

Annual Report 2012–2013

Inclusive
Independent
Innovative





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

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Consultation for community law reform project on birth registration and birth certificates with Vietnamese new parents group, Springvale.

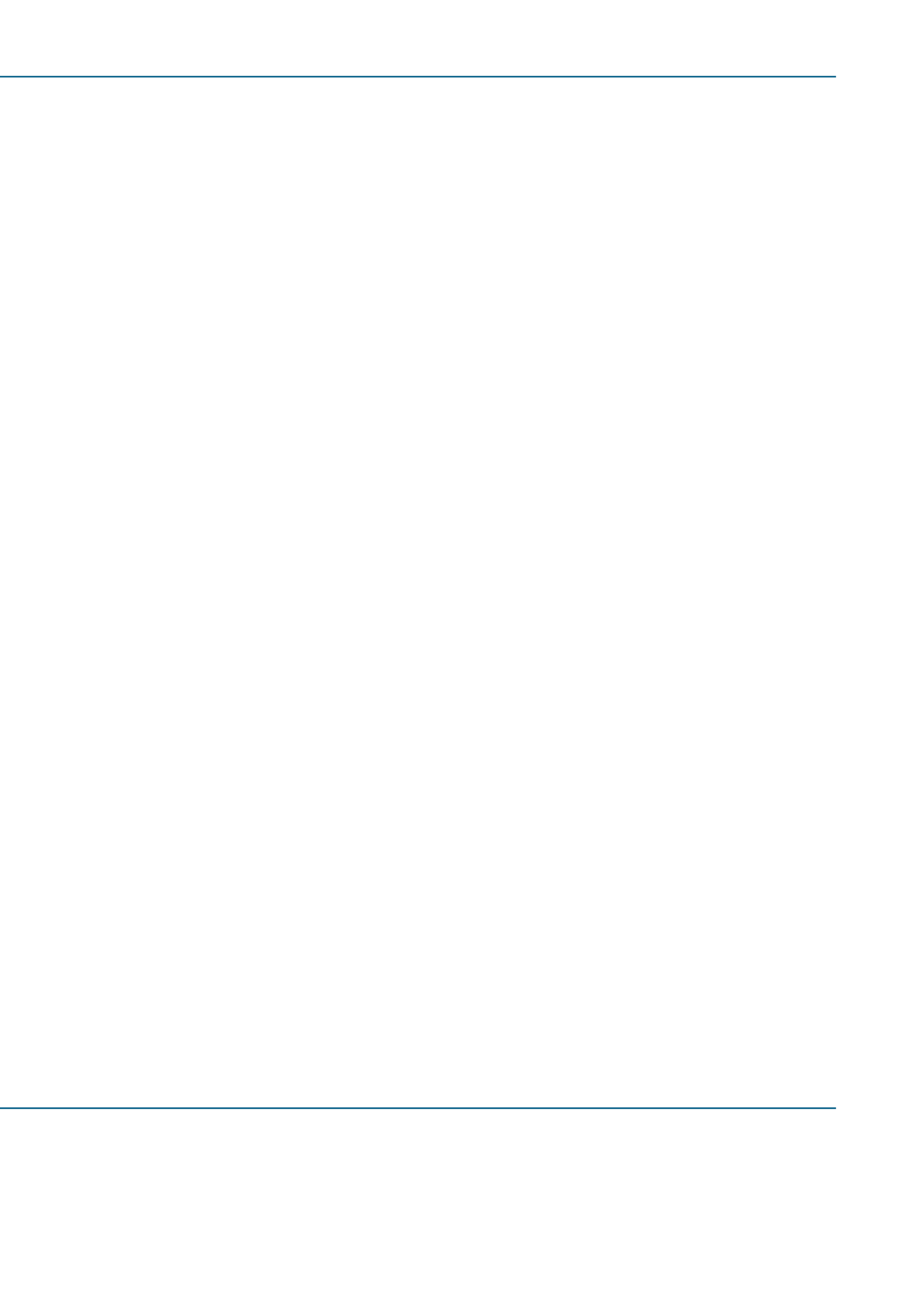


Victorian Law
Reform Commission
GPO Box 4637
Melbourne
Victoria 3001
Australia
DX 144, Melbourne

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



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CHAIR'S REPORT

It has been a busy year for the Victorian Law Reform Commission.

On 1 September 2012 I was appointed Chair of the Victorian Law Reform Commission for a term of three years. I express my appreciation to the Victorian Attorney-General, the Hon. Robert Clark MP, and to government for the honour of the appointment.

I acknowledge the work of my predecessor, David Jones AM, acting Chair of the Commission from 1 March to 31 August 2012, who continues as a Commissioner. The further part-time Commissioners are Dr Ian Hardingham QC, Saul Holt SC and Bruce Gardner PSM (all appointed in April 2012), the Hon. Frank Vincent AO QC (July 2012), and Eamonn Moran PSM QC (September 2012). Short biographies appear on pages 8–9 of this report. The community is fortunate to have persons of such capacity and knowledge as Commissioners. I warmly acknowledge the Chairpersons and Commissioners who have preceded us and who have served the community very well.

The Victorian Law Reform Commission Act 2000 (the Act) was amended in May 2012 so that the Chairperson may be full-time or part-time. Hitherto the office had been full time. I was appointed a part-time Chairperson, specified to be 0.8 time. The functions and duties of the office are such that for its proper performance substantial time commitment is necessary. I devote five days per week as Chair, with a sixth day in time equivalence to my positions as Chair of the Victoria Law Foundation and President of Court Network Inc. The Attorney-General graciously encouraged me to continue in those positions, and indeed there is a synergy between them. I also serve as Chair of the Victims of Crime Consultative Committee established by the Attorney-General and continue my association with the Melbourne Law School.

Section 1 of the Act provides for the Commission to be a central agency for developing law reform in Victoria. Section 5 sets out the functions of the Commission:

- to report to the Attorney-General on any matter of law reform referred by him to the Commission;
- to report to the Attorney-General on any matter of law reform initiated by the Commission of general community concern, if it does not involve significant deployment of Commission resources and which raises limited legal issues;
- to propose to the Attorney-General a matter of law reform to be referred to the Commission by him;
- to monitor and co-ordinate law reform activity in Victoria; and
- to undertake educational programs on any area of the law relevant to a past or present reference.

These are significant responsibilities.

The tripartite ethos of the Commission is to be inclusive, independent and innovative. These are complementary values and each informs the process and work of the Commission.

It is apposite for a law reform commission to be innovative, open to new ideas and new approaches, and to foster and advance them. True innovation also requires an understanding of past approaches and solutions.

Independence is a necessary quality for the Commission: independence of government in its political and administrative dimensions, independence of the courts, and independence of external entities. With independence comes the responsibility to be fair and balanced in addressing issues, transparent in process, and objective, evidence-based and measured in judgment.

The hallmark of the Commission is its inclusiveness. The Commission goes out to the courts, the legal profession, the public and community sectors, stakeholders, places of specialised knowledge, and especially to the community itself, to enfranchise and respect all persons and to listen and to learn.

Particular emphasis will be placed in this triennium on public consultation in the cities and in rural and regional Victoria. While this appropriately takes time, the Commission remains conscious of timely performance of its functions, timely delivery to the Attorney-General of its reports, and the cost implications of its

recommendations. The Commission also shall give close attention to its educational function, particularly in schools. Thus it is that the Commission shall seek proactively to fulfil and advance its legislative charter.

This report sets out the work of the Commission on its current references. No references were due to be the subject of report during the year. The substantial reference on succession laws made by the Attorney-General in March 2012 has progressively advanced under its lead Commissioner Dr Ian Hardingham QC, and will be the subject of report to the Attorney-General by the due date, 1 September 2013. The reference on the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* made by the Attorney-General in August 2012 is due for report by 31 March 2014. The reference on jury empanelment made by the Attorney-General in March 2013 is due for report by 31 May 2014. The community law reform inquiry on birth registration and birth certificates, commenced by the Commission on its own initiative pursuant to section 5(1)(b) of the Act in June 2012, was delivered to the Attorney-General in July 2013. The reports on these significant matters I am confident will be of high quality and constitute a valuable corpus of enquiry, knowledge and recommendation.

The Commission is especially well served by its Chief Executive Officer Merrin Mason and acting Chief Executive Officer Cynthia Marwood. Cynthia will serve as acting Chief Executive Officer for the period April to September 2013, during Merrin's extended leave. I have been very fortunate in both these senior personnel. The community is very well served by the talented and committed staff of the Commission. I record my respect and affection for them.

