation.

### Terms of reference

On 29 October 2013, the Attorney-General asked the Commission to review and report on the desirability of having remedies similar to those in the *Corporations Act 2001 (Cth)* to protect the rights of beneficiaries of trading trusts who may be subject to oppressive conduct by a trustee.

In conducting the review, the Commission is to have regard to:

- whether adequate remedies for beneficiaries subject to oppressive conduct by the trustee of a trading trust are already available under Victorian statute or the common law
- the interaction between state and Commonwealth laws, and the jurisdictional limits imposed on the Victorian Parliament
- the interests of other parties which may be involved in, or interact with, trading trusts including creditors, trustees, directors and employees.

### Commissioners and staff

The Commission formed a Division to work on the project, comprising the Chair of the Commission, the Hon. Philip Cummins AM, and Commissioners Dr Ian Hardingham QC, Eamonn Moran PSM QC, and Alison O'Brien. The research and policy team comprises Dr Anthony Bendall (team leader) and Jesse Jager (research assistant).

### Progress of the reference

Initial research including preliminary consultation with key stakeholders was conducted in April and May 2014. The Commission convened a roundtable discussion with stakeholders and relevant experts on Wednesday 11 June 2014. A consultation paper setting out the relevant law, options for reform and inviting submissions, was published on 13 June 2014.

Submissions and other material obtained through research and consultation will be used to draft the final report, which is to be delivered to the Attorney-General by 3 February 2015.



## REFERENCE

# The Forfeiture Rule

### GRANTED

October 2013

### DUE DATE

15 September 2014

### Background

The Commission is reviewing the common law rule of forfeiture that prevents a person responsible for an unlawful killing from benefiting as a result.

The forfeiture rule is based on the rule of public policy that a person who unlawfully kills another cannot acquire a benefit as a consequence of the killing. The person responsible forfeits any entitlement to inherit from the deceased person, either under the deceased person's will or, if no will disposes of all of the estate, under intestacy law.

The forfeiture rule also prevents the transfer of property and benefits that are not within the deceased person's estate, such as the deceased person's interest in any property owned as a joint tenant, proceeds of a life insurance policy and superannuation entitlements.

The rule applies where the court is satisfied, in civil proceedings, that the killing was unlawful. The person responsible need not have been found guilty of a criminal offence. The rule may be applied to someone who has been tried and acquitted, or not prosecuted at all, if the court is satisfied, on the balance of probabilities, that the person unlawfully killed the deceased person. The only exception is if the person responsible has been found not guilty because of mental impairment.

If an unlawful killing falls within the scope of the forfeiture rule, it will apply regardless of the moral culpability of the person responsible. The rule will therefore have the same consequences for the succession rights of a person responsible for a premeditated murder as for those of a person responsible for aiding or abetting a suicide.

There will also be consequences for the distribution of the deceased person's estate to innocent beneficiaries and others with a potential claim to the forfeited benefits.

In Victoria, the scope of the rule is unclear. There is doubt about whether the rule applies in Victoria to every unlawful killing that results from an inadvertent, involuntary or negligent act or omission. There is also concern that applying the rule without exception can lead to unfair outcomes.

These difficulties are not unique to Victorian law and other jurisdictions have responded by introducing legislative reforms. New South Wales, the Australian Capital Territory and the United Kingdom have given the court the discretion to modify the effect of the rule on a case-by-case basis when justice requires it. New Zealand has codified the rule, clarifying its scope and effect, and excluding some offences from its operation.



---

---

### **Terms of reference**

In October 2013, the Attorney-General asked the Commission to review the common law rule of forfeiture and the circumstances in which it should no longer be appropriate for a person who has killed another person to benefit from that death, including by way of survivorship or as a beneficiary under a will or intestacy law.

The Commission is to consider existing exceptions to the forfeiture rule and make recommendations on the need for legislative or other reform.

### **Commissioners and staff**

The Chair, the Hon. Philip Cummins AM, formed a Division to work on the project. Joining him on the Division are Commissioners Bruce Gardner PSM, Dr Ian Hardingham QC, His Honour David Jones AM, Eamonn Moran PSM QC, Alison O'Brien and the Hon. Frank Vincent AO QC.

The research and policy team comprises Lindy Smith (team leader) and Megan Taylor (research and policy officer).

### **Progress of the reference**

In March 2014, the Commission published a consultation paper that described the current law and identified possible reform options.

The Commission invited submissions by 28 April 2014, although contributions were accepted after that date. Seventeen submissions were received.

The Commission then embarked on a series of meetings with members of the judiciary, the legal profession, academics and representatives of community groups.

A roundtable was convened on 24 March 2014 to consider the forfeiture rule in practice. Participants discussed how well the forfeiture rule is targeted and how effectively it prevents an offender from taking a benefit.

A second roundtable was held on 26 May 2014 to consider reform options.

The Commission also held discussions in New South Wales with members of the judiciary, the legal profession and academics about reforms made in New South Wales.

At the close of the reporting period, drafting of the final report was under way, with the report to be delivered to the Attorney-General by 15 September 2014.

---

## COMMUNITY LAW REFORM

---

The Commission may initiate inquiries into matters of general community concern, as long as they are limited in size and scope, and do not take up too many resources. The Commission refers to these inquiries as community law reform projects.

Community law reform projects enable community members who are not normally involved in the law reform process to identify problems in the law and put forward suggestions for change. At the same time, they enable the Commission to benefit from the unique and valuable insights of those with first-hand experience of the law's operation.

The community law reform manager coordinates the community law reform program, with the assistance of a project officer.

---

### Criteria

Selection criteria are used to assess the suitability of the community law reform proposals received by the Commission. Proposals that meet the criteria are considered in detail by the Commission, which then determines which projects to undertake. The Commission takes on approximately one community law reform project a year.

More about our selection criteria for community law reform projects can be found on our website. In short, the project must relate to Victorian law, be of limited scope, not require too many resources, benefit a significant proportion of the population or a significantly disadvantaged proportion of the population, have some prospect of success and not already be under review by government or Parliament.

### Community law reform suggestions

This financial year the Commission received 32 formal proposals from 24 individuals and five organisations. Half of these proposals were submitted electronically, including the Commission's first proposal via Twitter. The rest were submitted by post, on the phone or in person.

---

### **Birth Registration and Birth Certificates**

Having received the final report on birth registration and birth certificates from the Commission in August 2013, the Attorney-General tabled the report in Parliament in November 2013.

The Commission's review considered whether Victorian law was in line with community expectations, and examined the impact of the law on people from Aboriginal, culturally and linguistically diverse, and disadvantaged backgrounds.

Thirteen submissions and 33 consultation meetings informed the Commission's final report, which put forward 26 recommendations to reform law, policy and practice in this area. Waiving fees for disadvantaged people, making it easier for people to obtain identity documents, and changing the process relating to birth registration in cases of domestic violence were among the Commission's recommendations.

At the time of the report's tabling, the Attorney-General said that many of the recommendations had been, or were in the process of being, adopted by the Registry of Births, Deaths and Marriages.

### **Photographing and Filming Tenants' Possessions for Advertising Purposes**

In December 2013, the Commission adopted the terms of reference for its review of the law relating to the use of photographs and videos of tenants' possessions to advertise properties for sale or lease.

Photographs and videos are an important advertising tool for landlords and agents who wish to sell or re-lease rental properties. However, tenants have expressed concern about photographs and videos that contain their possessions. Some tenants say that the use of these images in advertising material could violate their privacy, place them at risk of theft and, in some cases, place them at risk of personal harm.

It is not clear under Victorian law whether landlords and real estate agents can take photographs and videos without the tenant's consent. Although the *Residential Tenancies Act 1997* (Vic) does not expressly refer to this practice, it does set out the grounds upon which landlords may enter a rental property, and the notification and behavioural requirements landlords must adhere to when entering.

The Act also protects the right of tenants to quiet enjoyment. Opinion differs as to what these provisions enable tenants, landlords and real estate agents to do in relation to advertising photographs and videos that contain tenants' possessions.

