



Victorian Law Reform Commission

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PUBLISHED BY THE VICTORIAN LAW REFORM COMMISSION

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

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

Annual report 2014-2015/Victorian Law Reform Commission

ISBN 978-0-9943723-2-1

ORDERED TO BE PRINTED

Victorian Government Printer
PP 87, Session 2014–2015

DESIGN

Letterbox

PHOTOGRAPHY

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Annual Report

2014–2015

Inclusive
Independent
Innovative

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CHAIR'S REPORT

The past 12 months has been another productive year for the Victorian Law Reform Commission.

The Commission has completed two references from the Victorian Attorney-General and a community law reform project; commenced work on three new references; and commenced a new community law reform project.

The Commission delivered three final reports to the Attorney-General in the reporting year: *The Forfeiture Rule*, *Trading Trusts—Oppression Remedies*, and *Photographing and Filming Tenants' Possessions for Advertising Purposes*. These reports have been tabled in Parliament, and information about them can be found in this annual report.

The Commission also published two consultation papers for our projects relating to medicinal cannabis and regulatory regimes preventing infiltration of organised crime; and four information papers providing background about the role of victims in the criminal trial process. These documents are available on our website.

The work of the Commission continues to inform new legislation. *The Jury Directions Act 2015*, which received royal assent in May, reduces the complexity of directions given by judges in criminal trials and assists the trial judge to give jury directions in a manner that is as clear, brief, simple and comprehensible as possible. This Act flows from the reviews of jury directions conducted by the Department of Justice and

by a committee chaired by the Hon. Justice Weinberg, and implements recommendations made in the Commission's report on jury directions in 2010.

The *Sex Offenders Registration Amendment Act 2014* implements or partially implements eight of the Commission's 79 recommendations in its report, *Sex Offenders Registration* (2011), which recommended strengthening the scheme by sharpening its focus on protecting children. In September 2014 the Victorian Parliament passed amendments to the *Crimes Act 1958* and the *Summary Offences Act 1966* that change the law about sexting. The new laws introduce certain exceptions to child pornography offences so that young people under 18 years of age are not added to the sex offenders register for consensual non-exploitative sexting, as was recommended by the Commission.

I thank the Commissioners for their hard work during this period. The continuing Commissioners are: Bruce Gardner PSM, Dr Ian Hardingham QC, His Honour David Jones AM, Eamonn Moran PSM QC, Alison O'Brien, and the Hon. Frank Vincent AO QC. I warmly welcome our new Commissioners: Liana Buchanan, Executive Officer of the Federation of Community Legal Centres (Victoria), Helen Fatouros, Director of Criminal Law Services at Victoria Legal Aid, and

Dr Ian Freckelton QC who joined the Commission as specialist Commissioner for the medicinal cannabis reference.

COMPLETED: TWO REFERENCES AND A COMMUNITY LAW REFORM PROJECT

The Forfeiture Rule

The Commission completed its review of the circumstances in which it is not appropriate for a person who has killed another person to benefit from that death, including by way of survivorship or as a beneficiary under a will or under intestacy rules. Our report was delivered to the Attorney-General on 15 September 2014, and tabled in Parliament on 14 October 2014.

The Commission concluded that the rule should continue to apply in all cases of murder and other very serious cases. However, reform is necessary in a small number of cases which involve significantly reduced moral culpability.

The Commission recommended introducing a Forfeiture Act to clarify when the rule applies and how it affects the distribution of the deceased person's estate.

Trading Trusts—Oppression Remedies

The Commission delivered its report to the Attorney-General on 23 January 2015, and it was tabled in Parliament on 6 May 2015.

The Commission recommended changes to the *Trustee Act 1958* (Vic) to give new rights to the beneficiaries of trading trusts. In particular, the Commission recommended that the beneficiaries of trading trusts who are subject to oppressive conduct should be able to apply to the Supreme Court of Victoria for remedy.

Photographing and Filming Tenants' Possessions for Advertising Purposes

The Commission completed its review of the rights of tenants, landlords and real estate agents in regard to the use of photographs and videos to advertise a property for sale or lease. Due to advances in technology and the ubiquity of the internet, the application of the law is unclear in this area.

The Commission delivered its report to the Attorney-General on 26 March 2015 and it was tabled in Parliament on 26 May 2015. The Commission recommended that landlords be given an express right, subject to appropriate safeguards, to enter premises to take photographs for advertising purposes. The Commission recommended that tenants' rights be clearly stated in law, in particular to protect them against the risk of family violence, and to ensure that at least seven days' notice is provided.

FUNCTIONS

The Commission is guided by its twin aims of completing its references on time and within budget. The Commission did this throughout the reporting year.

Two elements of the Commission's functions are progressively being enhanced. The first is significant regional consultation across Victoria. The second is substantial school and public education, which the Commission does itself and also in harmonious cooperation with the Victoria Law Foundation.

THANKS

The Commission is well served by its Chief Executive Officer Merrin Mason and by its talented and diligent staff. I record my warm thanks to them all.

I have had the benefit of excellent relations with government, in particular the Attorney-General the Hon. Martin Pakula MP, former Attorney-General the Hon. Robert Clark MP, and the Department of Justice and Regulation. I record my thanks to Marisa De Cicco, Deputy Secretary, Criminal Justice, Donald Speagle, Deputy Secretary, Civil Justice, and their staff for their excellent work and their support of the Commission.

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



The Hon. Philip Cummins AM
Chair

Victorian Law Reform Commission
30 June 2015

THE VICTORIAN LAW REFORM COMMISSION

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

The Commission's work contributes to maintaining and developing a fair, just, responsive, inclusive and accessible legal system for all Victorians.

The Commission is funded by the Victorian Government and the Legal Services Board. The Commission works independently of the political process.

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

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

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

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

The functions of the Commission

Under section 5⁽⁹⁾ of the *Victorian Law Reform Commission Act 2000* (Vic), the functions of the Commission are:

- (a) to examine, report and make recommendations to the Attorney-General on any proposal or matter relating to law reform in Victoria that is referred to the Commission by the Attorney-General;
- (b) to examine, report and make recommendations to the Attorney-General on any matter that the Commission considers raises relatively minor legal issues that are of general community concern if the Commission is satisfied that the examination of that matter will not require a significant deployment of the resources available to the Commission;
- (c) to suggest to the Attorney-General that a proposal or matter relating to law reform in Victoria be referred to the Commission by the Attorney-General;
- (d) to monitor and co-ordinate law reform activity in Victoria;
- (e) to undertake educational programs on any area of the law relevant to a reference, whether past or current.

HIGHLIGHTS

2014/2015

AUGUST 2014

The Commission's report *Review of the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997*, completed in June, was tabled in Parliament on 21 August.

SEPTEMBER 2014

The Commission's report *The Forfeiture Rule* was delivered to the Attorney-General.

The Commission's report *Jury Empanelment* was tabled in Parliament.

OCTOBER 2014

Helen Fatouros, Director, Criminal Law Services, Victoria Legal Aid was appointed to the Commission.

The Commission's report *The Forfeiture Rule* was tabled in Parliament.

The Commission received terms of reference for two new references: The Role of Victims of Crime in the Criminal Trial Process and Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries.

DECEMBER 2014

The Commission received terms of reference for a new reference, Medicinal Cannabis.

JANUARY 2015

The Commission's report *Trading Trusts—Oppression Remedies* was delivered to the Attorney-General.

FEBRUARY 2015

Liana Buchanan, Executive Officer, Federation of Community Legal Centres (Victoria) was appointed to the Commission.

During February and March, speakers from the Commission visited 33 schools and addressed 840 VCE students on law reform.

MARCH 2015

The Commission published an issues paper on medicinal cannabis.

The Commission delivered its report *Photographing and Filming Tenants' Possessions for Advertising Purposes* to the Attorney-General.

MAY 2015

The Commission's report *Trading Trusts—Oppression Remedies* was tabled in Parliament.

The Commission's report *Photographing and Filming Tenants' Possessions for Advertising Purposes* was tabled in Parliament.

The Commission published four information papers on the role of victims in the criminal trial process.

The Commission partnered with the Victoria Law Foundation to present Law Talks, a one-day event for almost 200 VCE legal studies students and teachers at the State Library of Victoria.

JUNE 2015

The Commission held nine public consultation meetings about medicinal cannabis in Melbourne and regional Victoria.

STRATEGIC PLAN 2014–16

PURPOSE

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

PRINCIPLES

INCLUSIVE

INDEPENDENT

VALUES

INTELLECTUAL RIGOUR

**BALANCED
DECISION MAKING**

OBJECTIVES

**QUALITY LAW REFORM
REPORTS**

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

**PUBLIC AND PROFESSIONAL
REPUTATION**

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

INNOVATIVE

RECOGNITION OF DIVERSITY

PUBLIC ENGAGEMENT AND UNDERSTANDING

Enhancing the public's understanding of law reform, encouraging informed community debate, identifying areas for minor law reform and increasing contributions to the law reform process

EFFECTIVE COMMUNICATION

ACCESS FOR THE MARGINALISED AND DISADVANTAGED

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

ETHICAL EMPLOYER

SHARING LAW REFORM INFORMATION

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

COMMISSIONERS



First row from left:
The Hon. Philip Cummins AM
Helen Fatouros
Bruce Gardner PSM
His Honour David Jones AM
Alison O'Brien

Second row from left:
Liana Buchanan
Dr Ian Freckelton QC
Dr Ian Hardingham QC
Eamonn Moran PSM QC
The Hon. Frank Vincent AO QC



Chair

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

Commissioners

Liana Buchanan is the Executive Officer of the Federation of Community Legal Centres. Ms Buchanan has worked as a community lawyer and in a range of law reform and legal policy roles, including at the Women's Legal Service (SA), the Equal Opportunity Commission, the Victorian Law Reform Commission and as an adviser to the former Victorian Attorney-General, the Hon. Rob Hulls. She was senior adviser to the Secretary, Department of Justice from 2007 to 2009 and was responsible for monitoring and review of Victoria's corrections system as Director, Office of Correctional Services Review from 2009 to 2013. She was appointed to the Victorian Law Reform Commission in February 2015.

Helen Fatouros is the Director of Criminal Law Services head office, Victoria Legal Aid.

Her background includes employment with the Victorian Office of Public Prosecutions where she was the Legal Prosecution Specialist appearing on behalf of the Director of Public Prosecutions in indictable matters across the Magistrates', County and Supreme Courts in many complex matters. Helen has an extensive criminal law background having also been the Directorate Manager of the Specialist Sex Offences Unit at the OPP.