I have had the benefit of excellent relations with government and in particular the Department of Justice. I record my thanks to Marisa De Cicco, Executive Director, Strategic Policy and Legislation, for the high level of performance of her functions and for her valued support.

I look forward to the Commission fulfilling its legislative charter and to it securing and advancing the benefit of considered law reform in this triennium. I commend this Annual Report to you.



P.D. Cummins
Chair

July 2013

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

The Commission is funded by the Victorian government, but our work is independent of the political process.

The Commission is committed to inclusive law reform. We consult with the community and advise the Attorney-General on how to reform Victorian laws.

When we carry out a law reform inquiry, we consult with people who are affected, especially:

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

When we complete an inquiry, we make practical, innovative recommendations that aim to make the law fairer, more up-to-date and more accessible to everyone.

The role of the Commission

The Commission's role is:

1. to make law reform recommendations to the Attorney-General on matters referred to it by the Attorney-General
2. to make recommendations on relatively minor legal issues of general community concern provided that it does not require a significant commitment of resources
3. to suggest possible law reform issues to the Attorney-General for referral to the Commission
4. to monitor and coordinate law reform activity in Victoria
5. to educate the community about law reform relevant to any present or past reference.

Our vision and values

Our vision is to establish the Commission as the leading law reform agency in Australia, helping to build a fair, inclusive and accessible legal system for all Victorians.

The Commission will:

- maintain a reputation for rigorous legal research and extensive community consultation
- produce timely, thorough and high-quality law reform recommendations that provide innovative solutions to complex policy issues
- build community trust in government and enhance the democratic process by fostering public understanding of law reform and encouraging informed community debates on key issues
- give a voice to marginalised groups within the community
- provide fearless, impartial and independent advice to the government of the day and be seen to be doing so
- build partnerships with other bodies involved in law reform to avoid inefficient duplication of effort.

HIGHLIGHTS

2012/2013

JULY

The Hon. Frank Vincent AO QC commenced his term as Commissioner.

AUGUST

The Attorney-General asked the Commission to examine the operation of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* and consider whether changes are needed.

SEPTEMBER

The Hon. Philip Cummins commenced as Chair of the Commission, succeeding Acting Chair David Jones AM. Eamonn Moran PSM QC commenced his term as Commissioner.

OCTOBER

The Commission conducted 33 community consultations around Victoria for our community law reform project about birth registration and birth certificates.

NOVEMBER

The Commission published the first edition of a quarterly law reform e-newsletter.

DECEMBER

The Victorian Government introduced legislation to Parliament reforming the law of jury directions, citing the recommendations made by the Commission in the 2009 jury directions report.

JANUARY

The Commission published six consultation papers for the succession laws reference and produced its first video for the Commission website – Chair Philip Cummins discussing succession laws.

FEBRUARY

Commission presenters spoke about law reform to 726 VCE legal studies students from 32 schools and colleges around Victoria during February and March.

MARCH

The Attorney-General asked the Commission to examine the jury empanelment process.

APRIL

The Commission received more than 40 submissions for our succession laws reference.

MAY

The Commission prepared a report on birth registration and birth certificates for delivery in July.

JUNE

The Commission prepared the consultation paper for its review of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* for publication in July.

COMMISSIONERS



Chair

The Hon. Philip Cummins commenced as Chair of the Victorian Law Reform Commission on 1 September 2012. He was a judge of the Supreme Court of Victoria from 1988 to 2009. He served in all of the 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 addition to being Chair of the Commission, Philip is also Chair of the Victoria Law Foundation and President of Court Network Inc. He holds several university degrees including Master of Laws and Master of Science (Psychiatry) and is a Senior Fellow (Hon) in the Law School at the University of Melbourne. In 2011-2012 he was Chair of the Protecting Victoria's Vulnerable Children Inquiry.

Commissioners

The Hon. David Jones AM was appointed a Commissioner in February 2012 and as acting Chair until 31 August 2012. David has held a wide range of positions in the legal sector, including 25 years as a judge of the County Court. He has recently led an independent inquiry into arrangements for CFA volunteers, and was Special Investigations Monitor between 2004 and 2009. He is a member of the Adult Parole Board and Chair of the AFL Tribunal.

Saul Holt SC was appointed a Commissioner in April 2012. He has held the position of Director of Criminal Law/Senior Public Defender, 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.



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

Dr Ian Hardingham QC was appointed a Commissioner in June 2012 as the specialist Commissioner to the review on succession laws. Ian is a leading barrister in a number of areas, including succession, property and equity law. Appointed Queen's Counsel in 1997, Ian 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, Ian 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.

The Hon. Frank Vincent AO QC was appointed a Commissioner in July 2012. He 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 two inquiries into matters of public importance. From 2001–2009, he was the second Chancellor of Victoria University.

Eamonn Moran PSM QC was appointed a Commissioner in September 2012. He 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. Eamonn was awarded an Australian Public Service Medal (PSM) in 2005, and an SBS Award in the 2012 Hong Kong Honours List.



ACTING CEO'S REPORT

The work detailed in this annual report is a testament to the energy, commitment and skills of the staff.

The Commission welcomed its new Chair, the Hon. Philip Cummins, on 1 September 2012, and two new Commissioners: the Hon. Frank Vincent AO QC in July 2012 and Eamonn Moran PSM QC in September 2012. They joined Saul Holt SC, Dr Ian Hardingham QC and Bruce Gardner PSM, and acting Chair, the Hon. David Jones AM.

The CEO, Merrin Mason has taken some well-earned extended leave this year. She returns in September 2013, refreshed and ready to guide the Commission through another busy year. It has been a privilege for me to step into her shoes in her absence.

References

The Commission is finalising its report on the succession laws reference given by the Attorney-General in March 2012. Dr Ian Hardingham was appointed to the Commission to lead this reference. His extensive experience in the field as an academic, writer and barrister has been of enormous benefit to the Commission. Ian has been assisted by team leader Lindy Smith and research and policy officers Mia Hollick, Natalie Lilford and Joanna O'Donohue.

The Commission received a reference in August 2012 on the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997*. The team undertaking this large and complex reference is led by

Nina Hudson with research and policy officers Catriona MacIvor and Jacinth Pathmanathan.

The Commission received a reference on jury empanelment in March 2013. The team undertaking this reference is led by Dr Nicole Schlesinger with research and policy officer Martin Wimpole.

Community law reform

The Commission has finalised its review of the process of birth registration and obtaining a birth certificate. The report was delivered to the Attorney-General in July 2013. Myra White, the community law reform manager, ably led this review with assistance from project officer Tess McCarthy.

Myra also continues to represent the Commission at school and community talks as part of the Commission's education and outreach program and assists reference teams with her in-depth knowledge of consultation processes.

Communications

Nick Gadd joined the Commission in August 2012 to take on the role of communications manager. Nick is the Commission's main link with the media, manages the Commission's website and encourages the Commission to be innovative in its use of social media. The website had over 65,000 visits this year and Nick is looking at ways to make

the Commission's website more engaging and user friendly. Nick also initiated and edits the Commission's e-newsletters.

Nick has encouraged a fresh approach to the cover design and layout of the Commission's consultation papers and reports. He coordinates the education and outreach program, which involves Commission staff speaking at metropolitan and regional schools as well as other diverse engagements throughout the year.

Administration

The Commission could not operate without the work of the operations manager, Kathy Karlevski. I have greatly valued her advice in relation to financial matters, staffing, administrative and operational issues. Her team members, Vicki Christou and Fai Siatua, are fundamental to the smooth running of the Commission.

Adam Delacorn, research and executive assistant to the Chair, left the Commission in May 2013. Adam's research skills and professional approach to all his work are greatly missed.

Tess McCarthy, executive assistant to the CEO and project officer, has been a tremendous support to me as I undertake the role of acting CEO. She has juggled her responsibilities, providing executive support while making a significant contribution to

the community law reform program and the education and outreach programs. She has done this with cheerful efficiency and skill. The staff at the Commission will miss her greatly when she leaves to undertake further study overseas.

Julie Bransden continues to manage the Commission's library, including its extensive online research databases. Julie makes sure that the research skills of the Commission's staff remain sharp. She provides support to the staff of the Commission in locating and obtaining publications by cultivating a network of skilled librarians across many organisations.