The Commission released its consultation paper and commenced its consultation period in June 2014. It has invited tenants, landlords, real estate agents and people with expertise in residential tenancy law to make a submission or take part in a consultation by mid-August 2014. More information about this review can be found on the Commission's website.

### **Commissioners and staff**

The Commission formed a Division to work on the project, comprising the Chair of the Commission, the Hon. Philip Cummins AM, and Commissioners Eamon Moran PSM QC and Alison O'Brien.

The community law reform team comprises Eve Gallagher (who took over as community law reform manager from Myra White in January 2014) and project officer Si Qi Wen.

## COMMUNICATIONS AND EDUCATION



**The Commission has been working to educate the community about law reform by publishing educational resources, maintaining an up-to-date website including videos explaining current issues, promoting law reform projects through the media and visiting educational institutions to explain our role in the law reform process.**

**The Commission and its work is part of the VCE legal studies curriculum, and there was a high demand for our services from schools this year. Staff made 31 school visits and addressed 801 legal studies students (predominantly year 12) on the subject of law reform. The presentations focussed on the structure and processes of the Commission, and included recent case studies.**

Above:  
The Hon. Philip Cummins with students of Craigieburn Secondary College during Law Talks in Melbourne.

### Satisfaction

Following the presentations we sent an online questionnaire to teachers. 87.5 per cent of teachers responded that the presentation was very useful for students, and 100 per cent stated that the content was excellent and that they would recommend the presentation to other schools.

For the first time this year, the Victorian Law Reform Commission and the Victoria Law Foundation partnered with the State Library of Victoria to deliver Law Talks on 15 May, an event for students of Year 12 legal studies. 180 students attended and overwhelmingly positive feedback was received.

The Commission also participated in the Victoria Law Foundation's regional Law Talks program, presenting in Warrnambool and Wangaratta.

### In the news

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

- the Chair was interviewed several times for articles which appeared in *The Age*, on the jury empanelment and forfeiture references
- the Chair appeared on the Jon Faine program on ABC 774 Melbourne discussing the review of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* and jury empanelment.

The Commission continued to contribute to the *Law Institute Journal*, covering the Commission's work on a variety of issues throughout the year. We also contributed articles about our work to several publications for university law students.

### Website

We have made significant enhancements to our website over the past year, simplifying the navigation and improving its accessibility. In particular, we have

made our current consultation papers and reports available as html (in addition to pdf). Html is the format most easily accessed by people with disabilities using assistive technology, and is more accessible across a range of devices.

### Online surveys

For the first time, in 2014 the Commission gathered input from the community through online surveys. Surveys were conducted successfully for two projects. The survey of jurors for the jury empanelment project drew 381 responses, and the survey of tenants, landlords and agents for photographing and filming tenants' possessions drew more than 200 responses. This is an innovative and valuable way of gathering input from people who may not make a submission or participate in consultations.

### E-newsletters and alerts

We published four editions of the Commission's e-newsletter in the financial year. These newsletters were opened by more than 1,200 recipients on average. We also communicated with project-specific audiences through tailored e-mail campaigns.

### Social media

The Commission promotes its work and participates in the online community through social networking sites Facebook, Twitter and YouTube.

A mix of individuals, legal and community organisations, lawyers, students and journalists are following us on Twitter. At 30 June, the Commission had over 2,400 followers—an increase of more than 700 over the 12-month period. The Commission's Facebook page provides links to our references, launch photos, media highlights and jobs and relevant media articles. Our social media presence has led to valuable connections and conversations with those who have an interest in our work and contribute to references.

---

# GOVERNANCE AND ORGANISATIONAL STRUCTURE

---

## Audit committee membership and roles

The audit committee consists of:

- Anthony Phillips (Chairperson)
- John Bafit
- The Hon. Philip Cummins AM (Chair, Victorian Law Reform Commission).

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
- oversee the effective operation of the risk management framework.

---

## Human resource management

During the 2013–14 financial year, the Commission continued its initiatives to improve the health and safety of staff by providing ergonomic assessments, screen-based eye testing and annual influenza vaccinations for those individuals who requested these services.

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

New and existing staff undertook fire warden and first aid officer training. All staff participated in the fire drills undertaken by the building management.

## Employment and conduct principles

The Commission is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

# ORGANISATIONAL STRUCTURE

Chair and seven Commissioners

Research and executive assistant

CEO

Team leaders x4

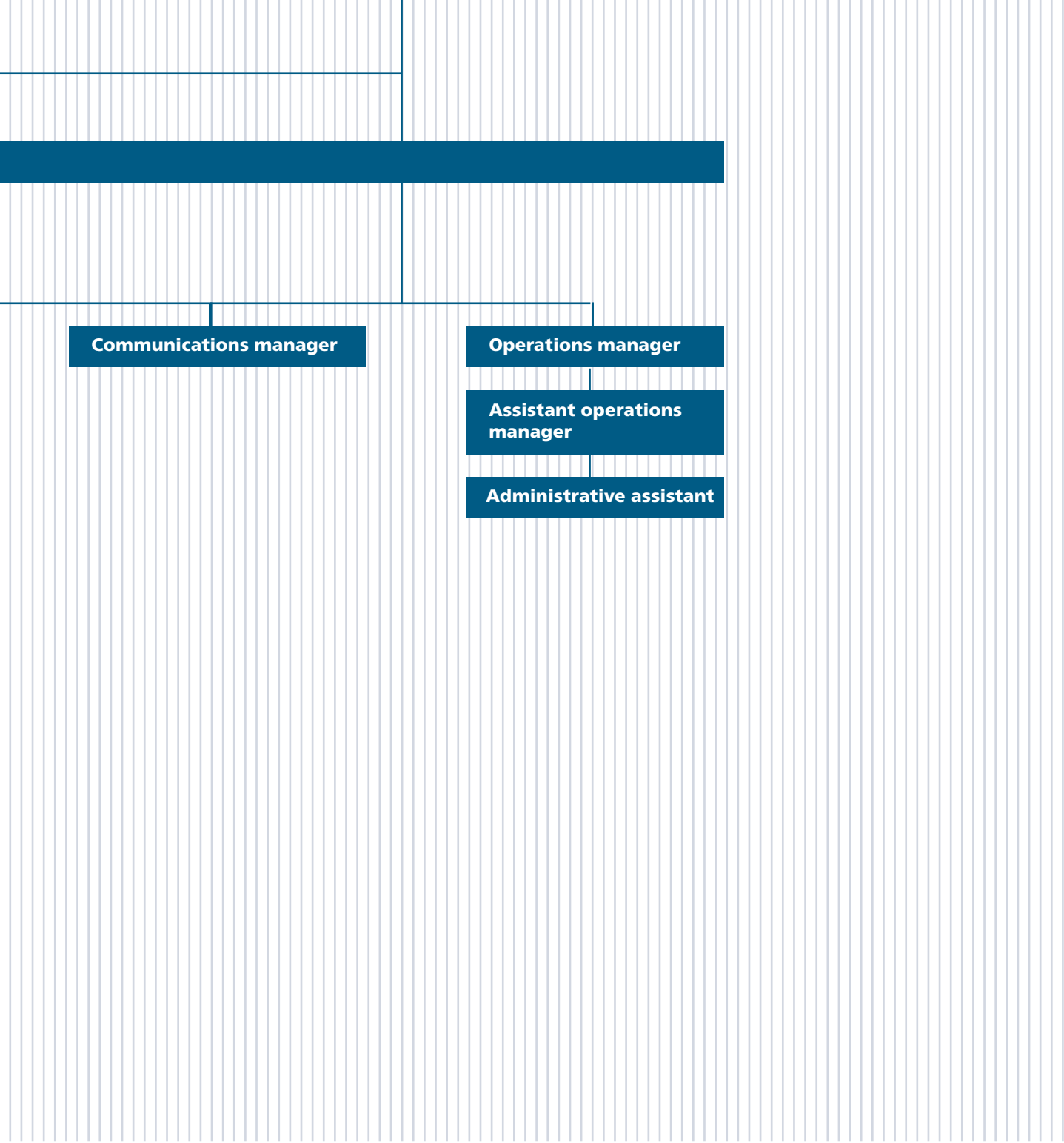
Community law reform manager

Project officer

Librarian

Policy and research officers x6

Research assistants x1



## WORKFORCE DATA

### COMPARATIVE WORKFORCE DATA (a) (b) (c) (f)

#### Public administration values and employment principles

The Commission, through the Department of Justice, has a suite of detailed employment policies, including policies with respect to grievance resolution, recruitment, redeployment, and managing diversity. Policies with respect to managing underperformance and discipline were produced and have been implemented across the Commission, via the Department.

