



Victorian
Law Reform
Commission

Annual Report

2015–2016

Inclusive
Independent
Innovative





PUBLISHED BY THE VICTORIAN LAW REFORM COMMISSION

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

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PHOTOGRAPHY

Paul Phillipson



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

Level 3
333 Queen Street
Melbourne
Victoria 3000
Australia

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

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

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CHAIR'S REPORT

A successful year marks 15 years of contributions to law reform.

The past year has been another productive one for the Victorian Law Reform Commission, as well as a landmark. In the period 2015–16, marking 15 years of operation, the Commission has completed another two references from the Attorney-General, commenced work on a new reference, and made substantial progress with a community law reform project.

The Commission delivered two reports to the Attorney-General this financial year:

- Medicinal Cannabis
- Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries.

Both these reports have been tabled in Parliament, and information about them can be found in this annual report and on our website.

The Commission also published consultation papers relating to one reference and a community law reform project, respectively:

- The Role of Victims of Crime in the Criminal Trial Process
- Funeral and Burial Instructions.

The Commission's work continues to inform new legislation. The *Access to Medicinal Cannabis Act 2016*, which was assented to on 26 April 2016, makes it lawful for people in Victoria to receive medicinal cannabis in exceptional circumstances. The government is implementing all of the recommendations made by the Commission's report, and will enable people to begin receiving medicinal cannabis in 2017. Victoria is the first state in Australia to pass such legislation, and the Commission is pleased to have played a significant role in this innovative reform.

Legislative changes sometimes eventuate from the Commission's recommendations several years after a report is completed. For example, powers of attorney in Victoria changed on 1 September 2015, with the commencement of the *Powers of Attorney Act 2014*. The Explanatory Memorandum to the Powers of Attorney Bill noted: 'The Bill also reflects a number of recommendations from the Victorian Law Reform Commission (VLRC) in its *Guardianship: Final Report*, which was tabled in Parliament in April 2012. In particular, the Bill allows for a new kind of appointment of a person to be known as a supportive attorney to support a person with impaired decision making ability to make and give effect to his or her own decisions ... which is a legislative first in Australia.'

Similarly, in 2015 Parliament passed the *Adoption Amendment (Adoption by Same-Sex Couples) Act 2015* to enable same-sex couples to adopt in Victoria, as recommended by the Commission in its *Assisted Reproductive Technology and Adoption: Final Report* in 2007.

In March 2016, the Commission hosted the biennial Australasian Law Reform Agencies Conference (ALRAC) in Melbourne. This was a substantial gathering of agencies, including the Australian Law Reform Commission and state and territory bodies, and Commissions and agencies from Australasia and beyond—New Zealand, Papua New Guinea, the Solomon Islands, Samoa, Mauritius, Hong Kong and Kenya were represented. It was a valuable opportunity to share ideas and discuss the place and future of law reform commissions in our relative jurisdictions.

Implementation overview

It is noteworthy that 2016 marks 15 years of activity by the Victorian Law Reform Commission, which commenced

its operation in April 2001. In that time the Commission has been entrusted with 36 references by the Victorian government, often on complex matters of great significance, and has undertaken seven community law reform projects. The Commission recently reviewed the implementation of its projects, and found that of 33 completed projects, in 70 per cent of cases (23 projects) the recommendations were accepted by the government in whole or part. In many cases this resulted in new legislation. Of projects completed before 2014, 85 per cent have resulted in significant legislative change. The Commission and all those who have contributed to its work have good reason to be proud of these achievements.

Detailed reports of each of the Commission's inquiries during the past year can be found in this annual report. A snapshot of each appears below.

REFERENCES

The Commission is committed to completing all Attorney-General references (*Victorian Law Reform Commission Act 2000* section 5(1)(a)) and all community law reform projects (section 5(1)(b)) on time and within budget. The Commission has done so on all the matters below. It is my practice to constitute a Division pursuant to section 13(1)(a) for each reference and community law reform project. I chair all the Divisions.

Medicinal Cannabis

After eight months of intensely focussed work and public consultations across Victoria, the Commission completed this reference by the due date of 31 August 2015. The report, including 42 recommendations on how government might implement a scheme making medicinal cannabis available to people in exceptional circumstances, was tabled in Parliament on 6 October 2015.

New legislation implementing all recommendations was introduced in December and passed in April 2016.

The Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries

This reference, due on 29 February 2016, was delivered to the Attorney-General on 26 February. The reference was preventative, not prosecutorial or remedial. The Commission was not asked to make recommendations for legislative reform. Instead, the Commission was asked to establish a framework of principles for assessing risks of organised crime infiltration of lawful occupations and industries, and for developing suitable regulatory responses to those risks. The Commission's report presents pragmatic, general guidance that policy makers can apply to any lawful occupation or industry that may be at risk of organised crime infiltration. The report was tabled in Parliament on 25 May 2016.