My thanks

The work detailed in this annual report is a testament to the energy, commitment and skills of the staff in conducting research, consulting with stakeholders, developing options for reform, preparing papers and reports and assisting the Commissioners in their work and deliberations. It is a privilege to lead such a talented group if only for a short time. On behalf of Merrin, I thank each member of staff for their contributions over the past year.

The Commission greatly appreciates the time and energy of the many people and organisations that made submissions to references and contributed to the Commission's round tables and consultation meetings. These submissions assist the Commission greatly and ensure that the Commission continues to be inclusive in developing proposals for reform. On behalf of the Commission, I thank everyone for their contributions.

The Commission benefits from the cooperation of the Department of Justice. I would like to express my gratitude to Marisa De Cicco, Executive Director, Strategic Policy and Legislation, for her support and advice.

I am also grateful for the work and guidance of the Commission's Audit Committee, which ensures that the Commission complies with the relevant statutory and other governance requirements.

Finally, I would like to thank the Commissioners. They have provided considerable guidance and strategic direction on the Commission's references and community law reform project. They have read and commented on a number of long papers and reference reports within very short timelines despite heavy workloads. I am very appreciative of the Commissioners' contributions to

the governance of the Commission. I would particularly like to thank the Chair for his support, leadership and commitment, which have been invaluable.

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 2013.



Cynthia Marwood

Acting CEO

Victorian Law Reform Commission

4 September 2013

Objectives

Results

To provide the Attorney-General and Parliament with high quality, timely, responsive and effective advice on law reform that is independent of government agencies and the political process.

No reports were due to be completed this year. We made significant progress towards the completion of three major projects: Succession Laws Review, Birth Registration and Birth Certificates, and *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997*.

Engage the community in law reform processes and foster community-wide debate on law reform proposals.

We published consultation papers for our reviews of succession laws and birth registration and certificates, and conducted extensive consultations with the community for these projects.

To promote the role of law reform and improve community understanding of law and legal processes relevant to the Commission's references.

Delivered presentations to school groups and participated in educational events e.g. Law Week.

Informed the general public through the media, e.g. *The Age*, Radio National, regional ABC radio, commercial radio station 3AW.

Provided up-to-date, engaging information through our website, e-newsletters and social media.

To identify community law reform opportunities in areas of emerging concern.

We received 19 formal suggestions which are currently under review.

To maintain efficient and effective administrative and financial systems and provide a safe and supportive working environment to support the Commission's law reform activities.

- Reviewed and revised the Commission's business continuity plan.
- Reviewed and revised the Commission's internal audit charter.
- Rebuilt contacts database.
- Reviewed reference submission process.
- Conducted staff seminars with external speakers.
- Convened regular audit committee meetings.
- Supported staff in the Global Corporate Challenge.

Operational and budgetary objectives and performance against objectives

The following table contains details of the outputs reported by the Commission to government, including performance measures and output costs, and the actual performance results against targets by output for the Commission over the full year ending 30 June 2013.

The outputs relating to the Commission are included in the Budget Paper No. 3 (BP3) under the heading of the Department of Justice's *Legal Support to Government and Protecting the Rights of Victorians—Legal Policy, Advice and Law Reform*. The Commission's outputs contribute to this consolidated total output cost of \$56m.

The total output cost for the Commission is an amount derived from the *Appropriation (2012/2013) Act 2012*, 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	2012/13 ACTUAL	2012/13 TARGET
Quantity			
Community education and consultation sessions	number	92	50
Community sessions although planned, depend on the reference, when it is received in the annual cycle and how complex it is. Education sessions are demand driven. Law Reform is now part of the Year 12 curriculum. Due to the success of the education sessions in the previous financial year the demand increased this year. As the targets are set approximately 18 months in advance they cannot be fully accurate as the workload of the Commission is referred by the Attorney-General. Future targets have been increased, however this too is based on current data and may not be fully accurate at the time of measuring the output.			
Law reform projects	number	3	3
Law reform projects are referred to the Commission by the Attorney-General making it difficult to predict how many will be undertaken in the reporting period.			
Quality			
Stakeholder satisfaction with consultation/education processes	per cent	85	85
Cost			
Annual appropriation		0.791	0.949
Legal Services Board		1.828	1.828
Total output cost	\$ million	2.619	2.777
The variance in total output cost between actual and target is due to governance, executive and corporate costs that constitute indirect output costs included in the BP3 estimates but not included in the direct appropriation allocations.			

Succession laws

The Commission is reviewing 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 on the desirability of legislative or other reform in relation to a number of succession law matters. The purpose of this reference is to:

- ensure that Victorian law operates justly, fairly and in accordance with community expectations in relation to the way property is dealt with after a person dies
- ensure that the processes to resolve disputes about the distribution of such property are efficient, effective and accessible
- identify practical solutions to problems that may still be outstanding in Victorian law and practice following the recommendations of the National Committee for Uniform Succession Laws established by the Standing Committee of Attorneys-General.

Commissioners and staff

The Commission began the reference under the guidance of the Hon. David Jones AM, in his capacity as acting Chair. Dr Ian Hardingham QC, of the Victorian Bar, was appointed Commissioner in June 2012 to lead the reference and bring his considerable expertise in succession laws to the Commission's examination of the issues.

Soon after commencing in the role of Chair, the Hon. Philip Cummins exercised his powers under section 13(1)(b) of the *Law Reform Commission Act 2000* to constitute a Division to work on the reference. The Division comprises the Hon. Philip Cummins, the Hon. David Jones AM, Dr Ian Hardingham QC and Eamonn Moran QC.

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

Progress of the reference

The terms of reference encompass a number of distinct issues, some of them technical and others broad ranging. Rather than releasing a comprehensive consultation paper, the Commission decided to prepare six short papers on the key issues arising from the terms of reference.

In December 2013, the Commission published consultation papers on:

- Wills—whether there is a need to revise the law on witnessing wills to protect elderly and vulnerable will-makers; statutory wills; and ademption
- Family provision—whether the law is achieving its objective of ensuring that provision is made for people for whom the deceased person had a responsibility to provide

- Intestacy—whether the law is operating effectively to achieve just and equitable outcomes
- Executors—whether there should be special rules for legal practitioner executors and whether a court should be able to review executors' costs and commissions
- Debts—how a deceased estate's assets are designated to pay its debts
- Small estates—whether there are more efficient ways of dealing with small estates.

The Commission invited submissions by 28 March 2013, and embarked on a series of meetings with members of the judiciary, the legal profession, academics and representatives of community groups. Members of the public were invited to meet with Commission staff on 14 March 2013. The Commission held discussions in regional areas and Melbourne, and convened a round table to examine issues concerning wills. Further information and insights were provided by an advisory committee, which met four times to identify problems and options for reform.

The report

At the close of the reporting period, drafting of the final report was under way, with the report to be handed to the Attorney-General by 1 September 2013.

Jury empanelment

The Commission is reviewing specific aspects of the jury empanelment process.

Background

In Victoria, juries are used to try indictable criminal and civil charges unless the court allows the matter to be tried summarily. Jury trials aim to ensure the sound administration of justice through providing for impartial community participation in decisions about guilt (in criminal matters) or fault (in civil matters). Community participation through the jury process is also considered important to enhance the legitimacy of decisions.

The *Juries Act 2000* sets out the laws and processes in relation to juries in Victoria. Prospective jurors are randomly selected from the electoral roll and then balloted to form jury panels who attend court. 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 account for the attrition of jurors over long trials.

For criminal trials, prospective jurors are then called randomly by name, or if the court considers that they should not be identified by name, by number. Their occupation is also called out. 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'. If a juror is peremptorily challenged, they can not be empanelled for that trial. Peremptory challenges are in addition to challenges for cause, which are allowed in both criminal and civil trials. There is no limit on the number of challenges for cause available to a party.

For civil trials, both the plaintiff and the defendant may peremptorily challenge up to three prospective jurors. As in criminal trials, prospective jurors are called randomly by name or number. Their occupation is also called out. The plaintiff is given the list of prospective jurors and may strike out up to three names. The list is then given to the defendant who may strike out an additional three names.

The jury as constituted after this process is the jury to hear the case.

If additional jurors have been empanelled and there are more than 12 jurors (for criminal trials) or six jurors (for civil trials) remaining before the jury retires to consider its verdict, a ballot is held to reduce the jury panel. Jurors who are balloted out at that stage do not participate in final deliberations or the verdict.