**Table 1: Full time equivalents (FTE) staffing trends from 2010 to 2014**

YEAR	2014	2013	2012	2011	2010
	17.3	14.2	9.3	16.5	21.9

**Table 2: Summary of employment levels in June 2013 and 2014**

	Ongoing Employees <sup>(d)</sup>				Fixed Term & Casual Employees
	Employees (Headcount)	Full Time (Headcount)	Part Time (Headcount)	FTE	FTE
<b>June 2014</b>	4	3	0.6	3.6	13.7
<b>June 2013</b>	7	4	3.0	6.1	8.1

**Table 3: Details of employment levels in June 2013 and 2014**

	2014			2013		
	Ongoing <sup>(b)</sup>		Fixed Term & Casual Employees	Ongoing <sup>(b)</sup>		Fixed Term & Casual Employees
	Employees (Headcount)	FTE	FTE <sup>(c)</sup>	Employees (Headcount)	FTE	FTE <sup>(c)</sup>
<b>Gender</b>						
Male	1	1.0	4.8	1	1.0	0
Female	3	2.6	8.9	6	5.1	8.1
<b>Total</b>	<b>4</b>	<b>3.6</b>	<b>13.7</b>	<b>7</b>	<b>6.1</b>	<b>8.1</b>
<b>Classification</b>						
VPS 1	0	0	0	0	0	0
VPS 2	1	0	0	1	0.6	0
VPS 3	2	1.6	3.0	2	1.6	1.0
VPS 4	0	0	0	0	0	0
VPS 5	1	1.0	7.9	3	2.9	4.2
VPS 6	1	1.0	1.0	1	1.0	1.9
Executive <sup>(e)</sup>	0	0	1.8	0	0	1.0
<b>Total</b>	<b>4</b>	<b>3.6</b>	<b>13.7</b>	<b>7</b>	<b>6.1</b>	<b>8.1</b>

Notes:

- (a) All figures reflect employment levels during the last full pay period of June of each year.
- (b) Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies, and a small number of people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004*.

- (c) The increase in employment levels between June 2013 and June 2014 is due to additional staff being employed to work on the new references referred to the Commission by the Attorney-General.
- (d) 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.

- (e) 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.
- (f) The Victorian Law Reform Commission is an independent agency with the Justice portfolio that employs public servants independently of the Department Secretary. The Commission is required to produce its own annual report. Employee numbers for the Commission are published in that annual report.



## OTHER DISCLOSURES

### 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 Victorian Industry Participation Policy (VIPP). Departments and public sector bodies are required to apply VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide 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 2014.

### Consultancy expenditure

The definition of consultancy was updated effective from 1 July 2013. Consequently, disclosures on the 2013–14 consultancy expenditure cannot be compared with previous year disclosures.

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

In 2013–14, there were four consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2013–14 in relation to these consultancies is \$86,505 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2013–14 (excluding GST)	Future expenditure (excluding GST)
Schiavello	Supply and installation of workstations	1 July 2013	12 July 2013	\$27,050	\$27,050	\$Nil
Deloitte	Undertake internal audit function	1 July 2013	30 June 2014	\$21,960	\$21,960	\$Nil
University of Melbourne	Cost benefit analysis CMIA	7 March	26 May	\$19,395	\$19,395	\$Nil
Victorian Auditor-General's Office	For the audit of the financial report 2013–14	1 July 2013	30 June 2014	\$18,100	\$Nil	\$18,100

#### *Details of consultancies under \$10,000*

In 2013–14, there were eight consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2013–14 in relation to these consultancies is \$23,156 (excluding GST).

---

## OTHER DISCLOSURES (CONTINUED)

---

### **Freedom of information**

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Commission. The Commission did not receive any applications from members of the public for the 12 months ending 30 June 2014.

#### ***Making a request***

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in section 17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

- it should be in writing
- it should identify as clearly as possible which document is being requested
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

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

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

Access charges may also apply once documents have been processed and a decision on access is made; for example photocopying and search and retrieval charges.

Further information regarding Freedom of Information can be found at [www.foi.vic.gov.au](http://www.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*.

### **National Competition Policy**

Under National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

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

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

---

### **Compliance with the *Protected Disclosure Act 2012* (formerly the *Whistleblowers Protection Act 2001*)**

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  
[www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

#### ***Disclosures under the Protected Disclosure Act 2012***

	<b>2013–14 number</b>	<b>2012–13 number</b>
The number of disclosures made by an individual to the Commission and notified to the Independent Broad-based Anti-corruption Commission		
Assessable disclosures	n/a	0

---

## OTHER DISCLOSURES (CONTINUED)

---

### Office-based environmental impacts

The Commission's Environment Management System (EMS) was set up to meet government requirements and to reduce the Commission's impact on the environment. The initial focus has been on the Commission's office-based activities in the areas of energy and paper consumption, transportation to and during work, waste generation, water consumption, and green procurement. The program is independently audited each year by an environmental auditor appointed under the *Environment Protection Act 1970*.

The EMS objectives include:

- complying with all environmental legislation, regulations and Government policy requirements;
- reducing the resource use and greenhouse gas emissions for all aspects of the Commission's business;
- including environmental sustainability as a key consideration when procuring goods and services;
- educating and empowering staff with the skills, awareness and leadership to minimise our environmental impacts;
- actively engaging and influencing people with whom we do business to assist us in effecting environmental change;
- including environmental sustainability as a consideration in implementing and developing community law reform projects and considering the environmental impacts of law reform recommendations; and
- striving to continually monitor, review and improve the Commission's environmental performance.

### Current environmental management practices

- GreenEarth electricity
- 25 per cent Wind GreenPower (Accredited Renewable Energy)
- Motion sensors
- Lighting audits and de-lamping
- VISY paper, plastic, glass, aluminium and steel recycling
- Using 80 to 100 per cent recycled paper
- Double-sided printing
- Draft printing (half strength toner)
- Ink and toner cartridge recycling
- CD, DVD and battery recycling
- Printing publications on Australian-made, 100 per cent recycled paper from post-consumer waste. Using local printers with strong environmental credentials and FSC accreditation.
- A staff awareness program to encourage staff to turn off equipment and lights after use.
- unplugging of office equipment that is not in use.
- Installation of energy saver down-lights and fluorescent tubes.

## Energy use

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

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

Indicator	2013–14		2012–13	
	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	228,464	228,464	180,791	180,791
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO <sup>2</sup> e)	64	...	47.3	...
Percentage of electricity purchased as Green Power	25%		25%	
Units of energy used per FTE (MJ/FTE)	26,450		25,472	
Units of energy used per unit of office area (MJ/m <sup>2</sup> )	856		403	

### Actions undertaken

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

### Explanatory notes

- The data represented above was collected through energy retailer billing information.
- The increase in overall energy use is due to the co-location with the Sentencing Advisory Council. All workstations and offices are occupied; there are more computers and other equipment on the floor that require energy to operate.
- The overall increase of energy used per unit of office area is due to there being additional people on the floor in the reporting period, occupying less space per person.

## OTHER DISCLOSURES (CONTINUED)

### Explanatory notes

- Landfill is collected nightly. The company contracted to do the cleaning does not collate any data on waste, therefore none can be provided.
- The data represented above was collected through the retailer and represents only paper, plastic, glass, aluminium and steel recycling.
- The retailer states all waste is recycled unless it is contaminated. They advised that contaminated waste is not collected. A sticker is placed on the bin advising when the waste is contaminated and the bin is not collected. All waste produced by the Commission has been collected.
- 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.