Ms Fatouros led the profession-wide implementation of the Sexual Offences Interactive Legal Education Program in 2012, earning her the Law Institute of Victoria's 2013 President's Award, for Government Lawyer of the Year.

She was appointed a Council Director of the Sentencing Advisory Council by the Victorian Attorney-General in mid-2013 and was appointed as a Commissioner to the Victorian Law Reform Commission in September 2014.

Dr Ian Freckelton QC was appointed as a Specialist Commissioner from 27 January 2015 to 31 August 2015 to lead the Commission's review of medicinal cannabis. He is a barrister in full-time practice throughout Australia, and has appeared in many leading cases in over 25 years at the Bar. Dr Freckelton is also a part-time Professorial Fellow in Law and Psychiatry at the University of Melbourne, and an Adjunct Professor at Monash University, La Trobe University and the



Auckland University of Technology in New Zealand. He is the founding editor of *The Journal of Law and Medicine* and the author of many books and articles on law and medicine, expert evidence, and law reform. He was previously a member of reference panels for the Commission's reviews of guardianship, bail, sexual offences, and the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997*.

Bruce Gardner PSM has had 33 years' experience in the Crown Solicitor's Office and the Office of Public Prosecutions. Since 1994, Mr Gardner has held a range of policy-related positions, and since 2008 has been the Manager, Policy and Advice Directorate. He was appointed as a Commissioner in April 2012.

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

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

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

Alison O'Brien has 19 years' experience working in government, including 17 years with the Victorian Government Solicitor's Office where she is the Assistant Victorian Government Solicitor, Government and Public Law. She provides advice to the state government on constitutional and other public law matters, including legislative development, and has been involved in cases which have developed critical areas of the law. In 2011, Ms O'Brien was awarded the Law Institute of Victoria Government Lawyer of the Year Award. She was appointed to the Commission in September 2013.

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



CEO'S REPORT

In this financial year the Commission delivered three reports to the Attorney-General and embarked on three new references.

References

We commenced a new reference in December 2014 on medicinal cannabis. Lindy Smith is leading this team with her usual efficiency and the team has successfully met its deadlines. Sharyn Broomhead and Michael Adams are the research and policy officers for the project, assisted by Claire Leyden-Duval.

Several new staff have been engaged to work on two other new references. Experienced barrister Peta Murphy is leading the project on the role of victims of crime in the criminal trial process, working with policy and research officers, Megan Pearce and Adrienne Walters. Emma O'Neill has joined us from the Sentencing Advisory Council to lead our project on regulatory regimes and organised crime, with policy and research officer Matt Gledhill.

The two references completed during the year were The Forfeiture Rule and Trading Trusts—Oppression Remedies, both of which were delivered on time and subsequently tabled in Parliament.

Each reference given to the Commission by the Attorney-General has a specified reporting date. The length of time allowed for references to be completed varies according to the size and nature of the project. As the majority of our work is referred to us and not self-generated, the Commission employs most of its research staff on a contract basis for the life of a particular project to minimise the risk of

having staff employed when there is not work for them to do. Although financially efficient, this approach necessitates a longer lead time to the commencement of projects, as staff can be recruited only after the reference is made. Factoring this time into our planning process for new references can be challenging when timelines are short.

Community law reform

Community law reform remains an integral part of the Commission's work.

The community law reform team of manager Eve Gallagher and project officer Si Qi Wen, recently joined by research assistant Sam Dipnall, has continued to work with dedication and enthusiasm. One project, Photographing and Filming Tenants' Possessions for Advertising Purposes, was completed during the financial year and tabled in Parliament in May 2015. A new project looking at funeral and burial instructions was approved at a Commission meeting in June 2015 and will run until mid-2016.

Eve and her team play an important role in engaging with the organisations and individuals who make suggestions for projects to the Commission. By actively seeking suggestions from the public, we are able to increase our knowledge of issues of concern, and simultaneously raise community awareness of the Commission and its work. This knowledge and awareness feeds into all our projects, enhancing the range

of stakeholders and helping to create ongoing relationships with hard-to-reach community groups.

In May this year a project was completed which was publicly criticised by a key community agency stakeholder. While this is a rare experience for the Commission it is not seen as a failure of the processes or outcomes. The Commission welcomes debate about its publications and our processes are intentionally as transparent as possible to encourage informed discussion.

Our reports articulate the various views expressed, the information gathered and the conclusions of the Commission. This format allows those who may not agree with the conclusions to nevertheless use the material gathered to support their preferred conclusions. Our primary aim is to undertake comprehensive research and consultation activities and to report on these in a clear and impartial manner.

Staff changes

A number of staff left the Commission during the year after completing their projects. They include Nina Hudson, leader of the Commission's review of the Crimes (*Mental Impairment and Unfitness to be Tried*) Act 1997, and team members Catriona MacIvor and Jacinth Pathmanathan, who have both moved on to exciting opportunities overseas. The team worked very long hours to produce a large body of work on a very complex reference, all with

great good humour. Also leaving us were Anthony Bendall and Jesse Jager, on the completion of their reference on trading trusts, and Megan Taylor, policy and research officer on the forfeiture reference. I thank them all for their excellent work.

Following a reassessment of the administrative needs of the Commission, Gail Smyth joined us in the new position of finance and office manager. Linda Bajjali recently commenced as a part-time administrative officer.

Claire Leyden-Duvall commenced as research and executive associate to the Chair in May 2015.

Communications

The Commission has continued to run a diverse and successful communications program, led by our communications manager Nick Gadd. This year has seen a significant amount of media coverage in relation to several of our references. Media coverage is of benefit in raising awareness of the work of the Commission, fuelling interest in our projects and generating submissions.

Our website has been upgraded to be more responsive on mobile and tablet devices, and there has been an overall increase in traffic to our website of over 40 per cent, with many more people now accessing our site while on the move. Our social media presence has become more active, with Si Qi Wen playing an important part in increasing

our engagement with stakeholders via Twitter and Facebook. This provides the Commission with a wider range of channels to communicate with the community, particularly those in a younger demographic.

Education

This year the Commission made 33 school visits and addressed approximately 1,300 students on law reform, which is an important part of the VCE legal studies curriculum. The Commission co-hosted with the Victoria Law Foundation a Law Week Law Talks event in Melbourne, and presented at Law Talks events in Horsham and Sale. The Chair made presentations at each of these events.

The majority of visits to individual schools were made by Eve Gallagher (community law reform manager) and Nick Gadd (communications manager). Presentations were also made by Peta Murphy, Anthony Bendall, Megan Pearce and Adrienne Walters.

The excellent feedback received from teachers who completed our evaluation survey shows that this service is highly valued.

Thank you

My sincere thanks to all the Commission staff whose hard work and commitment has produced another successful year for the Commission.

Despite a significant workload this year we have met our deadlines and delivered work of excellent quality, thanks to the professionalism of our team, new staff and those of longer standing alike.

My thanks also to the Chair and Commissioners for their support. Their approachability and willingness to accommodate the various reference team timetables is much appreciated by the staff. The Commission is fortunate to have their expertise and knowledge.

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 2015.



Merrin Mason

Chief Executive Officer
Victorian Law Reform Commission

THE YEAR IN REVIEW

Objectives

Results

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

Two references completed: the Forfeiture Rule and Trading Trusts—Oppression Remedies.

One community law reform project completed: Photographing and Filming Tenants' Possessions for Advertising Purposes.

The following table outlines details of the outputs provided by the Commission to the Government, including performance measures and costs for each output, and the actual performance results against targets by output for the Commission over the full year ending 30 June 2015.

To give a voice to marginalised groups within the community.

The Commission consulted extensively with regional Victorians at eight public meetings for the medicinal cannabis project.

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

The outputs relating to the Commission are included in the Budget Paper No. 3 (BP3) under the heading of the Department of Justice and Regulation's *Supporting Legal Processes and Law Reform—Access to Justice and Support Services*. The Commission's outputs contribute to this consolidated total output cost of \$264.0M.

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

Regular VLRC e-newsletters report on the activities of other law reform agencies. The community law reform team liaises with these agencies, sharing information and updates on their activities. Information and updates related to law reform are shared via social media.

The total output cost for the Commission is an amount derived from the *Appropriation (2014/2015) Act 2014*, and a grant from the Department of Justice and Regulation for the Commission to undertake the Medicinal Cannabis reference, less savings and other movements, plus the amount received from the Legal Services Board, as directed by the Attorney-General.

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

Two issues/consultation papers published in relation to the medicinal cannabis project and the regulatory regimes project.

Four information papers published related to the victims of crime project.

Extensive consultations with the community, including well-attended public consultations in Melbourne and regional Victoria (nine locations in total) for the medicinal cannabis project.

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

A successful schools program reaching 1,300 VCE legal studies students.

Three Law Talks events jointly with the Victoria Law Foundation.

The Chair gave numerous interviews to media, including WIN television, ABC Radio National and 774 ABC Melbourne, 3AW radio, *The Age* and regional newspapers on current law reform projects.

29 formal proposals for community law reform projects were received from 25 individuals and two organisations.

Our accessible website and active social media presence communicate information and engage in dialogue with the community.

Operational and budgetary objectives and performance against objectives

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.

Current Year Financial Review

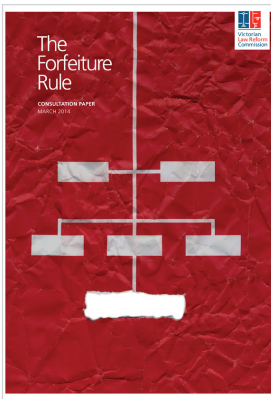
- The Commission's income increased in 2014-15 to \$2.852M (2013-14: \$2.401M) due to additional funding from the Legal Services Board (2014-15: \$1.682M; 2013-14: \$1.645M) and a \$444,200 current grant from the Department of Justice and Regulation to conduct the Medicinal Cannabis reference. The reduced interest income was attributable to lower interest rates and a shorter investment period.
- The Commission's expenditure also increased in 2014-15 to \$2.804M (2013-14: \$2.674M) primarily due to higher employee related expenses as a result of the completion of four references. Other operating expenses of \$0.693M in 2014-15 (2013-14: \$0.778M) were lower due to reduced expenditure for services, supplies and consumables.
- The overall net result of \$37,745; the higher trust fund balance of \$806,603; and the \$51,840 increase in financial assets are attributable to higher income for the 2014-15 financial year.