Terms of reference

In March 2013, the Attorney-General asked the Commission to review and report on whether changes are needed to ensure that the jury empanelment process operates justly, effectively and efficiently.

Peremptory challenges and the Crown right to stand aside jurors

The review should consider peremptory challenges in criminal and civil trials and the Crown right to stand aside jurors in criminal trials with regard to:

- resourcing implications
- the representativeness of the jury
- the impartiality of the jury
- procedural fairness
- the effects on jurors.

The review should have regard to reviews of peremptory challenges and the Crown right to stand aside jurors in other jurisdictions, both within Australia and internationally. The review should consider existing alternative mechanisms and recommend new procedural, administrative and legislative changes if appropriate.

Calling of panel

The review should consider the calling of the panel outlined in s.31 of the Juries Act. In Victoria, name or number and occupation identify prospective and empanelled jurors. The review should consider the introduction of the practice of empanelling juries by number in every (or most) instance in the context of procedural fairness and the effects on and protection of jurors.

Additional jurors

The review should consider s.48 of the Juries Act, which applies when there are additional jurors on the jury. The review should consider whether it is necessary or desirable for the jury to be reduced to 12 (or six as the case requires) before the jury retires to consider its verdict. In reviewing this section, the Commission is to have particular regard to the effects on jurors.

Commissioners and staff

The Commission formed a Division to work on the project, comprising the Chair of the Commission, the Hon. Philip Cummins, and Commissioners the Hon. David Jones AM, Bruce Gardner PSM, Saul Holt QC and the Hon. Frank Vincent AO QC. The research and policy team comprises Nicole Schlesinger (team leader) and Martin Wimpole (research and policy officer).

Conduct of the reference

Initial research including preliminary consultation with key stakeholders is underway. The Division has established an advisory committee to provide expert advice and guidance. The Commission expects to release a consultation paper in October 2013, setting out options for reform and inviting submissions from the public.

Crimes and mental impairment

The Commission is reviewing the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* and considering whether changes are needed.

Background

The *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* (Vic) (CMIA) governs the law and procedure that applies to the determination of whether people charged with criminal offences are mentally unfit to stand trial and/or have a defence of mental impairment. The CMIA provides a system for supervising and managing people who are subject to the Act.

The CMIA has not been reviewed in full since it was introduced 15 years ago to replace the 'Governor's pleasure' regime that previously governed the law in Victoria.

Terms of reference

The Victorian Law Reform Commission is asked to review and report on the desirability of changes to the CMIA to improve its operation.

The review should examine the operation of the CMIA and consider whether changes are needed to ensure that the CMIA operates justly, effectively and consistently with the principles that underlie it.

In particular, the Commission should consider whether:

- the CMIA should define 'mental impairment' and, if so, how it should be defined
- the process of determining fitness to stand trial can be improved
- the application of the CMIA should be further extended to the Magistrates' Court

- the process for determining fitness to stand trial should be adapted for use in the Magistrates' Court
- 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
- 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 is 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
- changes should be made to the provisions governing supervision and review.

In undertaking this reference, the Commission should have 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. The Commission is to report by 31 March 2014.

GRANTED
August 2012

DUE DATE
31 March 2014

Commissioners and staff

The Division working on this project comprises the lead Commissioner for the reference, the Chair of the Commission, the Hon. Philip Cummins, and three part-time Commissioners: the Hon. Frank Vincent AO QC, Bruce Gardner PSM and Saul Holt SC.

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

Progress of the reference

The team commenced work on the reference in December 2012. In February and March 2013, the team held a series of preliminary meetings with some key stakeholders in the criminal law, forensic mental health and disability sectors. These meetings helped the Commission to understand how the CMIA currently operates and to discuss the issues identified in the terms of reference.

To assist in its review, the Commission established an advisory committee of individuals with expertise in relevant matters. The role of the advisory committee is to provide ongoing advice to the Commission on issues raised by the terms of reference.

Its members are:

- Professor James Ogloff, Director of Psychological Services, Forensicare and Director, Centre for Forensic Behavioural Science, Monash University
- Dr Danny Sullivan, Assistant Clinical Director Community Operations, Forensicare, Adjunct Senior Lecturer, Monash University and Honorary Fellow, University of Melbourne
- Dr Ian Freckelton SC, Deputy Director, Centre for the Advancement of Law and Mental Health and barrister
- Gavin Silbert SC, Chief Crown Prosecutor, Office of Public Prosecutions
- Tim Marsh, Senior Public Defender, Victoria Legal Aid
- Isabell Collins, Director, Victorian Mental Illness Awareness Council
- Phil Grano, Principal Legal Officer, Office of the Public Advocate.

The advisory committee met for the first time in April 2013 and will meet again after the close of submissions and the completion of formal consultations.

The Commission prepared a consultation paper for release for July 2013, along with a public call for submissions (due 23 August 2013).

Consultation activities involve a wide range of people in the general community who are potentially affected by the CMIA. This includes people who may be subject to orders under the CMIA, family members or carers of people subject to the CMIA, and victims or family members of victims in CMIA matters. We consult with individuals or groups interested in issues relating to mental illness, intellectual disability or cognitive impairment and the criminal justice system, as well as individuals and groups interested in community safety.

The Commission is consulting with representatives in the criminal law, forensic mental health and disability sectors, including the judiciary, the courts, legal practitioners, forensic mental health clinicians, mental health and disability treatment and services and support services providers (government and non-government).

The feedback and information that the Commission receives from submissions and formal consultations will inform its final recommendations to the Attorney-General, due to be provided by 31 March 2014.

The *Victorian Law Reform Commission Act 2000* states that part of the Commission's function is to make recommendations to the Attorney-General on relatively minor legal issues 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.

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

Criteria

As well as making submissions to our larger projects that are referred to the Commission by the Attorney-General, the community can suggest ideas for smaller law reform projects. If the project involves a relatively minor change to the law and will not require a significant deployment of resources, the Commission may be able to turn the suggestion into a community law reform project.

The community law reform manager co-ordinates the program. Community law reform suggestions are considered by the whole Commission. Generally, the Commission can only work on one community law reform project at any one time. The Commission uses a set of criteria to determine if a proposal is suitable. These criteria are available on the Commission's website.

Community law reform suggestions

This year the Commission received 19 formal community law reform suggestions. The primary method of submission remained the Commission's online form, with nine suggestions received using the online tool, six via email and four by letter. Individual community members accounted for 18 of the submissions.

Suggestions for reform related to a broad range of issues including: eligibility requirements for same-sex couples under the *Adoption Act 1984* (recommendations for which were included in the Commission's 2007 final report *Assisted Reproductive Technology and Adoption*); rational and assisted suicide; neighbour tree disputes; and a variety of suggestions concerning roads.

These included mandatory sentencing for first time traffic offences, bike path accessibility, signage for cyclists, and vehicles parking on nature strips. A number of these suggestions did not meet the criteria for community law reform projects because they were areas requiring significant changes to the law, were currently under review by government, were complex or controversial, or would require extensive community consultation and debate.

The Commission continues to support the community law reform program and considers it an important part of its function.

COMMUNITY LAW REFORM PROJECT

BIRTH REGISTRATION AND BIRTH CERTIFICATES

The Commission has finalised its review of the process for birth registration and obtaining a birth certificate. A birth certificate is often considered the first step in creating a child's legal identity. Once a birth is registered, parents can apply for a birth certificate, which is usually required when the time comes for school enrolment, Medicare, government benefits, a passport and a driver licence. Without a birth certificate, access to these may be impossible.

The current system for obtaining a birth certificate is a three-step process that includes notification, registration and an application. The Commission examined whether this process created barriers to birth certificate acquisition.

The Commission's review considered whether current Victorian law meets community expectations, and looked at the experiences of people from Indigenous, culturally and linguistically diverse (CALD), and disadvantaged backgrounds.

The Commission undertook 33 consultations across Victoria, visiting the Hume region (Mooroopna, Shepparton and Wangaratta); the Mallee (Mildura and Robinvale); East Gippsland (Warragul, Traralgon and Bairnsdale); and the Wimmera (Horsham). The Commission visited a number of metropolitan locations including Flemington, Preston, Dandenong and Springvale.

Consultation participants included people from Indigenous communities, CALD backgrounds and organisations representing vulnerable and/or disadvantaged groups. Midwives, maternal and child health nurses, justice service centre staff and representatives of Indigenous and CALD organisations also participated.