### Waste production

Indicator	2013-14	2012-13
Total units of office waste disposed of by destination (kg/year)	1730	1980
Units of office waste disposed of per FTE by destination (kg/FTE)	100	139
Recycling rate (per cent of total waste)	100%	100%
Greenhouse gas emissions associated with waste disposal (t CO <sup>2</sup> e)	No available data	No available data

### Actions undertaken

Recycling	The total diverted from landfill is 22.26 kgs, comprising : toner cartridges 11.46 kgs, large bottles 10.80 kgs
-----------	---

### Explanatory notes

- The overall use of paper has increased.
- The increase in the total units of A4 equivalent paper used in publications (reams) directly results from the size and number of publications produced during the reporting period.

### Paper use

Indicator	2013-14	2012-13
Total units of A4 equivalent copy paper used (reams)	315.5	238
Units of A4 equivalent copy paper used per FTE (reams/FTE)	16.47	12.33
Percentage of 75–100% recycled content copy paper purchased (%)	99%	99%
Percentage of 50–75% recycled content copy paper purchased (%)	0	0
Percentage of 0–50% recycled content copy paper purchased (%)	1%	1%
<b>Optional indicators</b>		
Total units of A4 equivalent paper used in publications (reams)	1,216	557
Percentage of publications publicly accessible electronically (%)	100%	100%

### Actions undertaken

Default paper	Default copy paper purchased through stationery supplier is 80% recycled content.
Colour paper	Colour copy paper purchased through stationery supplier: <ul style="list-style-type: none"> <li>• has been awarded the FSC™ (Forest Stewardship Council™) certificate that guarantees well-managed forests</li> <li>• Certified with EU Ecolable</li> <li>• has the <b>ISO 9706</b> ageing resistance certification. This guarantees an archival life of &gt;200 years</li> <li>• CO<sup>2</sup> neutral excluding Color Copy coated silk and glossy</li> </ul>

## Water consumption

The data represented below, collected through the supplier, is from two water meter readings for the building, which consists of seven floors, one of which is partially occupied by the Commission.

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(m<sup>2</sup>). Calculations are then made for the Commission's office area(m<sup>2</sup>).

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	2013-14	2012-13
Total units of metered water consumed by water source (kilolitres)	4023	2895
Units of metered water consumed in offices per FTE (kilolitres/FTE)	20.80	30.36
Units of metered water consumed in offices per unit of office area (kilolitres/m <sup>2</sup> )	359.32	430.96

### Explanatory notes

- The overall increase of water consumption can be attributed to the building having all the floors tenanted for the financial year and the additional personnel on the floor the Commission occupies due to the co-location with the Sentencing Advisory Council.
- The decrease in water consumption per FTE is due to the additional 12 FTE staff on the floor the Commission occupies with the Sentencing Advisory Council, and the economies of scale which this co-location provides.

## Transport

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

	2013-14		2012-13	
	Metro	Regional	Metro	Regional
Total distance travelled by air (km)	37,376		19,268	
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car pooling to and from work	89%	0%	88%	0%
Percentage of employees residing in metropolitan Melbourne or regional Victoria	100%	0%	100%	8%

## OTHER DISCLOSURES (CONTINUED)

### Procurement

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

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

The Commission's main areas of procurement are goods and services (83%) and contractors (17%).

### 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:  
Operations Manager  
Phone: (03) 8608 7800  
Email: law.reform@lawreform.vic.gov.au

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

We certify that the Victorian Law Reform Commission has risk management processes in place consistent with the AS / NZS ISO 31000:2009 (or an equivalent designated standard) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of the Commission has been critically reviewed within the last 12 months.



**Merrin Mason**  
Accountable Officer  
Victorian Law Reform Commission  
8 September 2014



**Anthony Phillips**  
Chairperson  
Audit Committee  
8 September 2014

### Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

I, Merrin Mason, certify that the Victorian Law Reform Commission has complied with Ministerial Standing Direction 4.5.5.1 – Insurance.



**Merrin Mason**  
Accountable Office  
Victorian Law Reform Commission  
8 September 2014

### Disclosure index

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



# Financial Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

40

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

41

Auditor-General's report

43

Comprehensive operating  
statement

44

Balance sheet

45

Statement of changes in equity

46

Cash flow statement

47

Notes to the financial statements

---

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

---

The attached financial statements for the Victorian Law Reform Commission have been prepared in accordance with Standing Directions 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and

accompanying notes, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of the Commission at 30 June 2014.

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 8 September 2014.

---



**Merrin Mason**

Chief Executive Officer  
Victorian Law Reform Commission  
Melbourne

8 September 2014



**Gail Smyth**

Chief Finance and Accounting Officer  
Victorian Law Reform Commission  
Melbourne

8 September 2014



**The Hon. P. D. Cummins AM**

Chairperson  
Victorian Law Reform Commission  
Melbourne

8 September 2014

---

## INDEPENDENT AUDITOR'S REPORT

### To the Commissioners, Victorian Law Reform Commission

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2014 of the Victorian Law Reform Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's and chairperson's declaration has been audited.

#### *The Commissioners' Responsibility for the Financial Report*

The Commissioners of the Victorian Law Reform Commission are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioners, as well as evaluating the overall presentation of the financial report.

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

## Independent Auditor's Report (continued)

### *Independence*

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

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Law Reform Commission as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Victorian Law Reform Commission for the year ended 30 June 2014 included both in the Victorian Law Reform Commission's annual report and on the website. The Commissioners of the Victorian Law Reform Commission are responsible for the integrity of the Victorian Law Reform Commission's website. I have not been engaged to report on the integrity of the Victorian Law Reform Commission's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
11 September 2014

  
John Doyle  
Auditor-General

## COMPREHENSIVE OPERATING STATEMENT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
		\$	\$
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Output appropriations - Department of Justice		741,000	791,200
Other income - Legal Services Board		1,645,000	1,828,000
Interest	2a	15,225	16,596
<b>Total income from transactions</b>		<b>2,401,225</b>	<b>2,635,796</b>
<b>Expenses from transactions</b>			
Employee expenses	3a	(1,905,957)	(1,609,969)
Depreciation	3b	(4,475)	(236,775)
Interest expense	3c	(939)	(881)
Other operating expenses	3d	(762,924)	(790,194)
<b>Total expenses from transactions</b>		<b>(2,674,295)</b>	<b>(2,637,819)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(273,070)</b>	<b>(2,023)</b>
<b>Other economic flows included in net result</b>			
Other gains/(losses) from other economic flows	4	2,982	7,652
<b>Total other economic flows included in net result</b>		<b>2,982</b>	<b>7,652</b>
<b>Net result</b>		<b>(270,088)</b>	<b>5,631</b>
<b>Comprehensive result</b>		<b>(270,088)</b>	<b>5,631</b>

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

## BALANCE SHEET

### AS AT 30 JUNE 2014

	Notes	2014	2013
		\$	\$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	15	400	400
Receivables	5	982,935	1,201,816
<b>Total financial assets</b>		<b>983,335</b>	<b>1,202,216</b>
<b>Non-financial assets</b>			
Plant and equipment	6	21,009	366
<b>Total non-financial assets</b>		<b>21,009</b>	<b>366</b>
<b>Total assets</b>		<b>1,004,344</b>	<b>1,202,582</b>
<b>Liabilities</b>			
Payables	7	41,446	94,452
Borrowings	8	21,188	0
Provisions	9	354,873	251,205
<b>Total liabilities</b>		<b>417,507</b>	<b>345,657</b>
<b>Net assets</b>		<b>586,837</b>	<b>856,925</b>
<b>Equity</b>			
Accumulated surplus		113,460	383,548
Contributed capital		473,377	473,377
<b>Net worth</b>		<b>586,837</b>	<b>856,925</b>
Commitments for expenditure	12		
Contingent liabilities and contingent assets	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 2014