Performance measures

	UNIT OF MEASURE	2014-15 ACTUAL	2014-15 TARGET
Quantity			
Community education and consultation sessions	number	103	60
<p>In the second quarter the VLRC received three additional references from the A-G: Victims of Crime in the Criminal Trial Process; the Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries; and Medicinal Cannabis. This made a total of four references running concurrently (including Trading Trusts). The original target was based on the two references the Commission had at the commencement of the reporting period, plus a self-generated community law reform project. The Commission is not able to control the number of references provided by the Attorney-General or the timing of these references. This is figure is the combined total of the school program visits and events (36) and the total number of consultations conducted for references (67).</p>			
Law reform projects ¹	number	6	3
<p>The variation between the target and the actual number is due to the situation described above. The three final reports were published as follows: <i>The Forfeiture Rule</i> in October 2014; <i>Trading Trusts—Oppression Remedies</i> in May 2015; and <i>Photographing and Filming of Tenants Possessions for Advertising Purposes</i> in May 2015. Additional publications included a set of four information papers (counted as one project for the purposes of this measure) for the Victims of Crime reference; a consultation paper for the Regulatory Regimes reference; and an issues paper for the Medicinal Cannabis reference.</p>			
Quality			
Stakeholder satisfaction with consultation/education processes	per cent	88.3	85
<p>Our measurement this year was based on the school talks program. This is the average percentage result from the four questions that comprise the teachers' survey.</p>			
Cost			
Annual appropriation		0.720	0.720
Grant – Medicinal Cannabis Reference		0.444	0.444
Legal Services Board		1.682	1.682
Total output cost	\$ million	2.846	2.846

Notes:

¹ This measure records the number of publications produced.



REFERENCE

The Forfeiture Rule

GRANTED	DUE DATE	DELIVERED	TABLED IN PARLIAMENT
October 2013	15 September 2014	12 September 2014	14 October 2014

The Commission completed its review of the common law rule of forfeiture that prevents a person responsible for an unlawful killing from benefitting as a result.

The forfeiture rule is an unwritten rule of public policy that a person who unlawfully kills another cannot acquire a benefit as a consequence of the killing, either under the deceased person's will or, if no will disposes of all of the estate, under intestacy law.

In Victoria, the scope of the rule is unclear. There is also concern that applying the rule without exception can lead to unfair outcomes.

Terms of reference

In October 2013, the Attorney-General asked the Commission to review the common law rule of forfeiture and the circumstances in which it should not be possible for a person who has killed another person to benefit from that death.

Commissioners and staff

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

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

Progress of the reference

The Commission's report was delivered to the Attorney-General on 12 September 2014 and was tabled in the Victorian Parliament on 14 October 2014.

The Commission concluded that the rule should continue to apply in the majority of cases, and in all cases of murder. However, some reform was recommended for a small number of cases where the rule does not operate fairly. For four offences which involve significantly reduced moral culpability, it was recommended that the rule should not apply:

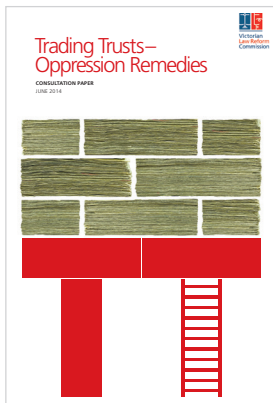
- **Infanticide**—an offence of reduced responsibility, generally due to psychiatric difficulties
- **Manslaughter** in pursuance of a suicide pact with the deceased person
- **Aiding or abetting a suicide** in pursuance of a suicide pact with the deceased person
- **Dangerous driving causing death**—for example where a person whose driving causes a car accident in which their partner is killed. (However, the rule would continue to apply to the more serious offence of culpable driving).

The existing exceptions to the rule for persons found not guilty by reason of mental impairment would be retained.

The Commission recommended introducing a Forfeiture Act to clarify when the rule applies and how it affects the distribution of the deceased person's estate. The Supreme Court would be able to modify the effect of the rule in individual cases, except murder.

The proposed reforms aim to make the law fairer and the operation of the rule clearer for executors and administrators of deceased estates. The new Act would also make Victorian laws similar to laws in New South Wales and the ACT.

The report is available at www.lawreform.vic.gov.au.



REFERENCE

Trading Trusts— Oppression Remedies

GRANTED	DUE DATE	DELIVERED	TABLED IN PARLIAMENT
October 2013	3 February 2015	23 January 2015	6 May 2015

Trading trusts are often used as an alternative to companies as a way to structure businesses. They are often used by small, family businesses as well as larger enterprises.

Like other trusts, a trading trust has a trustee that holds property on behalf of beneficiaries. The difference is that a trading trust actively conducts a business.

Terms of reference

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

In conducting the review, the Commission had regard to:

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

Commissioners and staff

The Division working on the project comprised the Chair and Commissioners Dr Ian Hardingham QC, Eamonn Moran PSM QC, and Alison O'Brien. The research and policy team was Dr Anthony Bendall (team leader) and Jesse Jager (research assistant).

Progress of the reference

The report was handed to the Attorney-General on 23 January 2015, and tabled in Parliament on 6 May 2015. The Commission recommended changes to the *Trustee Act 1958* (Vic) to give new rights to the beneficiaries of trading trusts. In particular, the Commission recommended that the beneficiaries of trading trusts who are subject to oppressive conduct should be able to apply to the Supreme Court of Victoria for a remedy.

The report is available at www.lawreform.vic.gov.au.



REFERENCE

Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime

GRANTED

29 October 2014

DUE DATE

29 February 2016

Organised crime groups seek to infiltrate lawful occupations and industries for a variety of reasons including to obtain access to inputs for the commission of crime such as firearms, to facilitate the distribution of illicit goods and services and to conceal or launder the proceeds of crime.

Regulatory regimes—that is, the legislation, regulations and policies that govern occupations and industries—play a role in preventing or hindering the infiltration of those occupations and industries by organised crime.

Terms of reference

On 29 October 2014, the former Attorney-General the Hon. Robert Clark asked the Commission to review and report on the use of regulatory regimes to help prevent organised crime and criminal organisations entering into or operating through lawful occupations and industries.

Regulatory regimes include the use of laws, regulations, policies and instruments to regulate a given occupation or industry, including licensing regimes and occupational registration requirements.

In particular, the Commission has been asked to consider:

1. the experience of Victoria and other jurisdictions in using occupational and industry regulation to help prevent organised crime infiltration of lawful occupations or industries
2. whether, to what extent and in what circumstances regulatory regimes may be effective in helping to prevent organised crime infiltration of lawful occupations or industries
3. the implications for the overall efficiency and effectiveness of regulatory regimes of using such regimes to help prevent organised crime infiltration of lawful industries or occupations
4. the costs and benefits of regulatory options to assist in preventing organised crime infiltration of lawful industries or occupations

5. how best to structure any regulatory regime to ensure its effectiveness in helping to prevent the infiltration of organised crime without imposing unreasonable regulatory burdens, including consideration of regulatory options such as

- licensing (including negative licensing)
- registration
- notification
- statutory exclusions
- discretionary exclusions
- fit and proper person tests
- criminal offences
- the level of sanctions

6. whether a framework of principles can be established for assessing the risks of organised crime infiltration of different lawful occupations or industries and for developing suitable regulatory responses.

Commissioners and staff

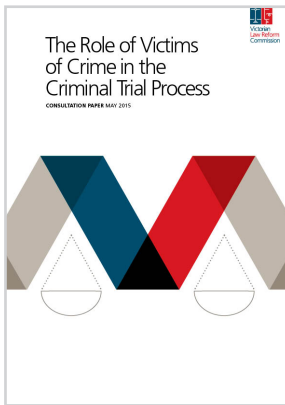
The Commission formed a Division to work on this reference comprising the Chair and Commissioners Liana Buchanan, Helen Fatouros, Bruce Gardner PSM, Dr Ian Hardingham QC, His Honour David Jones AM, Eamonn Moran PSM QC, Alison O'Brien and the Hon. Frank Vincent AO QC. The research and policy team is Emma O'Neill (team leader) and Matt Gledhill (research and policy officer).

Progress of the reference

The Commission has formed an advisory committee with a range of experts including academics, representatives of regulators, and Victoria Police. The first meeting of the advisory committee was held on 16 March 2015. A consultation paper setting out the key issues and questions for stakeholders was published on 23 June 2015. The consultation paper invites submissions by 3 August 2015.

The Commission will conduct formal consultations in July and August 2015, including three roundtables with representatives of relevant peak industry bodies and regulators.

Submissions and material obtained through research and consultation will be used to draft the final report.



REFERENCE

Role of Victims of Crime in the Criminal Trial Process

GRANTED

27 October 2014

DUE DATE

1 September 2016

The Commission has commenced an extensive review of the role of victims in the criminal trial process.

This review calls for both an examination of the current role of victims and a conceptual analysis of what that role should be.

Terms of reference

The Victorian Law Reform Commission has been asked to review and report on the role of victims of crime in the criminal trial process.

In conducting the review, the Commission should consider:

- (a) the historical development of the criminal trial process in England and other common law jurisdictions;
- (b) a comparative analysis of the criminal trial process, particularly in civil law jurisdictions;
- (c) recent innovations in relation to the role of victims in the criminal trial process in Victoria and in other jurisdictions;
- (d) the role of victims in the decision to prosecute;
- (e) the role of victims in the criminal trial itself;
- (f) the role of victims in the sentencing process and other trial outcomes;
- (g) the making of compensation, restitution or other orders for the benefit of victims against offenders as part of, or in conjunction with, the criminal trial process; and
- (h) support for victims in relation to the criminal trial process.

Commissioners and staff

The Division working on this reference comprises the Chair and four Commissioners: Liana Buchanan, Helen Fatouros, Bruce Gardner PSM, and the Hon. Frank Vincent AO QC.

The research and policy team is Peta Murphy (team leader) and research and policy officers Megan Pearce and Adrienne Walters.

Progress of the reference

In May 2015 the Commission released four information papers providing background information about the history of the modern criminal trial and its underlying principles, and surveying the evidence about who victims are and what they need from the criminal justice system.

Preliminary consultations have been held with professional stakeholders and victims.

A consultation paper will be released in July 2015, inviting submissions by 30 September 2015. Formal consultations will commence in August 2015.



REFERENCE

Medicinal Cannabis

GRANTED

19 December 2014

DUE DATE

31 August 2015

The Victorian Government has made clear its intention to change the law to allow people in Victoria to be treated with medicinal cannabis in exceptional circumstances.

The Commission has explored how it could be done, in accordance with the terms of reference.