The Commission delivered its report to the Attorney-General in July 2013.

The Commission has been active in working towards its goal of educating the community about law reform.

The Commission publishes educational resources about law reform and visits educational institutions to explain its 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 from schools this year. The Commission's presentation for VCE students was updated in 2013, and now includes case studies on the jury directions and surveillance in public places references. A second presentation uses a case study from our community law reform project on supporting young people in police interviews.

Presenters spoke about law reform to 726 VCE legal studies students from 32 schools and colleges around Victoria during February and March 2013, visiting West Gippsland, Bendigo, Benalla, Sale, Geelong and Woodend as well as many schools in Melbourne.

The Commission distributed hundreds of copies of booklets and brochures:

- *Law reform in action*
- *Law reform: our process*
- *Reforming the law.*

The Commission participated twice in the Victoria Law Foundation's Law Talks program, presenting in Benalla in August 2012 and over two days in Sale in March 2013.

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 Hon. Philip Cummins was interviewed in *The Age* focussing on the succession reference
- the Hon. Philip Cummins was interviewed on Radio National about the birth registration and birth certificates project
- the Hon. Philip Cummins was interviewed by ABC Gippsland in connection with the Law Talks program for legal studies students
- former chair, Neil Rees was interviewed on ABC702 Sydney about the Commission's report on surveillance.

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

E-newsletter

In 2012 the Commission launched an e-newsletter, a regular brief update on the Commission's activities distributed via email, and published three editions in the financial year. The May edition was opened more than 1,000 times.

Social media

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

A mix of individuals, including legal and community organisations, lawyers, students and journalists, are following the Commission on Twitter. At 30 June 2013, the Commission had over 1700 followers – almost double the number we had at the same time last year.

The Commission's Facebook page provides links to references, launch photos, media highlights and jobs and relevant media articles.

This social media presence has led to valuable connections and conversations with those who have an interest in and have contributed to the Commission's work.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

Audit committee membership and roles

The audit committee consists of:

- Anthony Phillips (Chairperson)
- John Bafit
- The Hon. Philip D. Cummins, who replaced The Hon. David Jones AM.

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 2012–13 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 that requested these services.

Staff continued to use the stairs to access our offices throughout the year. 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.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

CONTINUED

Executive Research Assistant

Adam Delacorn (24 Sept 2012 to 3 May 2013)
Casually Employed
Tess McCarthy (until 5 July 2012)

Team Leaders Policy and Research

Emma Cashen (Maternity Leave)
Nina Hudson (from 12 November 2012)
Nicole Schlesinger (from 3 June 2013)
Lindy Smith

Policy and Research Officers

Mia Hollick
Natalie Lilford (from 2 April 2012)
Catriona MacIvor (from 10 December 2012)
Joanna O'Donohue
Jacinth Pathmanathan (from 10 December 2012)

Community Law Reform Manager

Myra White

Librarian

Julie Bransden

Commission

The Hon. Philip D. Cummins (Chair) from 1 September 2012
The Hon. David Jones AM (Acting Chair) 1 July to 31 August 2012

The Hon. Philip D. Cummins (17 July to 31 August 2012)

Bruce Gardner PSM

Dr Ian Hardingham QC

Saul Holt SC

The Hon. David Jones AM (from 1 September 2012)

Eamonn Moran PSM QC (from 4 September 2012)

The Hon. Frank Vincent AO QC

CEO

Cynthia Marwood (from 2 April 2013)
Merrin Mason (until 28 March 2013)

Executive Assistant / Project Officer

Tess McCarthy (from 6 July 2012)

Operations Manager

Kathy Karlevski

Assistant Operations Manager

Vicki Christou

Administration Officer

Failelei Siatua

Communications Manager

Nick Gadd (from 13 August 2012)

WORKFORCE DATA

COMPARATIVE WORKFORCE DATA ^(a) ^(b) ^(c)

Public administration values and employment principles

The *Public Administration Act 2004* abolished the Office of Commissioner for Public Employment and established the State Services Authority.

Notwithstanding, the Commission continues to implement the previous directions of the Commissioner for Public Employment with respect to upholding public sector conduct, managing and valuing diversity, managing underperformance, reviewing personal grievances, and selecting on merit.

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 exist and are implemented across the Department.

Table 1: Full time equivalents (FTE) staffing trends from 2009 to 2013

YEAR	2013	2012	2011	2010	2009
Employees (Headcount)	14.195	9.31	16.5	21.9	15.1

Table 2: Summary of employment levels in June 2012 and 2013

	Ongoing Employees ^(d)			Fixed Term & Casual Employees	
	Employees (Headcount)	Full Time (Headcount)	Part Time (Headcount)	FTE	FTE
June 2013	7	4	3	6.12	8.075
June 2012	6	3	3	4.91	4.4

Table 3: Details of employment levels in June 2012 and 2013

	2013			2012		
	Ongoing ^(b)		Fixed Term & Casual Employees	Ongoing ^(b)		Fixed Term & Casual Employees
	Employees (Headcount)	FTE ^(c)	FTE ^(c)	Employees (Headcount)	FTE ^(c)	FTE ^(c)
Gender						
Male	1	1	0	0	0	0
Female	6	5.12	8.075	6	4.91	4.4
Total	7	6.12	8.075	6	4.91	4.4
Classification						
VPS 1	0	0	0	0	0	0
VPS 2	1	0.63	0	1	0.42	0
VPS 3	2	1.6	1	1	1	0.4
VPS 4	0	0	0	1	0.6	0
VPS 5	3	2.89	4.20	1	0.89	3
VPS 6	1	1	1.875	1	1	1
Executive ^(e)	0	0	1	1	1	0
Total	7	6.12	8.075	6	4.91	4.4

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 2012 and June 2013 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.

OTHER DISCLOSURES

Implementation of the Victorian Industry Participation policy

The *Victorian Industry Participation Policy Act 2003* requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public bodies are required to apply VIPP in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

The Commission did not enter into any contracts to which the VIPP applies for the 12 months ending 30 June 2013.

Consultancies

Details of consultancies

In 2012–13, there were 11 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2012–13 in relation to these consultancies is \$43,007, excluding GST.

Details of consultancies over \$10,000

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2012–13 (excluding GST)	Future expenditure (excluding GST)
Victorian Auditor-General's Office	For the audit of the financial report 2012–13	1 July 2012	30 June 2013	\$18,010	\$Nil	\$18,010

Freedom of information

The *Freedom of Information Act 1982* allows the public the right to access documents held by the Commission. The Commission did not receive any applications from members of the public for the 12 months ending 30 June 2013.

Making a request

Access to documents may be obtained through a request to the Freedom of Information Manager, as detailed in s17 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; and
- 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.

To lodge requests online or obtain further information regarding Freedom of Information visit: www.foi.vic.gov.au.

OTHER DISCLOSURES

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

The *Protected Disclosure Act 2012* encourages and facilitates making disclosures of improper conduct by public bodies and public sector employees, and protects the persons who make those disclosures.

The Commission is committed to the aims and objectives of the Act. It does not tolerate improper conduct by its employees, officers or members nor the taking of reprisals against those who come forward to disclose such conduct.

The Commission recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

For the 12 months ending 30 June 2013, the Commission did not receive any disclosures.

Making a disclosure

A disclosure is an allegation of improper or corrupt conduct. Disclosures of improper conduct or detrimental action by the Commission or its employees may be made in writing or by telephone to:

Independent Broad-based Anti-Corruption Commission (IBAC)
Level 1, North Tower
459 Collins Street
Melbourne Victoria 3000
Tel: 1300 735 135

Further information

Under the new arrangements, disclosures about statutory entities must be made to IBAC. The IBAC website contains further information about the new disclosure framework. www.ibac.vic.gov.au

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% 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.

OTHER DISCLOSURES

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	2012–13		2011–12	
	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	180,791	180,791	200,946	200,946
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO ₂ e)	47.3	...	57.12	...
Percentage of electricity purchased as Green Power	25%		25%	
Units of energy used per FTE (MJ/FTE)	25,472		43,168	
Units of energy used per unit of office area (MJ/m ²)	403		448	

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>
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Explanatory notes

- Corrections have been made to the Energy Use table in relation to the 2011-12 reporting period due to the problem experienced by the energy retailer not being able to issue invoices beyond December 2011 due to a billing system upgrade fault as advised in the 2011-12 Annual Report.
- The data represented above was collected through energy retailer billing information.
- The decrease of *energy used per FTE* is due to there being 4.88 FTE more staff in the reporting period. The more accurate measure that supports the reduction in energy use is demonstrated by the *energy used per unit of office area* as this remains fixed.