	Accumulated surplus	Contributions by owners	Total
		\$	\$
<b>Balance at 1 July 2012</b>	<b>377,917</b>	<b>473,377</b>	<b>851,294</b>
Net result for the year	5,631	0	5,631
<b>Balance at 30 June 2013</b>	<b>383,548</b>	<b>473,377</b>	<b>856,925</b>
Net result for the year	(270,088)	0	(270,088)
<b>Balance at 30 June 2014</b>	<b>113,460</b>	<b>473,377</b>	<b>586,837</b>

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 2014

	<i>Notes</i>	2014	2013
		\$	\$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government		961,383	429,330
Receipts from other entities		1,645,000	1,828,000
Interest received		15,225	16,596
<b>Total receipts</b>		<b>2,621,608</b>	<b>2,273,925</b>
<b>Payments</b>			
Payments to suppliers and employees		(2,615,592)	(2,272,565)
Interest expense		(939)	(881)
<b>Total payments</b>		<b>(2,616,531)</b>	<b>(2,273,446)</b>
<b>Net cash flows from/(used in) operating activities</b>	<i>15b</i>	<b>5,077</b>	<b>480</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-financial assets		0	19,035
Payments for non-financial assets		(25,117)	0
<b>Net cash flows from/(used in) investing activities</b>		<b>(25,117)</b>	<b>19,035</b>
<b>Cash flows from financing activities</b>			
Proceeds from/(repayment of) finance leases		(3,929)	(19,515)
<b>Net cash flows from/(used in) financing activities</b>		<b>21,188</b>	<b>(19,515)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at the beginning of the financial year		400	400
<b>Cash and cash equivalents at the end of the financial year</b>	<i>15a</i>	<b>400</b>	<b>400</b>

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



## NOTES TO THE FINANCIAL STATEMENTS

### CONTENTS

Note 1	Summary of significant accounting policies	48
Note 2	Income from transactions	57
Note 3	Expenses from transactions	57
Note 4	Other economic flows included in net result	58
Note 5	Receivables	58
Note 6	Plant and equipment	59
Note 7	Payables	62
Note 8	Borrowings	62
Note 9	Provisions	63
Note 10	Superannuation	65
Note 11	Leases	66
Note 12	Commitments for expenditure	67
Note 13	Contingent assets and contingent liabilities	67
Note 14	Financial instruments	68
Note 15	Cash flow information	73
Note 16	Remuneration of auditors	73
Note 17	Subsequent events	73
Note 18	Responsible persons	74
Note 19	Remuneration of executives and payments to other personnel	75
Note 20	Summary of compliance with annual parliamentary and special appropriations	76
Note 21	Glossary of terms and style conventions	77

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 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 2014. 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 accuracy, 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 21.

These annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 8 September 2014.

#### (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 property, 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 2014

### 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.

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'.

##### *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 21 for a style convention explaining that minor discrepancies in totals are due to rounding.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

#### (E) Changes in accounting policies

Subsequent to the 2012–13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

##### AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when an agency is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Commission has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, the Commission has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of the Commission. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012–13 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB 7 *Financial Instruments: Disclosures*

##### AASB 119 Employee benefits

In 2013–14, the Commission has applied AASB 119 *Employee benefits* (September 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the Commission.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled **wholly** within twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the

Commission as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

Comparative amounts for 2012–13 and the related amounts as at 1 July 2012 have been restated in accordance with the relevant transitional provisions set out in AASB 119. The impact is as follows:

##### Impact on comprehensive result

	2012-13
Decrease in employee expense	274

##### Impacts on liabilities and equity

	As at 1/7–12 as previously reported	AASB 119 adjustments	As at 1/7–12 (restated)
Current Employee Benefit Provision			
– Annual Leave	53,931	(239)	53,692
Accumulated surplus	377,678	239	377,917
	As at 30/6–13 as previously reported	AASB 119 adjustments	As at 30/6–13 (restated)
Current Employee Benefit Provision			
– Annual Leave	108,133	(513)	107,620
Accumulated surplus	383,035	513	383,548

#### (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.

##### Appropriation income

Appropriated income becomes controlled and is recognised by the Commission when it is appropriated from the consolidated fund by the Victorian Parliament and applied to the purposes defined under the relevant appropriations Act.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

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.

#### Other income

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

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

The Department of Justice 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 both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

DTF's Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

#### Depreciation

All infrastructure assets, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale and investment properties) 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
Plant & equipment	3 – 10 years
Motor Vehicle	3 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 21 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.

#### (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:

#### Disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds the carrying value of the asset at that time.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

#### Other gains/(losses) from other economic flows

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

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

#### (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

##### Loans and receivables

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.

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 21).

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, including cash equivalents, comprise cash on hand.

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

##### Prepayments

Prepayments 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.

##### 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*.

#### (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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

#### 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.

#### Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

Net revaluation decreases are recognised in 'Other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

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

#### (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(l)). 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

#### *Employee benefits*

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

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

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave, are all recognised in the provision for employee benefits, as 'current liabilities' because the Commission does not have an unconditional right to defer settlements of these liabilities.

Depends on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave 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.

#### (ii) Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

Any gain or loss following revaluation of the present value of non current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(H)).

#### (iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

The Commission recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **On-costs**

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

#### **(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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

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.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to 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 manages the GST transactions on behalf of the Commission and the net amount of GST recoverable from or payable to the taxation authority is recognised in the Department of Justice's financial statements.

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.

Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in other economic flows and accumulated in a separate component of equity, in the period in which they arise.

#### (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 in the reporting period. Note disclosure is made about 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 and which may have a material impact on the results of subsequent years.

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

Certain new AASs have been published that are not mandatory for the 30 June 2014 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 2014, 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 2014

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

Standard /Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	1 Jan 2017	<p>The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
<b>Note 2.</b>		
<b>Income from transactions</b>		
<b>(a) Interest</b>		
Interest from financial assets not at fair value through Comprehensive Operating Statement		
Interest on bank deposits	15,225	16,596
<b>Total interest</b>	<b>15,225</b>	<b>16,596</b>
<b>Note 3.</b>		
<b>Expenses from transactions</b>		
<b>(a) Employee expenses</b>		
Salaries, wages, annual leave and long service leave	(1,760,610)	(1,495,030)
Post employment benefits:		
Defined contribution superannuation expense	(145,348)	(114,939)
<b>Total employee expenses</b>	<b>(1,905,958)</b>	<b>(1,609,969)</b>
<b>(b) Depreciation</b>		
Depreciation of plant, equipment and vehicles	(4,475)	(236,774)
<b>Total depreciation</b>	<b>(4,475)</b>	<b>(236,774)</b>
<b>(c) Interest expense</b>		
Interest on finance lease	(939)	(881)
<b>Total interest expense</b>	<b>(939)</b>	<b>(881)</b>
<b>(d) Other operating expenses</b>		
Supplies and services:		
Purchase of supplies and consumables	(289,322)	(117,481)
Purchase of services	(267,433)	(247,577)
Maintenance	(10,828)	(5,995)
Rent and associated costs	(195,341)	(419,139)
<b>Total other operating expenses</b>	<b>(762,924)</b>	<b>(790,194)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
<b>Note 4.</b>		
<b>Other economic flows included in net result</b>		
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service leave liability <sup>(i)</sup>	2,982	4,538
Net gain on disposal of plant and equipment	0	3,115
<b>Total other gains/(losses) from other economic flows</b>	<b>2,982</b>	<b>7,652</b>

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

#### **Note 5.** **Receivables**

<b>Current receivables</b>		
<b>Contractual</b>		
Other receivables	1,502	352
	<b>1,502</b>	<b>352</b>
<b>Statutory</b>		
Amounts owing from Victorian Government	898,826	1,101,275
<b>Total current receivables</b>	<b>900,328</b>	<b>1,101,627</b>
<b>Non-current receivables</b>		
<b>Statutory</b>		
Amounts owing from Victorian Government	82,608	100,189
<b>Total non-current receivables</b>	<b>82,608</b>	<b>100,189</b>
<b>Total receivables</b>	<b>982,936</b>	<b>1,201,816</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 6. Plant and equipment