Terms of reference

In December 2014 the Victorian Law Reform Commission was asked to review and report on options for changes to the *Drugs, Poisons and Controlled Substances Act 1981* and associated Regulations to allow people to be treated with medicinal cannabis in exceptional circumstances.

Commissioners and staff

The reference is being led by specialist Commissioner Dr Ian Freckelton QC.

The Division working on this reference comprises the Chair and all members of the Commission.

The research and policy team is Lindy Smith (team leader), research and policy officers Michael Adams and Sharyn Broomhead, and research assistant Claire Leyden-Duval.

Progress of the reference

In March 2015 the Commission published an issues paper that provided a context for two areas of investigation:

- How to define the 'exceptional circumstances' in which a person should be allowed to use medicinal cannabis
- How the law could be amended to enable patients to obtain medicinal cannabis while continuing to prevent unauthorised access.

The issues paper included a series of questions and invited public submissions. At 30 June 2015, 92 submissions had been received.

Two committees were formed to provide expert advice to the Commission: a medical advisory committee and regulation advisory committee. They met in April and May 2015. The Commission held nine public consultations during May and June 2015 in Melbourne, Geelong, Bendigo, Ballarat, Mildura, Wodonga, Shepparton, Bairnsdale and Morwell. In addition, the Commission consulted with individual members of the public, medical and legal professionals and government officials.

At the end of the reporting period, writing of the report was underway for delivery to the Attorney-General by 31 August.

COMMUNITY LAW REFORM

One of the functions of the Commission is to initiate inquiries into matters of general community concern. Such enquiries must be limited in size and scope, and not require significant resources. The Commission refers to these inquiries as community law reform projects as it asks community members and groups to submit proposals it then considers for review.

Seeking suggestions from the community is intended to encourage participation by community members who may not normally be involved in the law reform process. Asking community members to identify problems in the law and put forward suggestions for change enables the Commission to benefit from the unique and valuable insights of those with first-hand experience of the law's operation.

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

Criteria

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

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

Community law reform suggestions

This financial year the Commission received 29 proposals for community law reform projects.

Funeral and burial instructions

A new community law reform project looking at funeral and burial instructions was approved at a Commission meeting in June 2015 and will run until mid-2016.



COMMUNITY LAW REFORM

Photographing and Filming Tenants' Possessions for Advertising Purposes

COMMENCED

December 2013

COMPLETED

March 2015

TABLED IN PARLIAMENT

26 May 2015

It is common for landlords/agents to enter properties to take images that include tenants' possessions, to advertise properties online. This is usually done with consent and is a normal part of the rental process, benefiting both landlords who want to rent or sell their properties and tenants who are looking for new places to live. However the law is unclear about the rights of landlords and tenants where consent is not provided.

The Commission's *Photographing and Filming Tenants' Possessions for Advertising Purposes: Report* sought to clarify the rights of landlords/real estate agents and tenants.

Following publication of a consultation paper in June 2014, the Commission received 20 submissions and undertook 38 consultations across Victoria. An online survey of tenants and landlords/agents, which provided a quick and easy way to provide feedback, received 279 responses.

The Commission delivered its report in March 2015, and it was tabled in Parliament on 26 May.

The Commission recommended that landlords be given the express right, subject to appropriate safeguards, to enter premises to take images for advertising purposes.

The Commission recommended that tenants' rights be clearly stated in law, in particular:

- Where a tenant at risk of family violence has concerns for their welfare, and notifies the landlord or agent of their concerns in writing, the taking of images that contain tenants' possessions that could reveal their identity, is prohibited.
- Landlords must give at least seven days' notice of their intention to take images, so that tenants' valuable and/or private items can be removed or concealed.
- Tenants have the right to prevent images of their possessions being re-used after 12 months.

The recommendations were intended to encourage landlords, agents and tenants to negotiate mutually agreeable outcomes that address the needs of all concerned, within a clear legal framework.

COMMUNICATIONS AND EDUCATION



Part of the Commission’s role under section 5(i)(e) of the Victorian Law Reform Commission Act is to undertake educational programs on any area of the law relevant to a reference, whether past or current.

The Commission educates the community about law reform by publishing educational resources, maintaining a website with plain English explanations of law reform projects and videos, promoting law reform activities through the media and visiting educational institutions to explain our role in the law reform process.

Above:
Students of Roxburgh College with Philip Cummins AM,
Chair of the VLRC, and Joh Kirby, Executive Director of
the Victoria Law Foundation, at Law Talks Melbourne.

Schools program

The Commission and its work forms part of Unit 3 of the VCE legal studies curriculum. During February and March 2015 the VLRC visited 33 schools and addressed approximately 840 VCE legal studies students (predominantly year 12) on the subject of law reform. The majority of these visits were to state schools. The Commission also co-hosted with the Victoria Law Foundation a Law Week Law Talks event in Melbourne, attended by 200 students and teachers; and presented at two further Law Talks events, in Horsham and Sale, attended by 340 students in total. Altogether, the Commission presented to around 1380 VCE students this year,

The presentations focussed on the structure and processes of the VLRC, and included cases studies (usually jury empanelment/jury directions/birth registration and occasionally others as requested by the schools).

The Chair of the VLRC presented at the Law Talks events in Horsham (12 August 2014) and Sale (19 March 2015); and in Melbourne on 11 May. Eve Gallagher (community law reform manager) and Nick Gadd (communications manager) made 27 presentations to individual schools. The other six presentations were by Peta Murphy, Anthony Bendall, Megan Pearce and Adrienne Walters.

The presentation was updated this year with new content and case studies. All students were given a copy of the booklet *Law Reform In Action*, and all classes received the wall posters which map the law reform process.



Satisfaction

After the presentations we sent an online questionnaire to teachers about the value of the presentations, receiving 17 responses.

How useful was the presentation for your students?

82 per cent (14) said 'Very helpful'.
18 per cent (3) said 'Quite helpful'.

How would you rate the content of the presentation?

71 per cent (12) said 'Excellent'.
29 per cent (5) said 'Good'.

Would you invite the VLRC to present to a class in future?

100 per cent said 'Yes'.

Would you recommend a VLRC presentation to other schools?

100 per cent said 'Yes'.

In the news

The Commission continued to provide expert comment to the media on issues related to its references, particularly at the commencement of consultations and the publication of reports. Highlights included:

- Extensive coverage of the Commission's medicinal cannabis reference. The Chair was interviewed by Jon Faine on ABC 774 and by Sally Cockburn on 3AW. Articles on the reference appeared in *The Age*, *The Herald-Sun* and *The Guardian*, and the Commission's regional consultations received extensive coverage on regional television, radio and newspapers.
- A 15-minute interview with the Chair on the ABC Radio National program *The Law Report*, on the subject of jury empanelment.
- Two articles in *The Age* on the release of the Commission's report, *Review of the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997*.

- An opinion piece in *The Conversation* by the Chair on the *Review of the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997*.
- Reports in *The Age* and *The Herald-Sun* on the Commission's reference, *Photographing and Filming Tenants' Possessions for Advertising Purposes*.
- Reports in *The Age* on the Commission's reports *Jury Empanelment and Forfeiture*, and the release of the regulatory regimes consultation paper.
- Regular monthly columns in *The Law Institute of Victoria's Journal*.

Website

During the 2014–15 year the Commission's website attracted 73,050 users for 101,846 sessions. This was an increase of 41 per cent (sessions) and 48 per cent (users) on the previous year. Two projects driving significant traffic to the site were the medicinal cannabis and photographing tenants' possessions references.

This year the Commission carried through a significant project to make its website mobile responsive, enabling users of mobile and tablet devices to access the site content more easily. Since the project was completed there has been a significant increase in the number of mobile and tablet users accessing the site. The percentage of users who access our site via mobile and tablet devices has risen from 16 per cent (2013–14) to 22 per cent (2014–15). The total number of mobile and tablet users almost doubled, from 11,200 to 21,700.

E-newsletters

The Commission published four editions of its e-newsletter during the 2014–15 year, and numerous other targeted email campaigns to smaller lists of subscribers for specific projects. The quarterly e-newsletters were opened a total of 6,209 times (an average of more than 1,500 each time).

The Commission's e-newsletters included information about current projects, links to publications and online submissions forms. This year we also began including a regular round-up of law reform news from other agencies (one of the Commission's functions is to monitor and co-ordinate law reform activity in Victoria).

Social media

Si Qi Wen has been co-ordinating the Commission's social media activities with the supervision of the communications manager. At 30 June, the Commission had over 3,300 followers on Twitter, an increase of more than 900 over the 12-month period. Our Facebook page has over 900 likes, an increase of 56 per cent over the 12-month period.

Social media is diversifying our engagement with the community and helps us to build an inclusive and accessible legal system for all Victorians.

GOVERNANCE

Audit committee membership and roles

The audit committee consists of:

- Anthony Phillips, Chairperson (Independent Member)
- John Bafit (Independent Member)
- The Hon. Philip Cummins 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 2014–15 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.

Sit-to-stand desks were purchased for 6 workspaces.