Waste production

Indicator	2012-13	2011-12
Total units of office waste disposed of by destination (kg/year)	1980	1240
Units of office waste disposed of per FTE by destination (kg/FTE)	139	133
Recycling rate (per cent of total waste)	100%	100%
Greenhouse gas emissions associated with waste disposal (t CO ₂ e)	No available data	No available data

Actions undertaken

Recycling The total diverted from landfill is 6.3 kgs, comprising :
 toner cartridges 3.44 kgs,
 large bottles 2.04 kgs, and
 Unknown 0.82 kgs

Explanatory notes

- 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.
- Landfill is collected nightly. The company contracted to do the cleaning does not collate any data on waste, therefore none can be provided.

Paper use

Indicator	2012-13	2011-12
Total units of A4 equivalent copy paper used (reams)	238	175
Units of A4 equivalent copy paper used per FTE (reams/FTE)	12.33	18.8
Percentage of 75–100% recycled content copy paper purchased (%)	99%	100%
Percentage of 50–75% recycled content copy paper purchased (%)	0	0
Percentage of 0–50% recycled content copy paper purchased (%)	1%	0
Optional indicators		
Total units of A4 equivalent paper used in publications (reams)	557	3231.4
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 is from the green range, which consists of:
 (i) Forest Stewardship Certified (FSC) paper from well-managed forests, TCF paper and 100% recycled paper; or
 (ii) paper manufactured under the stringent requirements of AS/NZS ISO 9001: 2000, Environmental System AS/NZS ISO 14001: 2004 and FCS Chain of Custody; or
 (iii) Australian Forestry Standard/PEFC Certified

Explanatory notes

- The overall use of paper has decreased.
- The decrease in the *total units of A4 equivalent paper used in publications (reams)* directly resulting from a management decision to print less numbers per publication.

OTHER DISCLOSURES

Water consumption

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

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

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

Indicator	2012-13	2011-12
Total units of metered water consumed by water source (kilolitres)	2895	3740
Units of metered water consumed in offices per FTE (kilolitres/FTE)	30.36	59.80
Units of metered water consumed in offices per unit of office area (kilolitres/m ²)	430.96	556.75

Explanatory notes

- The overall decrease of water consumption can be attributed to the building not having all the floors tenanted for the financial year.
- The decrease in water consumption per FTE is due to the additional 4.88 FTE staff and the overall decrease of water consumption in the building.

Transport

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

	2012-13		2011-12	
	Metro	Regional	Metro	Regional
Total distance travelled by air (km)	19,268		17,820	
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car pooling to and from work	88%	0%	84%	8%
Percentage of employees residing in metropolitan Melbourne or regional Victoria	100%	0%	92%	8%

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.

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 7820

Email: law.reform@lawreform.vic.gov.au

OTHER DISCLOSURES

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 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.



Cynthia Marwood
Accountable Officer
Victorian Law Reform Commission
4 September 2013



Anthony Phillips
Chairperson
Audit Committee
4 September 2013

Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

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



Cynthia Marwood
Accountable Officer
Victorian Law Reform Commission
4 September 2013

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 2013

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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 2013 and financial position of the Commission at 30 June 2013.

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.

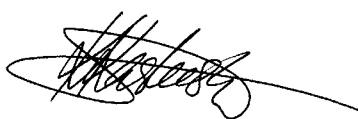
We authorise the attached financial statements for issue on 4 September 2013.



Cynthia Marwood

Acting Chief Executive Officer
Victorian Law Reform Commission
Melbourne

4 September 2013



Kathy Karlevski

Chief Finance and Accounting Officer
Victorian Law Reform Commission
Melbourne

4 September 2013



The Hon. P. D. Cummins

Chairperson
Victorian Law Reform Commission
Melbourne

4 September 2013



Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Victorian Law Reform Commission

The Financial Report

The accompanying financial report for the year ended 30 June 2013 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 Financial 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.

Auditing in the Public Interest

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 2013 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 2013 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
9 September 2013


 John Doyle
Auditor-General

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Notes	2013	2012
		\$	\$
Continuing operations			
Income from transactions			
Output appropriations - Department of Justice		791,200	894,000
Other income - Legal Services Board		1,828,000	1,828,000
Interest	2a	16,596	26,692
Total income from transactions		2,635,796	2,748,692
Expenses from transactions			
Employee expenses	3a	(1,610,243)	(1,458,119)
Depreciation	3b	(236,774)	(220,492)
Interest expense	3c	(881)	(1,677)
Other operating expenses	3d	(790,194)	(944,774)
Total expenses from transactions		(2,638,091)	(2,625,062)
Net result from transactions (net operating balance)		(2,296)	123,630
Other economic flows included in net result			
Other gains/(losses) from other economic flows	4	7,652	(7,555)
Total other economic flows included in net result		7,652	(7,555)
Net result		5,357	116,075
Comprehensive result		5,357	116,075

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

BALANCE SHEET

AS AT 30 JUNE 2013

	Notes	2013	2012
		\$	\$
Assets			
Financial assets			
Cash and deposits	15	400	400
Receivables	5	1,201,816	839,946
Total financial assets		1,202,216	840,346
Non-financial assets			
Plant and equipment	6	366	251,410
Total non-financial assets		366	251,410
Total assets		1,202,582	1,091,756
Liabilities			
Payables	7	94,452	72,417
Borrowings	8	0	19,516
Provisions	9	251,718	148,768
Total liabilities		346,170	240,701
Net assets		856,412	851,055
Equity			
Accumulated surplus		383,035	377,678
Contributed capital		473,377	473,377
Net worth		856,412	851,055
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 2013

	Accumulated surplus	Contributions by owners	Total
		\$	\$
Balance at 1 July 2011	261,603	473,377	734,980
Net result for the year	116,075	0	116,075
Balance at 30 June 2012	377,678	473,377	851,055
Net result for the year	5,357	0	5,357
Balance at 30 June 2013	383,035	473,377	856,412

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 2013

	Notes	2013	2012
		\$	\$
Cash flows from operating activities			
Receipts			
Receipts from Government		429,330	697,300
Receipts from other entities		1,828,000	1,828,000
Interest received		16,596	26,692
Total receipts		2,273,925	2,551,992
Payments			
Payments to suppliers and employees		(2,272,565)	(2,545,851)
Interest expense		(881)	(1,677)
Total payments		(2,273,446)	(2,547,528)
Net cash flows from/(used in) operating activities	15b	480	4,464
Cash flows from investing activities			
Proceeds from sale of non-financial assets		19,035	0
Net cash flows from/(used in) investing activities		19,035	0
Cash flows from financing activities			
Proceeds from/(repayment of) finance leases		(19,515)	(4,464)
Net cash flows from/(used in) financing activities		(19,515)	(4,464)
Net increase/(decrease) in cash and cash equivalents		0	0
Cash and cash equivalents at the beginning of the financial year		400	400
Cash and cash equivalents at the end of the financial year	15a	400	400

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

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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 2013. 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 20.

These annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 4 September 2013.

(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 land, buildings, infrastructure, plant and equipment, (refer to Note 1(J));

- superannuation expense (refer to Note 1(F)); 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(K)).

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.

(C) Reporting entity

The financial statements cover the Victorian Law Reform Commission (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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 1. Summary of significant accounting policies (continued)

- 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

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

'Transactions' and other economic flows are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 and Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0) (the GFS manual, refer to Note 20).

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

Other economic flows are changes in the volume or changes arising from market remeasurements. They include:

- gains and losses from disposals
- revaluations and impairments of non-financial physical and intangible assets
- actuarial gains and losses from defined benefit superannuation plans.

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

Balance sheet

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

Current and non-current assets and liabilities (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 recognised in 'Other economic flows—other movements in equity' 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 20 for a style convention explaining that minor discrepancies in totals are due to rounding.

(E) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured 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 2013

Note 1. Summary of significant accounting policies (continued)

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 VLRC i.e. the appropriation funds are not to be exhausted in the first instance to allow the VLRC to accumulate investment income from Trust Funds." The Department of Justice monitors the equal use of the trust funds and appropriation amounts for operating and capital expenditure of the Commission.

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

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.

(F) 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(K) 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(J) 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 class	Useful life
Leasehold improvements	5 years
Plant & equipment	3–10 years
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 20 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.