**Table 6.1.**  
Gross carrying amount and accumulated depreciation

	2014	2013
	\$	\$
<b>Leasehold improvements</b>		
At fair value	1,069,403	1,069,403
Less: accumulated depreciation	(1,069,403)	(1,069,403)
	0	0
<b>Plant and equipment</b>		
At fair value	13,180	13,180
Less: accumulated depreciation	(13,180)	(12,814)
	0	366
<b>Motor vehicle</b>		
Under finance lease - at fair value	25,117	0
Less: accumulated depreciation	(4,108)	0
	<b>21,009</b>	0
<b>Net carrying amount of plant and equipment</b>	<b>21,009</b>	<b>366</b>

**Table 6.2.**  
Movements in carrying amounts

	<i>Leasehold improvements at cost</i>	<i>Plant and equipment at cost</i>	<i>Motor vehicle under finance lease at cost</i>	<i>Total</i>
	\$	\$	\$	\$
<b>2012</b>				
<b>Carrying amount</b>				
<b>Balance as at 1 July 2012</b>	231,319	994	19,097	251,410
Additions	0	0	0	0
Disposals	0	0	(14,270)	(14,270)
Depreciation expense	(231,319)	(628)	(4,826)	(236,774)
<b>Balance as at 1 July 2013</b>	<b>0</b>	<b>366</b>	<b>0</b>	<b>366</b>
Additions	0	0	25,117	25,117
Disposals	0	0	0	0
Depreciation expense	0	(336)	(4,108)	(4,474)
<b>Balance as at 30 June 2014</b>	<b>0</b>	<b>0</b>	<b>21,009</b>	<b>21,009</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 6. Plant and equipment (continued)

**Table 6.3.**  
**Aggregate depreciation recognised as an expense during the year<sup>(i)</sup>**

	2014	2013
	\$	\$
Leasehold improvements	0	(231,319)
Plant and equipment	(366)	(628)
Motor vehicle	(4,108)	(4,826)
	<b>(4,474)</b>	<b>(236,775)</b>

Note (i): The useful lives of assets as stated in Policy Note 1 are used in the calculation of depreciation.

**Table 6.4.**  
**Fair value measurement hierarchy of assets**

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
Plant, equipment and motor vehicle at fair value				
Vehicles <sup>(ii)</sup>	21,009	0	0	21,009
Plant and equipment	0	0	0	0
<b>Total of plant, equipment and motor vehicle at fair value</b>	<b>21,009</b>	<b>0</b>	<b>0</b>	<b>21,009</b>

Notes:

(i) Classified in accordance with fair value hierarchy, see Note 1(B).

(ii) Vehicles are categorised to Level 3 as the depreciated replacement cost method is used in estimating the fair value.

#### **Motor Vehicles**

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

#### **Plant and equipment**

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 6. Plant and equipment (continued)

**Table 6.5.  
Reconciliation of  
Level 3 fair value**

2014	Motor Vehicle	Plant and equipment
	\$	\$
<b>Opening balance</b>	0	366
Purchase (sales)	25,117	0
Transfer in (out) of Level 3	0	0
Gains or losses recognised in net results	0	0
Depreciations	(4,108)	366
Impairment loss	0	0
<b>Subtotal</b>	<b>21,009</b>	<b>0</b>
Gains or losses recognised in other economic flows – other comprehensive income	0	0
Revaluation	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>
<b>Closing balance</b>	<b>21,009</b>	<b>0</b>
Unrealised gains/(losses) on non-financial assets	0	0

**Table 6.6.  
Description  
of significant  
unobservable  
inputs to Level 3  
valuations**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Leasehold improvements	Depreciated replacement cost	Direct cost per square metre	\$1,190– \$1,455/m <sup>2</sup>  (\$1,323/m <sup>2</sup> )	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value
		Useful life of lease	1–5 years  (5 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Plant and equipment	Depreciated replacement cost	Average cost per unit	\$503–\$411 per unit  (\$457 per unit)	A significant increase or decrease in average cost per item adjustment would result in a significantly higher or lower fair value
		Useful life of plant and equipment	3–10 years  (7 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 7. Payables

	2014	2013
	\$	\$
<b>Current payables</b>		
<b>Contractual</b>		
Supplies and services <sup>(i)</sup>	27,489	86,367
Other payables <sup>(ii)</sup>	11,399	4,501
	38,888	90,868
<b>Statutory</b>		
FBT payable	2,278	3,373
Payroll tax payable	280	211
<b>Total current payables</b>	<b>41,446</b>	<b>94,452</b>

Notes:

(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.

#### (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.

#### Note 8. Borrowings

<b>Current borrowings</b>		
Finance lease liabilities <sup>(i)</sup> (Note 11)	4,917	0
<b>Total current borrowings</b>	4,917	0
<b>Non-current borrowings</b>		
Finance lease liabilities <sup>(i)</sup> (Note 11)	16,271	0
<b>Total current borrowings</b>	16,271	0
<b>Total borrowings</b>	<b>21,188</b>	<b>0</b>

Note (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.

#### (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.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 9. Provisions

	2014	2013
	\$	\$
<b>Current provisions</b>		
Employee benefits <sup>(i)</sup> [Note 9(a)] — annual leave:		
Unconditional and expected to settle within 12 months <sup>(ii)</sup>	84,385	84,490
Unconditional and expected to settle after 12 months <sup>(ii)</sup>	11,317	10,160
Employee benefits <sup>(i)</sup> [Note 9(a)] — long service leave:		
Unconditional and expected to settle within 12 months <sup>(ii)</sup>	72,412	14,312
Unconditional and expected to settle after 12 months <sup>(ii)</sup>	59,743	14,784
	<b>227,857</b>	<b>123,747</b>
Provisions for on-costs [Note 9(a) and Note 9(b)]:		
Unconditional and expected to settle within 12 months <sup>(ii)</sup>	31,999	22,085
Unconditional and expected to settle after 12 months <sup>(ii)</sup>	12,409	5,186
<b>Total current provisions</b>	<b>272,265</b>	<b>151,017</b>
<b>Non-current provisions</b>		
Employee benefits <sup>(i)</sup> [Note 9(a)]	71,550	87,166
On-costs [Note 9(a) and Note 9(b)]:	11,057	13,023
<b>Total non-current provisions</b>	<b>82,607</b>	<b>100,189</b>
<b>Total provisions</b>	<b>354,873</b>	<b>251,206</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 9. Provisions (continued)

	2014	2013
	\$	\$
<b>(a) Employee benefits and on-costs<sup>(i)</sup></b>		
<b>Current employee benefits</b>		
Annual leave	95,702	94,650
Long service leave	132,155	29,096
	227,857	123,746
<b>Non-current employee benefits</b>		
Long service leave	71,550	87,166
<b>Total employee benefits</b>	<b>299,407</b>	<b>210,913</b>
Current on-costs	44,408	27,270
Non-current on-costs	11,057	13,023
<b>Total on-costs</b>	<b>55,465</b>	<b>40,293</b>
<b>Total employee benefits and on-costs</b>	<b>354,872</b>	<b>251,206</b>

Notes:

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) Amounts are measured at present values

#### (b) Movement in provisions

	<i>On-costs Annual Leave</i>	<i>On-costs LSL</i>	<i>Total</i>
2014	\$	\$	\$
<b>Opening balance</b>	<b>23,450</b>	<b>16,844</b>	<b>40,294</b>
Adjustment arising from change in accounting policy	(112)	0	(112)
Additional provisions recognised	31,824	14,014	45,838
Reductions arising from payments/other sacrifices of future economic benefits	(30,555)	0	(30,555)
<b>Closing balance</b>	<b>24,607</b>	<b>30,858</b>	<b>55,465</b>
Current	24,607	19,800	44,407
Non-current	0	11,058	11,058
	<b>24,607</b>	<b>30,858</b>	<b>55,465</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 10. Superannuation

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

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

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

The name, 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>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	\$	\$	\$	\$
<b>Defined contribution plans:</b>				
VicSuper	98,543	78,877	615	241
Various other funds	46,805	36,062	287	113
<b>Total</b>	<b>145,348</b>	<b>114,939</b>	<b>902</b>	<b>354</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 11. Leases