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

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

Employment and conduct principles

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

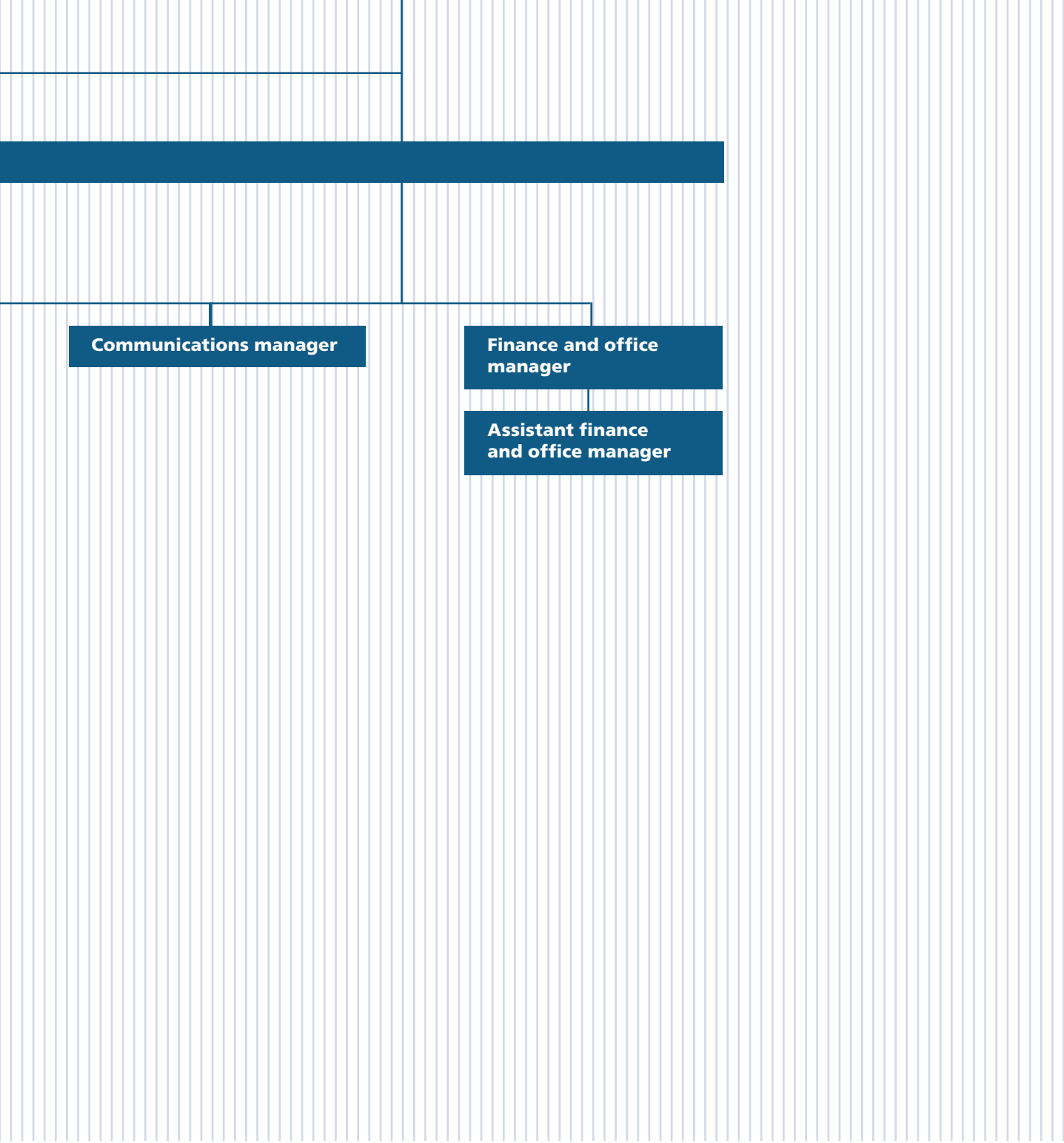




ORGANISATIONAL STRUCTURE 2014–15

Chair and nine part-time Commissioners





WORKFORCE DATA

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

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

Workforce Inclusion Policy

The Commission continues to support a balanced working environment where equal opportunity and diversity are valued.

Table 1: Full time equivalents (FTE) staffing trends from 2011 to 2015

YEAR	2015	2014	2013	2012	2011
	16.2	17.3	14.2	9.3	16.5

Table 2: Summary of employment levels in June 2014 and 2015

	Ongoing Employees ^(d)				Fixed Term & Casual Employees
	Employees (Headcount)	Full Time (Headcount)	Part Time (Headcount)	FTE	FTE
June 2015	8	6	2.0	7.4	8.8
June 2014	4	3	1.0	3.6	13.7

Table 3: Details of employment levels in June 2014 and 2015

	2015			2014		
	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	1.4	1	1.0	4.8
Female	7	6.4	7.4	3	2.6	8.9
Total	8	7.4	8.8	4	3.6	13.7
Classification						
VPS 1	0	0	0	0	0	0
VPS 2	0	0	0.4	0	0	0
VPS 3	3	2.6	1.4	2	1.6	3.0
VPS 4	0	0	0	0	0	0
VPS 5	3	2.8	5.0	1	1.0	7.9
VPS 6	1	1.0	2.0	1	1.0	1.0
Executive ^(e)	1	1.0	0	0	0	1.8
Total	8	7.4	8.8	4	3.6	13.7

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 headcount levels between June 2014 and June 2015 is due to additional staff being employed to work on the new references referred to the Commission by the Attorney-General.
- (d) Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.

- (e) Executive is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the *Public Administration Act 2004*. The definition of an executive officer does not include Governor in Council appointments as statutory office holders.
- (f) The Victorian Law Reform Commission is an independent agency within the Justice portfolio that employs public servants independently of the Department Secretary. The Commission is required to produce its own annual report.

OTHER DISCLOSURES

Implementation of the Victorian Industry Participation policy

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

The Commission did not enter into any contracts to which the VIPP applies for the 12 months ending 30 June 2015.

Government advertising expenditure

The Commission has not paid for any government advertising expenditure (campaigns with a media spend of \$150,000 or greater (exclusive of GST)) during the 12 months ending 30 June 2015.

Consultancy expenditure

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

In 2014–15, there were four consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2014–15 in relation to these consultancies is \$96,322 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2014–15 (excluding GST)	Future expenditure (excluding GST)
Komosion Pty Ltd	Website enhancement for Mobile Devices	29 January 2015	30 June 2015	\$44,753	\$44,753	\$Nil
Deloitte	Undertake Internal Audit function	1 July 2014	30 June 2015	\$22,540	\$22,540	\$Nil
Victorian Auditor-General's Office	For the audit of the financial report 2014–15	1 July 2014	30 June 2015	\$18,600	\$Nil	\$18,600
Dr Ian Freckelton QC	Leadership, Advice and Research for the Medicinal Cannabis Reference	1 January 2015	26 January 2015	\$10,429	\$10,429	\$Nil

Details of consultancies under \$10,000

In 2014–15, there were nine consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2014–15 in relation to these consultancies is \$22,907(excluding GST).

OTHER DISCLOSURES (CONTINUED)

Freedom of information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Commission. The Commission did not receive any applications from members of the public for the 12 months ending 30 June 2015.

Making a request

Access to documents may be obtained through written 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.

Further information regarding Freedom of Information can be found at:
www.foi.vic.gov.au.

Compliance with the *Building Act 1993*

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

National Competition Policy

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

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

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

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

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The Commission does not tolerate improper conduct by its employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

Reporting procedures

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

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

Disclosures under the Protected Disclosure Act 2012

	2014–15 number	2013–14 number
The number of disclosures made by an individual to the Commission and notified to the Independent Broad based Anti corruption Commission		
Assessable disclosures	0	0

OTHER DISCLOSURES (CONTINUED)

Office-based environmental impacts

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

The EMS objectives include:

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

Current environmental management practices

- GreenEarth electricity.
- 25% 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.

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	2014–15		2013–14	
	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	235,080	235,080	228,464	228,464
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO ₂ e)	62.3	...	64	...
Percentage of electricity purchased as Green Power	25%		25%	
Units of energy used per FTE (MJ/FTE)	27,216		26,450	
Units of energy used per unit of office area (MJ/m ²)	881		856	

Actions undertaken

Energy audit Printers, faxes and MFDs programmed for 'sleep mode' when left idle;

 Screens, lights and other office equipment are switched off when not in use;

 Lights and supplementary air-conditioning is turned off when conference room is vacant;

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

Explanatory notes

- The data represented above was collected through energy retailer billing information.
- The increase in overall energy use is due to the collocation with the Sentencing Advisory Council and the Commission's work program. All workstations and offices are occupied; there are more computers and other equipment on the floor that require energy to operate.
- The total FTE from both the Commission and the Sentencing Advisory Council has been used to calculate the *energy used per FTE*.
- The more accurate measure that supports the overall increase in total energy use is shown by the *energy used per unit of office area* as this remains fixed.

OTHER DISCLOSURES (CONTINUED)

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.
- Cartridge recycling data is provided by another retailer who is committed to zero waste to landfill for all products processed on their site in Somerton.
- Landfill is collected nightly. The company contracted to do the cleaning does not collate any data on waste, therefore none can be provided.

Explanatory notes

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

Waste production

Indicator	2014-15	2013-14
Total units of office waste disposed of by destination (kg/year)	1830	1730
Units of office waste disposed of per FTE by destination (kg/FTE)	104	100
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 13.66kgs comprising:
toner cartridges 3.30kgs,
large cartridges 0.50kgs,
large bottles 9.86kgs

Paper use

Indicator	2014-15	2013-14
Total units of A4 equivalent copy paper used (reams)	244.0	315.5
Units of A4 equivalent copy paper used per FTE (reams/FTE)	13.86	16.47
Percentage of 80-100% recycled content copy paper purchased (%)	100%	99%
Percentage of 50-80% recycled content copy paper purchased (%)	0	0
Percentage of 0-50% recycled content copy paper purchased (%)	0	1%
Optional indicators		
Total units of A4 equivalent paper used in publications (reams)	1,428	1,216
Percentage of publications publicly accessible electronically (%)	100%	100%

Default paper Default copy paper purchased through stationery supplier is 80% recycled content.

Colour paper Colour copy paper purchased through stationery supplier:

- has been awarded the FSC™ (Forest Stewardship Council™) certificate that guarantees well-managed forests.
- Certified with EU Ecolable,
- has the **ISO 9706** ageing resistance certification. This guarantees an archival life of >200 years
- CO₂ neutral excluding *Color Copy* coated silk and glossy

Water consumption

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

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

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

Indicator	2014-15	2013-14
Total units of metered water consumed by water source (kilolitres)	4099	4023
Units of metered water consumed in offices per FTE (kilolitres/FTE)	21.19	20.80
Units of metered water consumed in offices per unit of office area (kilolitres/m ²)	366.11	359.32

Explanatory notes

- The overall increase of water consumption can be attributed to the building having all the floors tenanted for the financial year and the additional personnel on floor the Commission occupies due to the collocation with the Sentencing Advisory Council.
- The increase in water consumption per FTE is due to the additional 12 FTE staff on the floor the Commission occupies and the overall increase of water consumption in the building.

Transport

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

	2014-15		2013-14	
Total distance travelled by air (km)	22,084		37,376	
	Metro	Regional	Metro	Regional
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car pooling to and from work	90%	0%	89%	0%
Percentage of employees residing in metropolitan Melbourne or regional Victoria	100%	0%	100%	0%

OTHER DISCLOSURES (CONTINUED)

Procurement

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

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

The Commission's main areas of procurement are goods and services (93%) and contractors (7%).

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;
- (a) details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;
- (a) details of publications produced by the Commission about the activities of the Commission and how these can be obtained;
- (a) details of major research and development activities undertaken by the Commission;
- (a) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- (a) details of major promotional, public relations and marketing activities undertaken by the Commission to develop community awareness of the services provided by the Commission;
- (a) details of assessments and measures undertaken to improve the occupational health and safety of employees;
- (a) a general statement on industrial relations within the Commission and details of time lost through industrial accidents and disputes; and
- (a) details of all consultancies and contractors including:
 - consultants/contractors engaged;
 - services provided; and
 - expenditure committed to for each engagement.