(G) 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 1. Summary of significant accounting policies (continued)

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 determined after deducting from the proceeds the carrying value of the asset at that time.

Other gains/(losses) from other economic flows

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

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

(H) Financial 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(I)), 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 20).

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.

(I) 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.

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(H) *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*.

(J) Non-financial assets

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 1. Summary of significant accounting policies (continued)

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(L)) 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. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

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 movements in equity', 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 property, 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 movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, 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 movements in equity' reduces the amount

accumulated in equity under the asset revaluation surplus.

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

(K) 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(H)). 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(L) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 1. Summary of significant accounting policies (continued)

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

Employee benefits

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

(i) Wages and salaries, annual leave

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

(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:

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

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

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. 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.

Employee benefits on-costs

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

(L) 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 and depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

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

Operating leases

Commission as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 1. Summary of significant accounting policies (continued)

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.

(M) Equity

Contributions by owners

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

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

(N) 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.

(O) 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.

(P) 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.

(Q) 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.

(R) 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.

(S) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2013 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 2013, 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 2013

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 Financial Instruments: Recognition and Measurement).	1 Jan 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
Note 2.		
Income from transactions		
(a) Interest		
Interest from financial assets not at fair value through Comprehensive Operating Statement		
Interest on bank deposits	16,596	26,692
Total interest	16,596	26,692
Note 3.		
Expenses from transactions		
(a) Employee expenses		
Salaries, wages and long service leave	(1,495,304)	(1,347,559)
Post employment benefits:		
Defined contribution superannuation expense	(114,939)	(110,560)
Total employee expenses	(1,610,243)	(1,458,119)
(b) Depreciation		
Depreciation of property, plant, equipment and vehicles	(236,774)	(220,492)
Total depreciation	(236,774)	(220,492)
(c) Interest expense		
Interest on finance lease	(881)	(1,677)
Total interest expense	(881)	(1,677)
(d) Other operating expenses		
Supplies and services:		
Purchase of supplies and consumables	(117,481)	(241,285)
Purchase of services	(247,577)	(296,030)
Maintenance	(5,995)	(3,485)
Rent and associated costs	(419,139)	(403,974)
Total other operating expenses	(790,194)	(944,774)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 4. Other economic flows included in net result

	2013	2012
	\$	\$
(a) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability ⁽ⁱ⁾	4,538	(7,555)
Net profit on disposal of plant and equipment	3,115	0
Total other gains/(losses) from other economic flows	7,652	(7,555)

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

Note 5. Receivables

Current receivables		
Contractual		
Other receivables	352	518
	352	518
Statutory		
Amounts owing from Victorian Government	1,101,275	774,691
Total current receivables	1,101,627	775,209
Non-current receivables		
Statutory		
Amounts owing from Victorian Government	100,189	64,737
Total non-current receivables	100,189	64,737
Total receivables	1,201,816	839,946

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 6. Plant and equipment

	2013	2012
	\$	\$
Gross carrying amounts and accumulated depreciation		
Leasehold improvements		
At fair value	1,069,403	1,069,403
Less: accumulated depreciation	(1,069,403)	(838,084)
	0	231,319
Plant and equipment		
At fair value	13,180	20,399
Less: accumulated depreciation	(12,814)	(19,405)
	366	994
Motor vehicle		
Under finance lease - at fair value	0	32,757
Less: accumulated depreciation	0	(13,660)
	0	19,097
Net carrying amount of plant and equipment	366	251,410

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

Table 6.1. 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>
	\$	\$	\$	\$
2012				
Carrying amount				
Balance as at 1 July 2011	445,199	3,066	23,637	471,902
Additions	0	0	0	0
Disposals	0	0	0	0
Depreciation expense	(213,880)	(2,072)	(4,540)	(220,492)
Balance as at 1 July 2012	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)
Balance as at 30 June 2013	0	366	0	366

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 6. Plant and equipment (continued)

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

	2013	2012
	\$	\$
Leasehold improvements	(231,319)	(213,880)
Plant and equipment	(628)	(2,072)
Motor vehicle	(4,826)	(4,540)
	(236,775)	(220,492)

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

Note 7. Payables

Current payables		
Contractual		
Supplies and services ⁽ⁱ⁾	86,367	65,178
Other payables	4,501	2,617
	90,868	67,795
Statutory		
FBT payable	3,373	4,499
Payroll tax payable	211	123
Total current payables	94,452	72,417

Note (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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 8. Borrowings

	2013	2012
	\$	\$
Current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	0	19,516
Total current borrowings	0	19,516
Total borrowings	0	19,516

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.

Note 9. Provisions

Current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)] — annual leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	84,490	32,157
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	10,673	5,730
Employee benefits ⁽ⁱ⁾ [Note 9(a)] — long service leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	14,312	21,905
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	14,784	7,628
	124,259	67,421
Provisions related to employee benefit on-costs [Note 9(a) and Note 9(b)]:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	22,085	12,077
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	5,186	4,533
Total current provisions	151,529	84,031
Non-current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)]	87,166	56,189
Employee benefit on-costs [Note 9(a) and Note 9(b)]:	13,023	8,548
Total non-current provisions	100,189	64,737
Total provisions	251,718	148,768

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 9. Provisions (continued)

	2013	2012
	\$	\$
(a) Employee benefits and related on-costs⁽ⁱ⁾		
Current employee benefits		
Annual leave entitlements	29,096	37,888
Long service leave entitlements	95,163	29,533
	124,259	67,421
Non-current employee benefits		
Long service leave entitlements	87,166	56,189
Total employee benefits	211,425	123,610
Current on-costs	27,270	16,610
Non-current on-costs	13,023	8,548
Total on-costs	40,293	25,158
Total employee benefits and related on-costs	251,718	148,768

Notes:

- (i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
- (ii) The amounts disclosed are nominal amounts.
- (iii) The amounts disclosed are discounted to present values.

	<i>On-costs Annual Leave</i>	<i>On-costs LSL</i>	<i>Total</i>
2013	\$	\$	\$
Opening balance	12,399	12,759	25,158
Additional provisions recognised	27,841	5,224	33,065
Reductions arising from payments/other sacrifices of future economic benefits	(16,790)	(1,140)	(17,930)
Closing balance	23,450	16,843	40,293
Current	23,450	3,821	27,271
Non-current	0	13,023	13,023
	23,450	16,844	40,294

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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>	
	2013	2012	2013	2012
	\$	\$	\$	\$
Defined contribution plans:				
VicSuper	78,877	60,860	241	0
Various other funds	36,062	49,700	113	0
Total	114,939	110,560	354	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 11. Leases

(a) Disclosures for lessees — finance leases

Leasing arrangements

The Commission had entered into a 36 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⁽ⁱ⁾</i>		<i>Present value of minimum future lease payments</i>	
	2013	2012	2013	2012
	\$	\$	\$	\$
Finance lease liabilities payable				
Not longer than 1 year	0	20,525	0	19,516
Longer than 1 year but not longer than 5 years	0	0	0	0
Longer than 5 years	0	0	0	0
Minimum lease payments	0	20,525	0	19,516
Less future finance charges	0	(1,009)	0	0
Present value of minimum lease payments	0	19,516	0	19,516
Included in the financial statement as:				
Current borrowings (Note 8)			0	19,516
Non-current borrowings (Note 8)			0	0
			0	19,516

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 2013

Note 11. Leases (continued)

(b) Disclosures for lessees - operating leases

Leasing arrangements

Operating leases relate to accommodation rental with lease terms of five 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 per cent fixed annual increases on the anniversary of the lease commencement date. There is also a 16 per cent 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.

	2013 \$	2012 \$
Non-cancellable operating leases payable		
Not longer than one year	135,126	386,403
Longer than one year and not longer than five years	607,733	0
Longer than five years	0	0
	742,859	386,403

Note 12. Commitments for expenditure

Capital expenditure commitments

Capital expenditure commitments as at 30 June 2013 – \$29,755 (\$Nil – 2012).