#### (a) Disclosures for lessees — finance leases liabilities

##### *Leasing arrangements*

The Commission had entered into a 33 month lease relating to a motor vehicle with the Department of Treasury and Finance - Vic Fleet. 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<sup>(i)</sup></i>		<i>Present value of minimum future lease payments</i>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	\$	\$	\$	\$
<b>Finance lease liabilities payable</b>				
Not longer than 1 year	5,793	0	4,917	0
Longer than 1 year but not longer than 5 years	16,870	0	16,271	0
Longer than 5 years	0	0	0	0
<b>Minimum future lease payments</b>	<b>22,663</b>	<b>0</b>	<b>21,188</b>	<b>0</b>
Less future finance charges	1,475	0	0	0
<b>Present value of minimum lease payments</b>	<b>21,188</b>	<b>0</b>	<b>21,188</b>	<b>0</b>
<b>Included in the financial statement as:</b>			<b>2014</b>	<b>2013</b>
			\$	\$
Current borrowings (Note 8)			4,917	0
Non-current borrowings (Note 8)			16,271	0
			<b>21,188</b>	<b>0</b>

Note: (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 2014

#### 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 an option to extend for one further term of five years. The operating lease contract does not contain a market review clause in the event that the Commission exercises its option not to renew, but has a 4% fixed annual increases on the anniversary of the lease commencement date. There is also a 16% incentive by way of rental abatement for the term of the lease. The Commission does not have an option to purchase the leased asset at the expiry of the lease period.

	2014 \$	2013 \$
<b>Non-cancellable operating leases payable</b>		
Not longer than one year	141,585	135,126
Longer than one year and not longer than five years	466,148	607,733
Longer than five years	0	0
	<b>607,733</b>	<b>742,859</b>

#### Note 12. Commitments for expenditure

##### **Capital expenditure commitments**

Capital expenditure commitments as at 30 June 2014 – \$Nil (\$29,755 – 2013).

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

There are neither contingent assets nor contingent liabilities as at 30 June 2014 (\$Nil – 2013)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### **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); and
- finance lease payables.

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

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

The Commission uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the 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 2014

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

**Table 14.1.**  
**Categorisation**  
**of financial**  
**instruments**

	<i>Contractual financial assets loans and receivables</i>	<i>Contractual financial liabilities at amortised cost</i>	<i>Total</i>
<b>2014</b>	\$	\$	\$
<b>Contractual financial assets</b>			
Cash and deposits	400	0	400
Receivables: <sup>(i)</sup>			
Other receivables	0	0	0
<b>Total contractual financial assets</b>	<b>400</b>	<b>0</b>	<b>400</b>
<b>Contractual financial liabilities</b>			
Payables: <sup>(i)</sup>			
Supplies and services	0	27,489	27,489
Other payables	0	11,399	11,399
Finance lease liability	0	21,188	21,188
<b>Total contractual financial liabilities</b>	<b>0</b>	<b>60,076</b>	<b>60,076</b>
<b>2013</b>			
<b>Contractual financial assets</b>			
Cash and deposits	400	0	400
Receivables: <sup>(i)</sup>			
Other receivables	352	0	352
<b>Total contractual financial assets</b>	<b>752</b>	<b>0</b>	<b>752</b>
<b>Contractual financial liabilities</b>			
Payables: <sup>(i)</sup>			
Supplies and services	0	86,368	86,368
Other payables	0	4,501	4,501
Finance lease liability	0	0	0
<b>Total contractual financial liabilities</b>	<b>0</b>	<b>90,869</b>	<b>90,869</b>

Note (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 2014

#### **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.

The Commission holds \$400 Petty cash, which is not subject to any credit rating as at 30 June 2014. (2013 – \$400).

#### **(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.

Table 14.2 discloses the contractual maturity analysis for the Commission's contractual financial liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

**Table 14.2.**  
**Maturity analysis  
of contractual  
financial liabilities**

	Carrying amount	Nominal amount	Maturity Dates <sup>(i)</sup>			
			Less than 1 month	1–3 months	3 months – 1 year	1–5 years
<b>2014</b>	\$	\$	\$	\$	\$	\$
<b>Payables:<sup>(ii)</sup></b>						
Supplies and services	27,489	27,489	27,489	0	0	0
Other payables	11,399	11,399	11,399	0	0	0
<b>Borrowings:</b>						
Finance lease liabilities	21,188	21,188	483	966	4,345	15,395
<b>Total</b>	<b>60,076</b>	<b>60,076</b>	<b>39,371</b>	<b>966</b>	<b>4,345</b>	<b>15,395</b>
<b>2013</b>						
<b>Payables:<sup>(ii)</sup></b>						
Supplies and services	86,368	86,368	86,368	0	0	0
Other payables	4,501	4,501	4,501	0	0	0
<b>Borrowings:</b>						
Finance lease liabilities	0	0	0	0	0	0
<b>Total</b>	<b>90,869</b>	<b>90,869</b>	<b>90,869</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note:

(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 2014

#### 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 and term deposits that are at floating rate.

#### (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 2014

	2014	2013
	\$	\$
<b>Note 15. Cash flow information</b>		
<b>(a) Reconciliation of cash and cash equivalents</b>		
Total cash and deposits disclosed in the balance sheet	400	400
<b>Balance as per cash flow statement</b>	<b>400</b>	<b>400</b>
<b>(b) Reconciliation of net result for the period</b>		
<b>Net result for the period</b>	<b>(270,088)</b>	<b>5,631</b>
<b>Non-cash movements:</b>		
Gain on disposal of motor vehicle under finance lease	0	(4,765)
Depreciation and amortisation of non-current assets	4,474	236,775
<b>Movements in assets and liabilities:</b>		
(Increase)/Decrease in receivables	220,030	(361,871)
(Increase)/Decrease in prepayments	0	0
(Increase)/Increase in payables	(53,006)	22,035
(Decrease)/Increase in provisions	103,667	102,675
<b>Net cash flows from/(used in) operating activities</b>	<b>5,077</b>	<b>480</b>
<b>Note 16. Remuneration of auditors</b>		
<b>Victorian Auditor-General's Office</b>		
Audit of the financial report	18,100	18,010
	<b>18,100</b>	<b>18,010</b>

**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 2014

#### Note 18. Responsible persons

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

#### Names

##### Ministers and the Department

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

Attorney-General	The Hon. Robert Clark, MP	1 July 2013–30 June 2014
Acting Attorney-General	The Hon. Gordon Rich-Phillips, MLC The Hon. Louise Asher, MP	1 July 2013–19 July 2013 20 July 2013–21 July 2013
Secretary to the Department of Justice	Mr Greg Wilson	1 July 2013–30 June 2014
Acting Secretary to the Department of Justice	Dr Claire Noone	15 January 2014–2 February 2014

##### 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	1 July 2013–30 June 2014
Commissioner	Bruce Gardner PSM	1 July 2013–30 June 2014
Commissioner	Dr Ian Hardingham QC	1 July 2013–1 September 2013 17 September 2013–30 June 2014
Commissioner	Saul Holt SC	1 July 2013–30 June 2014
Commissioner	David Jones AM	1 July 2013–30 June 2014
Commissioner	Eamonn Moran PSM QC	1 July 2013–30 June 2014
Commissioner	Alison O'Brien	17 September 2013–30 June 2014
Commissioner	Hon Frank Vincent AO QC	1 July 2013–30 June 2014

##### Accountable Officer

Chief Executive Officer	Ms Merrin Mason	9 September 2013–3 June 2014
Acting CEO	Ms Cynthia Marwood	1 July 2013–6 September 2013

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 18. Responsible persons (continued)

##### Remuneration

Remuneration received or receivable by the accountable officer in connection with the management of the Commission during the reporting period was in the range: \$120,000–\$139,000 (\$120,000–\$129,000 in 2012–13)

##### Ministers and the Department

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

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

#### Note 19. Remuneration of executives and payments to other personnel

##### (a) 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 first two columns of the table below in their relevant income bands. The base remuneration of statutory office holders and executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

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.