The information is available on request from the:
Finance and Office Manager
Phone: (03) 8608 7800
Email: law.reform@lawreform.vic.gov.au

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

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



Merrin Mason
Accountable Officer
Victorian Law Reform Commission
21 October 2015



Anthony Phillips
Chairperson
Audit Committee
21 October 2015

Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

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



Merrin Mason
Accountable Office
Victorian Law Reform Commission
21 October 2015

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 2015

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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 2015 and financial position of the Commission at 30 June 2015.

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 21 October 2015.



Merrin Mason

Chief Executive Officer
Victorian Law Reform Commission
Melbourne

21 October 2015



Gail Smyth

Chief Finance and Accounting Officer
Victorian Law Reform Commission
Melbourne

21 October 2015



The Hon. P. D. Cummins AM

Chairperson
Victorian Law Reform Commission
Melbourne

21 October 2015



Victorian Auditor-General's Office

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Melbourne VIC 3000
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INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Victorian Law Reform Commission

The Financial Report

The accompanying financial report for the year ended 30 June 2015 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, chief finance and accounting officer's and chairperson's declaration has been audited.

The Commissioners' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)


Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Law Reform Commission as at 30 June 2015 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*.

MELBOURNE
21 October 2015


Dr Peter Frost
Acting Auditor-General

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	2015	2014
		\$	\$
Continuing operations			
Income from transactions			
Output appropriations		720,300	741,000
Interest	2(a)	5,784	15,225
Grants – Medicinal Cannabis Reference – Department of Justice and Regulation	2(b)	444,200	0
Other income – Legal Services Board		1,682,000	1,645,000
Total income from transactions		2,852,284	2,401,225
Expenses from transactions			
Employee expenses (i)	3(a)	(2,104,809)	(1,891,360)
Depreciation	3(b)	(4,930)	(4,475)
Interest expense	3(c)	(936)	(939)
Other operating expenses	3(d)	(692,853)	(777,519)
Total expenses from transactions		(2,803,527)	(2,674,294)
Net result from transactions (net operating balance)		48,757	(273,067)
Other economic flows included in net result			
Other gains/(losses) from other economic flows	4	(11,012)	2,982
Total other economic flows included in net result		(11,012)	2,982
Net result		37,745	(270,085)
Comprehensive result		37,745	(270,085)

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

(i) 2014 employee expenses included training costs, which have been adjusted in 2015 and included in other operating expenses.

BALANCE SHEET

AS AT 30 JUNE 2015

	Notes	2015	2014
		\$	\$
Assets			
Financial assets⁽ⁱ⁾			
Cash and deposits	15	807,003	795,612
Receivables	5	228,173	187,725
Total financial assets		1,035,176	983,336
Non-financial assets			
Plant and equipment	6	16,079	21,009
Total non-financial assets		16,079	21,009
Total assets		1,051,256	1,004,345
Liabilities			
Payables	7	54,742	41,446
Borrowings	8	16,271	21,188
Provisions	9	355,661	354,873
Total liabilities		426,673	417,508
Net assets		624,583	586,838
Equity			
Accumulated surplus /(deficit)		151,206	113,461
Contributed capital		473,377	473,377
Net worth		624,583	586,838
Commitments for expenditure	12		
Contingent assets and contingent liabilities	13		

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

(i) Trust fund balances have been reclassified from receivables to cash and prior year comparative has been restated. See Notes 1(U) and 21 for details.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	Accumulated surplus	Contributions by owners	Total
			\$	\$
Balance at 1 July 2013		383,545	473,377	856,922
Net result for the year		(270,085)	0	(270,085)
Balance at 30 June 2014		113,460	473,377	586,837
Net result for the year		37,745	0	37,745
Balance at 30 June 2015		151,206	473,377	624,583

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 2015

	Notes	2015	2014
		\$	\$
Cash flows from operating activities			
Receipts			
Receipts from government		1,123,759	665,135
Receipts from other entities		1,682,000	1,645,000
Interest received		5,784	15,225
Total receipts		2,811,543	2,325,360
Payments			
Payments to suppliers and employees		(2,794,298)	(2,615,589)
Interest expense		(936)	(939)
Total payments		(2,795,234)	(2,616,528)
Net cash flows from/(used in) operating activities	15(b)	16,310	(291,168)
Cash flows from investing activities			
Payments for non-financial assets		0	(25,117)
Net cash flows from/(used in) investing activities		0	(25,117)
Cash flows from financing activities			
Proceeds from/(repayment of) finance leases		(4,918)	21,188
Net cash flows from/(used in) financing activities		(4,918)	21,188
Net increase/(decrease) in cash and cash equivalents		11,391	(293,222)
Cash and cash equivalents at beginning of the financial year		795,612	1,091,860
Cash and cash equivalents at end of the financial year	15(a)	807,003	795,612

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 2015

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 2015. The purpose of the report is to provide users with information about the Commission's stewardship of resources entrusted to it.

(A) Statement of compliance

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

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 22.

These annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 21 October 2015.

(B) Basis of accounting preparation and measurement

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

The Valuer-General Victoria (VGV) is the Commission's independent valuation agency.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

(C) Reporting entity

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

The Commission is an independent government-funded body established under the *Law Reform Commission Act 2000* (the Act) as a central agency for developing law reform in Victoria. The Commission's main objective is to provide the Attorney-General and Parliament with high quality, timely, responsive and effective advice on law reform that is independent of government agencies and of the political process.

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

Its principal address is:

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

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

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

Functions and funding

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

- to examine, report and make recommendations to the Attorney-General on any proposal or matter relating to law reform in Victoria that is referred to the Commission by the Attorney-General;
- to examine, report and make recommendations to the Attorney-General on any matter that the Commission considers raises relatively minor legal issues that are of general community concern if the Commission is satisfied that the examination of that matter will not require a significant deployment of the resources available to the Commission;
- to suggest to the Attorney-General that a proposal or matter relating to law reform in Victoria be referred to the Commission by the Attorney-General;
- to monitor and co-ordinate law reform activity in Victoria; and
- to undertake education programs on any area of the law relevant to a reference whether past or current.

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

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

(D) Scope and presentation of financial statements

Comprehensive operating statement

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

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

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

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

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

Balance sheet

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

Rounding

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to Note 22 for a style convention explaining that minor discrepancies in totals are due to rounding.

(E) Changes in accounting policies

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

(F) Income from transactions

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

Appropriation income

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

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Income is recognised for the Commission as follows:

Output appropriations

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

Other income

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

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

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

Interest

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

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

Grants

Income from grants (other than contribution by owners) is recognised when the Commission obtains control over the contribution.

For reciprocal grants (i.e. equal value is given back by the Commission to the provider), the Commission is deemed to have assumed control when the Commission has satisfied its performance obligations under the terms of the grant. For non reciprocal grants, the Commission is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non reciprocal depending on the terms of the grant.

During 2014–15, the Department of Justice and Regulation granted additional funding to the Commission in order for it to undertake the Attorney-General's Reference, *Medicinal Cannabis*.

Services provided by the Department of Justice and Regulation

The Department of Justice and Regulation provides certain governance, executive and corporate support services and resources to the Commission. The value of these support services and resources which includes the use of the Department's finance and payroll systems is not recognised in the financial statements. The Department is centrally funded to provide these services and resources for which fair value cannot be reliably determined.

(G) Expenses from transactions

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

Employee expenses

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

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

Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

Depreciation

All infrastructure assets, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 1(K) for the depreciation policy of leasehold improvements.

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

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

Asset	Useful life
Leasehold improvements	5 years
Plant & equipment	3 – 10 years
Motor Vehicle	5 years

Interest expense

Interest expense is recognised in the period in which it is incurred. Refer to *Glossary of terms and style conventions* in Note 22 for an explanation of interest expense items.

Other operating expenses

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

Supplies and services

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

(H) Other economic flows included in the net result

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

Net gain/(loss) on non-financial assets

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

Other gains/(losses) from other economic flows

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

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

(I) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

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

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method (Refer to Note 22).

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

(J) Financial assets

Cash and deposits

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

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(l) *Financial Instruments* for recognition and measurement).

Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Impairment of financial assets

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

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

(K) Non-financial assets

Plant and equipment

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

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(M)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

Leasehold improvements

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

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance.

A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

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

Other non-financial assets

Prepayments

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

(L) Liabilities

Payables

Payables consist of:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(I)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Borrowings

All interest bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to Note 1(M) *Leases*). The measurement basis subsequent to initial recognition depends on whether the Commission has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

Provisions

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

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

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

Employee benefits

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

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

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

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- nominal (undiscounted) value — if the Commission expects to wholly settle within 12 months; or

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

(ii) Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The Commission recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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

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.

(M) Leases

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

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

Finance leases

Commission as lessee

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

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

Operating leases

Commission as lessee

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

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

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

(N) Equity

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed

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

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

Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

(O) Commitments

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

(P) Contingent assets and contingent liabilities

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

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

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

Receivables and payables are stated exclusive of the amount of GST receivable or payable. Cash flows are presented on a net basis. The Department of Justice and Regulation 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 and Regulation's financial statements.

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

(R) Foreign currency balances/transactions

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

(S) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Commission and other parties,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. 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 that are considered to be of material interest.

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

Certain new AASs have been published that are not mandatory for the 30 June 2015 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 2015, 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:

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 2018	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

(U) Correction of error

In line with general Victorian Government reporting guidelines, trust funds amounting to \$0.806m as at 30 June 2015 (2013/14: \$0.795m; refer to Note 21) were reclassified from receivables to cash. Prior comparative has been restated.