Note 13. Contingent assets and contingent liabilities

There are neither contingent assets nor contingent liabilities as at 30 June 2013 (\$Nil – 2012).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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 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 2013

Note 14. Financial instruments (continued)

**Table 14.1.
Categorisation
of financial
instruments**

	<i>Contractual financial assets— cash, loans and receivables</i>	<i>Contractual financial liabilities at amortised cost</i>	<i>Total</i>
2013	\$	\$	\$
Contractual financial assets			
Cash and deposits	400	0	400
Other receivables	352	0	352
Total contractual financial assets⁽ⁱ⁾	752	0	752
Contractual financial liabilities			
Payables:			
Supplies and services	0	86,368	86,368
Other payables	0	4,501	4,501
Finance lease liability	0	0	0
Total contractual financial liabilities⁽ⁱ⁾	0	90,869	90,869
2012			
Contractual financial assets			
Cash and deposits	400	0	400
Other receivables	518	0	518
Total contractual financial assets⁽ⁱ⁾	918	0	918
Contractual financial liabilities			
Payables:			
Supplies and services	0	65,178	65,178
Other payables	0	2,617	2,617
Finance lease liability	0	19,516	19,516
Total contractual financial liabilities⁽ⁱ⁾	0	87,311	87,311

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 2013

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 2013. (\$400 – 2012).

(c) Liquidity risks

Liquidity risk is the risk that the Commission would be unable to meet its financial obligations as and when they fall due. The Commission operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution.

The Commission manages its liquidity risk through monitoring future cash flows and maturities.

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

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

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

	Carrying amount	Nominal amount	Maturity Dates ⁽ⁱ⁾			
			Less than 1 month	1–3 months	3 months – 1 year	1–5 years
2013	\$	\$	\$	\$	\$	\$
Payables:⁽ⁱⁱ⁾						
Supplies and services	86,368	86,368	86,368	0	0	0
Other payables	4,501	4,501	4,501	0	0	0
Borrowings:						
Finance lease liabilities	0	0	0	0	0	0
Total	90,869	90,869	90,869	0	0	0
2012						
Payables:⁽ⁱⁱ⁾						
Supplies and services	65,178	65,178	65,178	0	0	0
Other payables	2,617	2,617	2,617	0	0	0
Borrowings:						
Finance lease liabilities	19,516	19,516	568	1,146	17,801	0
Total	87,311	87,311	68,363	1,146	17,801	0

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 2013

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 2013

Note 15. Cash flow information

	2013	2012
	\$	\$
(a) Reconciliation of cash and cash equivalents		
Total cash and deposits disclosed in the balance sheet	400	400
Balance as per cash flow statement	400	400

(b) Reconciliation of net result for the period

Net result for the period	5,357	116,075
Non-cash movements:		
Profit on disposal of motor vehicle under finance lease	(4,765)	0
Depreciation and amortisation of non-current assets	236,775	220,492
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(361,871)	(196,700)
(Increase)/decrease in prepayments	0	7,810
(Decrease)/Increase in payables	22,035	(41,296)
(Decrease)/Increase in provisions	102,950	(101,917)
Net cash flows from/(used in) operating activities	480	4,464

Note 16. Remuneration of auditors

Victorian Auditor-General's Office		
Audit of the financial report	18,010	17,500
	18,010	17,500

Note 17. Subsequent events

The Commission co-located with the Sentencing Advisory Council on 13 July 2013. The financial effect to the Commission is a reduction in rental and associated costs proportionate to the amount of space the Sentencing Advisory Council occupies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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 2012 to 30 June 2013
Acting Attorney-General	The Hon. Gordon Rich-Phillips, MLC	29 June 2013 to 30 June 2013
Secretary to the Department of Justice	Ms Penny Armytage Mr Greg Wilson	1 July 2012 to 20 July 2012 15 April 2013 to 30 June 2013
Acting Secretary to the Department of Justice	Dr Claire Noone Gail Moody	21 July 2012 to 14 April 2013 21 Feb 2013 to 25 Feb 2013

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 Sept 2012 to 30 June 2013
Acting Chairperson	The Hon. David Jones AM	1 July 2012 to 31 Aug 2012
Commissioner	The Hon. Philip D Cummins	17 July 2012 to 31 Aug 2012
Commissioner	Bruce Gardner PSM	1 July 2012 to 30 June 2013
Commissioner	Dr Ian Hardingham QC	1 July 2012 to 30 June 2013
Commissioner	Saul Holt SC	1 July 2012 to 30 June 2013
Commissioner	The Hon. David Jones AM	1 Sept 2012 to 30 June 2013
Commissioner	Eamonn Moran PSM QC	4 Sept 2012 to 30 June 2013
Commissioner	The Hon. Frank Vincent AO QC	1 July 2012 to 30 June 2013

Accountable Officer

CEO	Ms Merrin Mason	1 July 2012 to 30 June 2013
Acting CEO	Ms Cynthia Marwood	2 April 2013 to 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 18. Responsible persons (continued)

Remuneration

Ministers and the Department

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

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

The Commission

Remuneration received or receivable by the statutory office holders and executive officers in connection with the management of the Commission during the reporting period is shown in the table below in their relevant income bands. 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	
	2013 No.	2012 No.	2013 No.	2012 No.
\$0–\$9,999	2	7	2	7
\$10,000–\$19,999	3	2	3	2
\$50,000–\$59,999	1	0	1	0
\$70,000–\$79,999	1	0	1	0
\$120,000–\$129,999	1	0	1	0
\$130,000–\$139,999	1	0	1	1
\$140,000–\$149,999	0	1	0	1
\$200,000–\$209,999	0	1	0	0
Total numbers	9	11	9	11
Total amount	\$442,792	\$392,208	\$442,792	\$319,661

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Related parties

The Accountable Officer is employed by the Department.

The acting Accountable Officer is on secondment from VicRoads. The Commission upon receipt of monthly invoices reimburses salary and on-costs to VicRoads.

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.

Note 19. Summary of compliance with annual parliamentary and special appropriations

The following table discloses the details of the annual parliamentary appropriation received by the Commission for the year. In accordance with accrual output-based management procedures 'Provision of outputs' 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 ⁽ⁱ⁾				Financial Management Act 1994		Total Parliamentary Authority		Appropriations Applied		Variance ⁽ⁱⁱ⁾	
	Annual appropriation		Section 3(2)		Section 30		2013	2012	2013	2012	2013	2012
	2013	2012	2013	2012	2013	2012						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Controlled												
Provision for outputs	949,000	927,000	0	0	0	0	949,000	927,000	791,200	894,000	157,800	33,000
Total	949,000	927,000	0	0	0	0	949,000	927,000	791,200	894,000	157,800	33,000

Notes:

(i) Appropriation (2012/2013) Act 2012, p 10.

(ii) The variance in the revenue is a direct result of the Government announced savings and productivity enhancement measures across all Government departments in addition to the measures announced in the December 2011 Budget Update, plus the annual adjustment for depreciation funded capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 20. 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 non-owner movements in equity.

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 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 2013

Note 20. 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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 20. Glossary of terms and style conventions (continued)

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 non owner changes in equity'.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is 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.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Other economic flows

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

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- actuarial gains and losses arising from defined benefit superannuation plans;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal.

In simple terms, other economic flows are changes arising from market re-measurements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note 20. Glossary of terms and style conventions (continued)

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 2012-13 *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.

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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

	2013	2012	2011	2010	2009
Five year financial summary	\$	\$	\$	\$	\$
Target budget	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Expected outcome	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Annual appropriation¹	949,000	927,000	912,000	932,000	982,000
Actual					
Grant from Department of Justice	791,200	894,000	908,857	1,310,500	940,641
Other revenue	1,828,000	1,828,000	2,370,000	1,700,000	1,300,000
Interest received on Trust Account funds	16,596	26,692	14,718	16,985	0
Total revenue	2,635,796	2,748,692	3,293,576	3,027,485	2,240,641
Net result from continuing operations	5,357	116,075	210,226	(178,134)	(492,169)
Net cash flow from operating activities	480	4,464	8,123	10,703	1,073,392
Total assets	1,202,582	1,091,756	1,123,359	992,622	1,085,781
Total liabilities	346,170	240,701	388,379	467,868	382,892

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

APPENDIX 2

BUDGET PORTFOLIO OUTCOMES

For the financial year ending June 2013, the difference between the annual appropriation and the actual grant from the Department of Justice is a direct result of the Government announced savings and productivity enhancement measures across all Government departments in addition to the measures announced in the December 2011 Budget Update, plus the annual adjustment for depreciation funded capital expenditure.

For the financial year ending June 2012, as for the previous financial year June 2011, the difference between the annual appropriation and the actual grant from the Department of Justice is due to annual adjustment for depreciation funded 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
www.lawreform.vic.gov.au