Income band	Total remuneration		Base remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
\$0–\$9,999	3	2	3	2
\$10,000–\$19,999	0	3	0	3
\$20,000–\$29,999	4	0	4	0
\$50,000–\$59,999	0	1	0	1
\$70,000–\$79,999	0	1	0	1
\$120,000–\$129,999	0	1	1	1
\$130,000–\$139,999	1	1	0	1
\$180,000–\$189,999	1	0	1	0
<b>Total numbers</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Total amount</b>	<b>\$412,516</b>	<b>\$442,792</b>	<b>\$403,695</b>	<b>\$442,792</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Related parties

The Accountable Officer is employed by the Department.

The acting Accountable Officer was on secondment from Vic Roads.

The Commission upon receipt of monthly invoices reimbursed salary and on-costs to Vic Roads.

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

#### Other transactions

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

#### (b) Payments to other personnel

There were no payments to other personnel in 2013–14 (2012–13: Nil).

#### Note 20. Summary of compliance with annual parliamentary and special appropriations

#### (a) Summary of compliance with annual parliamentary appropriations

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

	Appropriation Act <sup>(i)</sup>				Financial Management Act 1994		Total Parliamentary Authority		Appropriations Applied		Variance <sup>(ii)</sup>	
	Annual appropriation		Section 3(2)		Section 30		2014	2013	2014	2013	2014	2013
	2014	2013	2014	2013	2014	2013						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Controlled</b>												
Provision for outputs	747,000	949,000	0	0	0	0	747,000	949,000	741,000	791,200	6,000	157,800
<b>Total</b>	747,000	949,000	0	0	0	0	747,000	949,000	741,000	791,200	6,000	157,800

Notes:

(i) Appropriation (2013/2014) Act 2013, p 10.

(ii) The variance to the revenue is a direct result of the 2013-14 Government Efficiency Dividend Accelerated Sustainable Government Initiative, plus the annual adjustment for depreciation funded capital expenditure

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 21. 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 is acquired for policy purposes.

##### **Comprehensive result**

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

##### **Commitments**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 21. Glossary of terms and style conventions (continued)

##### **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 balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cashflow statement 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.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### Note 21. Glossary of terms and style conventions (continued)

#### 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.

#### 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 acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

#### 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 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### Note 21. Glossary of terms and style conventions (continued)

#### 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. It includes:

- 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.

#### 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 2013-14 *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

Legislation	Requirement	Page
<b>Report of operations – FRD Guidance</b>		
<b>Charter and purpose</b>		
FRD 22E	Manner of establishment and the relevant Ministers	6
FRD 22E	Objectives, functions, powers and duties	6
FRD 22E	Nature and range of services provided	16–26
<b>Management and structure</b>		
FRD 22E	Organisational structure	28–29
<b>Financial and other information</b>		
FRD 8B	Budget portfolio outcomes	83
FRD 10	Disclosure index	81
FRD 12A	Disclosure of major contracts	31
FRD 15B	Executive officer disclosures	75
FRD 22E, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	15
FRD 22E	Employment and conduct principles	27
FRD 22E	Occupational health and safety policy	27
FRD 22E	Summary of the financial results for the year	43
FRD 22E	Significant changes in financial position during the year	44
FRD 22E	Major changes or factors affecting performance	–
FRD 22E	Subsequent events	73
FRD 22E	Application and operation of <i>Freedom of Information Act 1982</i>	32
FRD 22E	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	32
FRD 22E	Statement on National Competition Policy	32
FRD 22E	Application and operation of the <i>Protected Disclosures Act 2012</i>	33
FRD 22E	Details of consultancies over \$10,000	31
FRD 22E	Details of consultancies under \$10,000	31
FRD 22E	Statement of availability of other information	38
FRD 24C	Reporting of office-based environmental impacts	34
FRD 25B	Victorian Industry Participation Policy disclosures	31
FRD 29	Workforce Data disclosures	30
SD 4.5.5	Risk management compliance attestation	38
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	38
SD 4.2(g)	Specific information requirements	14–38
SD 4.2(j)	Sign-off requirements	40

## APPENDIX 1

### DISCLOSURE INDEX

Legislation	Requirement	Page
<b>Financial report</b>		
<b>Financial statements required under Part 7 of the FMA</b>		
	SD4.2(a) Statement of changes in equity	45
	SD4.2(b) Operating statement	43
	SD4.2(b) Balance sheet	44
	SD4.2(b) Cash flow statement	46
<b>Other requirements under Standing Directions 4.2</b>		
	SD4.2(c) Compliance with Australian accounting standards and other authoritative pronouncements	48
	SD4.2(c) Compliance with Ministerial Directions	40
	SD4.2(d) Rounding of amounts	49
	SD4.2(c) Accountable officer's declaration	13
	SD4.2(f) Compliance with Model Financial Report	1–82
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 9A	Commission's disclosure of administered assets and liabilities by activity	N/A
FRD 11A	Disclosure of Ex-Gratia Expenses	N/A
FRD 13	Disclosure of parliamentary appropriations	76
FRD 21B	Disclosure of Responsible Person, Executive Officers and other Personnel (contractors with Significant Management Responsibilities) in the Financial Report	74
FRD 102	Inventories	N/A
FRD 103D	Non-current physical assets	52
FRD 104	Foreign currency	55
FRD 106	Impairment of assets	52
FRD 109	Intangible assets	N/A
FRD 107	Investment properties	N/A
FRD 110	Cash flow statements	46
FRD 112D	Defined benefit superannuation obligations	65
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	N/A
FRD 114A	Financial Instruments – General Government Entities and public non-financial corporations	68
FRD 119A	Transfers through Contributed Capital	45

### Legislation

*Freedom of Information Act 1982*  
*Building Act 1983*  
*Protected Disclosures 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

	2014	2013	2012	2011	2010
<b>Five year financial summary</b>	\$	\$	\$	\$	\$
<b>Annual appropriation<sup>1</sup></b>	747,000	927,000	927,000	912,000	932,000
<b>Actual</b>					
Grant from Department of Justice	741,000	791,200	894,000	908,857	1,310,500
Other revenue	1,645,000	1,828,000	1,828,000	2,370,000	1,700,000
Interest received on Trust Account funds	15,225	16,596	26,692	14,718	16,985
<b>Total revenue</b>	<b>2,401,225</b>	<b>2,635,796</b>	<b>2,748,692</b>	<b>3,293,576</b>	<b>3,027,485</b>
Net result from continuing operations	(270,088)	5,631	116,075	210,226	(178,134)
Net cash flow from operating activities	5,077	480	4,464	8,123	10,703
Total assets	1,004,344	1,202,582	1,091,756	1,123,359	992,622
Total liabilities	417,507	345,657	240,701	388,379	467,868

1. Appropriation (2012/2013) Act 2012 p10.

---

## APPENDIX 2

### BUDGET PORTFOLIO OUTCOMES

---

For the financial year ending June 2014, the difference between the annual appropriation and the actual grant from the Department of Justice is a direct result of the 2013–14 Government Efficiency Dividend Accelerated Sustainable Government Initiative, plus the annual adjustment for depreciation funded capital expenditure.

The process compares appropriation funded capital expenditure with appropriation funded depreciation/amortisation expense. If capital expenditure is greater than depreciation/amortisation expense, additional appropriation is provided by way of a capital injection. However, if depreciation/amortisation expense is greater than capital expenditure, appropriation revenue is reduced. This adjustment is necessary due to the DTF funding rules for capital expenditure.



Victorian  
Law Reform  
Commission

Victorian Law  
Reform Commission  
GPO Box 4637  
Melbourne  
Victoria 3001  
Australia  
DX 144, Melbourne

Level 3  
333 Queen Street  
Melbourne  
Victoria 3000  
Australia

Telephone  
+61 3 8608 7800  
Freecall  
1300 666 555  
*(within Victoria)*  
Fax  
+61 3 8608 7888

Email  
[law.reform@lawreform.vic.gov.au](mailto:law.reform@lawreform.vic.gov.au)  
[www.lawreform.vic.gov.au](http://www.lawreform.vic.gov.au)