Movements as a result of the correction of affected financial statement line items

Item	2013-14 \$	2012-13 \$
Cash and deposits		
Previous	400	400
Restated	795,612	1,091,860
Receivables		
Previous	982,935	1,201,816
Restated	187,725	110,356

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Note 2.		
Income from transactions		
(a) Interest		
Interest from financial assets not at fair value through Comprehensive Operating Statement		
Interest on bank deposits	5,784	15,225
Total interest	5,784	15,225
(b) Grants		
Other specific purpose – Medicinal Cannabis Reference	444,200	0
Total grants	444,200	0
Note 3.		
Expenses from transactions		
(a) Employee expenses		
Salaries, wages, annual leave and long service leave(i)	(1,904,795)	(1,746,012)
Targeted Separation Payment	(41,340)	0
Post employment benefits:		
Defined contribution superannuation expense	(158,674)	(145,348)
Total employee expenses	(2,104,809)	(1,891,360)
(b) Depreciation		
Depreciation of plant, equipment and vehicles	(4,930)	(4,475)
Total depreciation	(4,930)	(4,475)
(c) Interest expense		
Interest on finance lease	(936)	(939)
Total interest expense	(936)	(939)
(d) Other operating expenses		
Supplies and services:		
Purchase of supplies and consumables	(198,575)	(289,322)
Purchase of services	(242,108)	(282,028)
Maintenance	(15,432)	(10,828)
Rent and associated costs	(236,738)	(195,341)
Total other operating expenses	(692,853)	(779,519)

(i) 2014 employee expenses included training costs, which have been adjusted in 2015 and included in other operating expenses, purchases of services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Note 4. Other economic flows included in net result		
(a) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability ⁽ⁱ⁾	(11,012)	2,982
Total other gains/(losses) from other economic flows	(11,012)	2,982

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

Note 5. Receivables		
Current receivables		
<i>Contractual</i>		
Other receivables	1,209	1,502
	1,209	1,502
<i>Statutory</i>		
Amounts owing from Victorian Government ⁽ⁱ⁾	174,238	103,615
Total current receivables	175,448	105,117
Non-current receivables		
<i>Statutory</i>		
Amounts owing from Victorian Government	52,726	82,608
Total non-current receivables	52,726	82,608
Total receivables	228,173	187,725

(i) Trust fund balances have been reclassified from receivables to cash and prior year comparative has been restated. See Notes 1(U) and 21 for details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 6. Plant and equipment

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

	2015	2014
	\$	\$
Leasehold improvements		
At fair value	1,069,403	1,069,403
Less: accumulated depreciation	(1,069,403)	(1,069,403)
	0	0
Plant and equipment		
At fair value	13,180	13,180
Less: accumulated depreciation	(13,180)	(13,180)
	0	0
Motor vehicle		
Under finance lease - at fair value	25,117	25,117
Less: accumulated depreciation	(9,038)	(4,108)
	16,079	21,009
Net carrying amount of plant and equipment	16,079	21,009

Table 6.2.
Movements in
carrying amounts

	<i>Leasehold improvements at cost</i>	<i>Plant and equipment at cost</i>	<i>Motor vehicle under finance lease at cost</i>	<i>Total</i>
2013	\$	\$	\$	\$
Carrying amount				
Balance as at 1 July 2013	0	366	0	366
Additions	0	0	25,117	25,117
Disposals	0	0	0	0
Depreciation expense	0	(366)	(4,108)	(4,474)
Balance as at 30 June 2014	0	0	21,009	21,009
Additions	0	0	0	0
Disposals	0	0	0	0
Depreciation expense	0	0	(4,930)	(4,930)
Balance as at 30 June 2015	0	0	16,079	16,079

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 6. Plant and equipment (continued)

	2015	2014
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	5 years	
	\$	\$
Leasehold improvements	0	0
Plant and equipment	0	(366)
Motor vehicle	(4,930)	(4,108)
	(4,930)	(4,474)

Table 6.3.
Aggregate depreciation recognised as an expense during the year⁽ⁱ⁾

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

Table 6.4.
Fair value measurement hierarchy of assets

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Leasehold improvements and plant and equipment at fair value				
Leasehold improvements	0	0	0	0
Plant and equipment	0	0	0	0
Total of plant, equipment and motor vehicle at fair value	0	0	0	0
	Carrying amount as at 30 June 2015			
Leasehold improvements and plant and equipment at fair value				
Leasehold improvements	0	0	0	0
Plant and equipment	0	0	0	0
Total of plant, equipment and motor vehicle at fair value	0	0	0	0

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 6. Plant and equipment (continued)

Motor Vehicles

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

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2015.

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

Table 6.5.
Reconciliation of
Level 3 fair value

2015	<i>Leasehold improvements</i> \$	<i>Plant and equipment</i> \$
Opening balance	0	0
Purchase (sales)		0
Transfer in (out) of Level 3	0	0
Gains or losses recognised in net results	0	0
Depreciations	0	0
Impairment loss	0	0
Subtotal	0	0
Gains or losses recognised in other economic flows – other comprehensive income	0	0
Revaluation	0	0
Subtotal	0	0
Closing balance	0	0
Unrealised gains/(losses) on non-financial assets	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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

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

Note 7. Payables

(a) Maturity analysis of payables

Refer to Table 14.2 in Note 14(c).

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

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

	2015	2014
	\$	\$
Current payables		
Contractual		
Supplies and services ⁽ⁱ⁾	32,301	27,489
Other payables ⁽ⁱⁱ⁾	19,014	11,399
	51,315	38,888
Statutory		
FBT payable	2,534	2,278
Payroll tax payable	892	280
Total current payables	54,742	41,446

Notes:

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

(ii) Consists of accrued salaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		2015	2014
		\$	\$
Note 8. Borrowings	Current borrowings		
	Finance lease liabilities ⁽ⁱ⁾ (Note 11)	16,271	4,917
	Total current borrowings	16,271	4,917
	Non-current borrowings		
	Finance lease liabilities ⁽ⁱ⁾ (Note 11)	0	16,271
	Total current borrowings	0	16,271
	Total borrowings	16,271	21,188
(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 (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.		

Note 9. Provisions

Current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)] — annual leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	70,948	84,385
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	12,120	11,317
Employee benefits ⁽ⁱ⁾ [Note 9(a)] — long service leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	47,859	72,412
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	111,686	59,743
	242,614	227,857
Provisions for on-costs [Note 9(a) and Note 9(b)]:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	29,927	31,999
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	21,835	12,409
Subtotal	51,762	44,408
Total current provisions	294,375	272,265
Non-current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)]	52,726	71,550
On-costs [Note 9(a) and Note 9(b)]:	8,560	11,057
Total non-current provisions	61,286	82,607
Total provisions	355,661	354,873

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 9. Provisions (continued)

(a) Employee benefits and on-costs⁽ⁱ⁾

	\$	\$
Current employee benefits⁽ⁱ⁾		
Annual leave	83,068	95,702
Long service leave	159,545	132,155
	242,613	227,857
Non-current employee benefits		
Long service leave	52,726	71,550
Total employee benefits	295,339	299,407
Current on-costs	51,762	44,408
Non-current on-costs	8,560	11,057
Total on-costs	60,322	55,465
Total employee benefits and on-costs	355,661	354,873

Notes:

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

(ii) Amounts are measured at present values

(b) Movement in provisions

	<i>Total</i>
2015	\$
Opening balance	55,465
Additional provisions recognised	51,972
Reductions arising from payments/other sacrifices of future economic benefits	(47,115)
Closing balance	60,322
Current	51,762
Non-current	8,560
	60,322

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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>	
	2015	2014	2015	2014
	\$	\$	\$	\$
Defined contribution plans:				
VicSuper	109,635	97,928	1,022	615
Various other funds	47,480	46,518	536	287
Total	157,115	144,446	1,558	902

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 11. Leases

(a) Disclosures for lessees — finance leases liabilities

Leasing arrangements

The Commission entered into a 33 month lease in September 2013 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>	
	2015	2014	2015	2014
	\$	\$	\$	\$
Finance lease liabilities payable				
Not longer than 1 year	16,869	5,793	16,271	4,917
Longer than 1 year but not longer than 5 years	0	16,870	0	16,271
Longer than 5 years	0	0	0	0
Minimum future lease payments	16,869	22,663	16,271	21,188
Less future finance charges	599	1,475	0	0
Present value of minimum lease payments	16,271	21,188	16,271	21,188
Included in the financial statement as:				
Current borrowings (Note 8)			16,271	4,917
Non-current borrowings (Note 8)			0	16,271
			16,271	21,188

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 2015

Note 11. Leases (continued)

(b) Disclosures for lessees - operating leases

Leasing arrangements

Operating leases relate to accommodation rental with lease terms of 5 years, with an option to extend for one further term of five years. The operating lease contract does not contain a market review clause in the event that the Commission exercises its option not to renew, but has a 4% fixed annual increases on the anniversary of the lease commencement date. There is also a 16% incentive by way of rental abatement for the term of the lease. The Commission does not have an option to purchase the leased asset at the expiry of the lease period.

	2015 \$	2014 \$
Non-cancellable operating leases payable		
Not longer than one year	148,304	141,585
Longer than one year and not longer than five years	317,844	466,148
Longer than five years	0	0
	466,148	607,733

Note 12. Commitments for expenditure

Capital expenditure commitments

Capital expenditure commitments as at 30 June 2015 – \$Nil (\$Nil – 2014).

Note 13. Contingent assets and contingent liabilities

There are neither contingent assets nor contingent liabilities as at 30 June 2015 (\$Nil – 2014).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 2015

Note 14. Financial instruments (continued)

**Table 14.1.
Categorisation
of financial
instruments**

	<i>Contractual financial assets loans and receivables</i>	<i>Contractual financial liabilities at amortised cost</i>	
2015	\$	\$	\$
Contractual financial assets			
Cash and deposits	807,003	0	807,003
Receivables: ⁽ⁱ⁾			
Other receivables	1,209	0	1,209
Total contractual financial assets	808,212	0	808,212
Contractual financial liabilities			
Payables: ⁽ⁱ⁾			
Supplies and services	0	32,301	32,301
Other payables	0	19,014	19,014
Finance lease liability	0	16,271	16,271
Total contractual financial liabilities	0	67,586	67,586
2014			
Contractual financial assets			
Cash and deposits	795,612	0	795,612
Receivables: ⁽ⁱ⁾			
Other receivables	1,502	0	1,502
Total contractual financial assets	797,114	0	797,114
Contractual financial liabilities			
Payables: ⁽ⁱ⁾			
Supplies and services	0	27,489	27,489
Other payables	0	11,399	11,399
Finance lease liability	0	21,188	21,188
Total contractual financial liabilities	0	60,076	60,076

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 2015

Note 14. Financial instruments (continued)

(b) Credit risk

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

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

The Commission held \$754,575 in an at call deposit with the Treasury Corporation of Victoria (TCV) as at 30 June 2015. (\$Nil -2014). TCV (the State of Victoria) was subject to a AAA credit rating.

(c) Liquidity risks

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 14.
Financial instruments
(continued)

Table 14.2.
Maturity analysis
of contractual
financial liabilities

	Carrying amount	Nominal amount	Maturity Dates ⁽ⁱ⁾			
			Less than 1 month	1–3 months	3 months – 1 year	1–5 years
2015	\$	\$	\$	\$	\$	\$
Payables:⁽ⁱⁱ⁾						
Supplies and services	32,301	32,301	32,301	0	0	0
Other payables	19,014	19,014	19,014	0	0	0
Borrowings:						
Finance lease liabilities	16,271	16,689	483	965	15,421	0
Total	67,586	68,005	51,798	965	15,421	0
2014						
Payables:⁽ⁱⁱ⁾						
Supplies and services	27,489	27,489	27,489	0	0	0
Other payables	11,399	11,399	11,399	0	0	0
Borrowings:						
Finance lease liabilities	21,188	21,588	483	965	4,345	15,795
Total	60,076	60,476	39,731	965	4,345	15,795

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 2015

Note 14. Financial instruments (continued)

(d) Market risk

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

Foreign currency risk

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

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Commission does not hold any interest bearing financial instruments that are measured at fair value, therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Commission has minimal exposure to cash flow interest rate risks through its cash and deposits that are at floating rates (refer to table 14.3).

(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 2015

Note 14. Financial instruments (continued)

**Table 14.3.
Interest rate
exposure of financial
instruments**

	Weighted average interest rate %	Carrying amount \$	Interest rate exposure		
			<i>Fixed interest rate</i>	<i>Variable interest rate</i>	<i>Non- interest bearing</i>
2015					
Financial assets					
Cash and deposits	2.07	807,003		806,603	400
Receivables:					
Accrued investment income		1,209		1,209	
Total financial assets		808,212		807,812	400
Financial liabilities					
Payables⁽ⁱ⁾:					
Other payables		51,315			51,315
Borrowings:					
Finance lease liabilities	4.62	16,271	16,271		
Total financial liabilities		67,586	16,271	0	51,315

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 14. Financial instruments (continued)

**Table 14.3.
Interest rate
exposure of financial
instruments**

	Weighted average interest rate %	Carrying amount \$		Interest rate exposure	
2014					
Financial assets					
Cash and deposits	2.61	795,612	795,212		400
Receivables:					
Accrued investment income		0		0	
Total financial assets		795,612	795,212	0	400
Financial liabilities					
Payables⁽ⁱ⁾:					
Other payables		38,888			38,888
Borrowings:					
Finance lease liabilities	4.62	21,188	21,188		
Total financial liabilities		60,076	21,188	0	38,888

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Note 15. Cash flow information		
(a) Reconciliation of cash and cash equivalents		
Funds in Trust ⁽ⁱ⁾	806,603	795,212
Cash at hand	400	400
Balance as per cash flow statement	807,003	795,612
Note (i) – the prior result has been adjusted to reflect changes in the trust account (refer to Note 21).		
(b) Reconciliation of net result for the period		
Net result for the period	37,745	(270,085)
Non-cash movements:		
Depreciation and amortisation of non-current assets	4,930	4,474
Movements in assets and liabilities:		
(Increase)/Decrease in receivables	(40,449)	(76,218)
(Increase)/Decrease in payables	13,295	(53,006)
(Decrease)/Increase in provisions	788	103,667
Net cash flows from/(used in) operating activities	16,309	(291,168)
Note 16. Remuneration of auditors		
Victorian Auditor-General's Office		
Audit of the financial report	18,600	18,100
	18,600	18,100

Note 17. Subsequent events

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 and Regulation are as follows:

Attorney-General	The Hon. Robert Clark, MP	1 July 2014–3 December 2014
Attorney-General	The Hon. Martin Pakula, MP	4 December 2014–30 June 2015
Acting Attorney-General	The Hon. Jane Garrett, MP	24 December 2014–6 January 2015
Secretary to the Department of Justice and Regulation	Mr Greg Wilson	1 July 2014–30 June 2015
Acting Secretary to the Department of Justice and Regulation	Ms Julia Griffith Dr Claire Noone	7 July 2014–13 July 2014 22 January 2015–8 February 2015

The Commission

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

Statutory Office Holder

Chairperson	The Hon. Philip D Cummins AM	1 July 2014–30 June 2015
Commissioner	Bruce Gardner PSM	1 July 2014–30 June 2015
Commissioner	Dr Ian Hardingham QC	1 July 2014–30 June 2015
Commissioner	David Jones AM	1 July 2014–30 June 2015
Commissioner	Eamonn Moran PSM QC	1 July 2014–30 June 2015
Commissioner	Alison O'Brien	1 July 2014–30 June 2015
Commissioner	Hon Frank Vincent AO QC	1 July 2014–30 June 2015
Commissioner	Helen Fatouros	2 September 2014–30 June 2015
Commissioner	Ian Freckelton QC	27 January 2015–30 June 2015
Commissioner	Liana Buchanan	24 February 2015–30 June 2015
Accountable Officer Chief Executive Officer	Ms Merrin Mason	1 July 2014–30 June 2015

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 18. Responsible persons (continued)

Remuneration

Remuneration received or receivable by the accountable officer in connection with the management of the Commission during the reporting period was in the range: \$170,000 – \$179,999 (\$130,000 – \$139,999 in 2013–14)

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 and Regulation.

Note 19. Remuneration of executives and payments to other personnel

Remuneration of statutory officer holders and executives

The number of statutory office holders and executive officers, other than ministers and departmental executives and their total remuneration during the reporting period is shown in the first two columns of the table below in their relevant income bands. The base remuneration of statutory office holders and executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

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

Income band	Total remuneration		Base remuneration	
	2015 No.	2014 No.	2015 No.	2014 No.
\$0–\$9,999	4	3	4	3
\$20,000–\$29,999	4	4	4	4
\$50,000–\$59,999	1	0	1	0
\$120,000–\$129,999	0	0	0	1
\$130,000–\$139,999	0	1	0	0
\$160,000–\$169,999	0	0	1	0
\$170,000–\$179,999	1	0	0	0
\$180,000–\$189,999	0	1	0	1
\$210,000–\$219,999	1	0	1	0
Total numbers	11	9	11	9
Total amount	\$556,922	\$412,516	\$549,071	\$403,695

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 19. Remuneration of executives and payments to other personnel (continued)

Related parties

The Accountable Officer is employed by the Commission.

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

Other transactions

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

(b) Payments to other personnel

There were no payments to other personnel in 2014-15 (2013-14: Nil).

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

(a) Summary of compliance with annual parliamentary appropriations

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

	Appropriation Act ⁽ⁱ⁾				Financial Management Act 1994		Total Parliamentary Authority		Appropriations Applied		Variance ⁽ⁱⁱ⁾	
	Annual appropriation		Section 3(2)		Section 30		2015	2014	2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Controlled												
Provision for outputs	721,000	747,000	0	0	0	0	721,000	747,000	720,300	741,000	700	6,000
Total	721,000	747,000	0	0	0	0	721,000	747,000	720,300	741,000	700	6,000

Notes:

(i) Appropriation (2014/2015) Act 2014, p11

(ii) The variance to the revenue is a direct result of the 2014-15 Government Efficiency Dividend, Better Services Implementation Taskforce Efficiencies, plus the annual adjustment for depreciation funded capital expenditure

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 21. Trust account balances

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

These funds have been earmarked primarily for the Commission's operating expenses. Payments from the trust fund during 2014/15 amounted to \$2,119,384 (2013/14: \$1,956,474).

	<i>Opening balance as at 1 July 2014</i>	<i>Total receipts</i>	<i>Total payments</i>	<i>Closing balance as at 30 June 2015</i>
2015				
Cash and cash equivalents and investments				
Controlled trusts				
VLRC Trust Fund				
The trust fund was created to receive non-public monies, specifically to receive monies paid to VLRC under section 6.7.10 of the Legal Profession Act 2004 [Section 17 (a) Victorian Law Reform Commission Act 2000].	795,211	2,130,775	2,119,384	806,603
Total controlled trusts	795,211	2,130,775	2,119,384	806,603
2014				
Controlled trusts	1,091,460	1,660,225	1,956,474	795,211
Total controlled trusts	1,091,460	1,660,225	1,956,474	795,211

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 22. Glossary of terms and style conventions

Amortisation

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

Borrowings

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

Comprehensive result

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

Commitments

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Financial asset

A financial asset is any asset that is:

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

and is:

- a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 22. Glossary of terms and style conventions (continued)

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

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

Financial statements

A complete set of financial statements comprises:

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

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 22. Glossary of terms and style conventions (continued)

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

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

General government sector

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

Interest expense

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

Interest income

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

Net result

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

Net result from transactions/net operating balance

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

Net worth

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

Non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 22. Glossary of terms and style conventions (continued)

Other economic flows included in net result

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

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

Payables

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

Produced assets

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

Receivables

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

Supplies and services

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

Transactions

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

Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government department in the 2014-15 *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 1 DISCLOSURE INDEX

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FRD 109	Intangible Assets	N/A
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Legislation

Freedom of Information Act 1982, Building Act 1983, Protected Disclosures Act 2012, Victorian Industry Participation Policy Act 2003, Financial Management Act 1994.

APPENDIX 2

BUDGET PORTFOLIO OUTCOMES

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

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

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

Financial review of operations and financial condition

	2015	2014	2013	2012	2011
<i>Five year financial summary</i>	\$	\$	\$	\$	\$
Annual appropriation¹	721,000	747,000	927,000	927,000	912,000
Actual					
Grant from Department of Justice and Regulation (DJR)	720,300	741,000	791,200	894,000	908,857
Grant – Other Specific Purpose – from DJR	444,200				
Other revenue	1,682,000	1,645,000	1,828,000	1,828,000	2,370,000
Interest received on Trust Account funds	5,784	15,225	16,596	26,692	14,718
Total revenue	2,852,284	2,401,225	2,635,796	2,748,692	3,293,576
Net result from continuing operations	37,745	(270,085)	5,631	116,075	210,226
Net cash flow from operating activities	16,310	(291,168)	480	4,464	8,123
Total assets	1,051,256	1,004,345	1,202,582	1,091,756	1,123,359
Total liabilities	426,673	417,508	345,657	240,701	388,379

1. *Appropriation (2014/2015) Act 2014* p11.

APPENDIX 2

BUDGET PORTFOLIO OUTCOMES

For the financial year ending June 2015, the difference between the annual appropriation and the actual grant from the Department of Justice and Regulation is a direct result of the 2014–15 Government Efficiency Dividend, Better Services Implementation Taskforce Efficiencies, plus the annual adjustment for depreciation funded capital expenditure.

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



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