The Role of Victims of Crime in the Criminal Trial Process

This unique reference involves a review of the role of the victim at every stage of the criminal trial process, and a conceptual analysis of what that role should be. The Commission has consulted extensively with the community, including in Melbourne and across Victoria, has received 42 submissions, and has reviewed practice and procedure around the world. At the close of the reporting period, the Commission was in the process of writing its report for delivery to the Attorney-General by 1 September 2016.

Review of the Adoption Act 1984

This reference was made to the Commission on 18 December 2015. During the first six months of 2016, the Commission engaged the reference team, conducted initial consultations, and prepared a consultation paper for publication in August 2016.

The Commission's work is extensive and wide-ranging, as can be seen from the references and projects stated above. The Commission seeks to ensure an approximate equality between references on the criminal and civil sides. Attorney-General references occupy some 80 per cent of the inquiries of the Commission, and community law reform projects some 20 per cent. This proportion is appropriate, as envisaged by section 5(1)(b) of the Act.

COMMUNITY LAW REFORM

Funeral and Burial Instructions

The Commission has continued its work on the complex question of funeral and burial instructions. The report will be delivered to the Attorney-General by 30 September 2016.

REGIONAL CONSULTATIONS

The Commission is actively committed to the significance of regional Victoria. To that end the Commission consults widely across Victoria in its work. Thus on the Medicinal Cannabis reference the Commission consulted stakeholders and the community in Bairnsdale, Ballarat, Bendigo, Geelong, Mildura, Morwell, Shepparton and Wodonga; and on the Role of Victims reference the Commission consulted stakeholders and the community in Ballarat, Geelong, Mildura, Morwell, Shepparton, Warrnambool and Wodonga. The Commission's regional commitment has developed substantially in the last five years and will continue to do so.

SCHOOL EDUCATION

Under section 5(1)(e) of the *Victorian Law Reform Commission Act 2000* a function of the Commission is to undertake educational programs on areas of law relevant to the Commission's references. I regard this as an especially significant function of the Commission. Over the past five years the fulfilment of this function has substantially increased, so that in the reporting year the Commission delivered educational programs in Melbourne and across regional Victoria to over 2000 VCE students. The work is reported on in detail later in this annual report.

The Commission undertakes much of this work on its own; and in delivery of Law Talks, a two-day regional presentation, twice annually, and Melbourne Law Talks, twice annually, the Commission presents with the Victoria Law Foundation. The Commission has a productive and harmonious relationship with the Foundation and commends the Foundation for its work.

THANKS

I thank the current Commissioners for their hard work: Liana Buchanan (whom I congratulate on her recent appointment as Victoria's Commissioner for Children and Young People), 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. I also thank Dr Ian Freckleton QC, who acted as specialist Commissioner on the medicinal cannabis reference.

The Commission is very well served by its Chief Executive Officer Merrin Mason and by its talented and diligent staff, who apply intellectual rigour to the Commission's inquiries. I record my respect and affection for them.

I have had the benefit of excellent relations with government, in particular the Attorney-General the Hon. Martin Pakula MP, and the Department of Justice and Regulation. I record my warm thanks to Marisa De Cicco, Deputy Secretary, Criminal Justice, and to Donald Speagle, Deputy Secretary, Civil Justice.

The Commission has enjoyed a most productive year to mark our 15th anniversary, and looks forward to growth and development in the future.



The Hon. Philip Cummins AM
Chair

Victorian Law Reform Commission
30 June 2016

THE VICTORIAN LAW REFORM COMMISSION

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

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

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

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

Recognising that some people may be less likely to engage with our projects, the Commission is careful to encourage participation especially from:

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

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

The functions of the Commission

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

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

HIGHLIGHTS

2015/2016

JULY 2015

The Commission published a consultation paper, *The Role of Victims of Crime in the Criminal Trial Process*.

AUGUST 2015

The Commission's report *Medicinal Cannabis* was delivered to the Attorney-General on 31 August 2015.

SEPTEMBER 2015

The Commission received 43 submissions for its inquiry into Victims of Crime.

OCTOBER 2015

The Commission's report *Medicinal Cannabis* was tabled in Parliament on 6 October 2015, leading to extensive media coverage of the Commission's work.

NOVEMBER 2015

The Commission published a consultation paper, *Funeral and Burial Instructions*, and an accompanying online video.

DECEMBER 2015

The Commission received terms of reference for a review of the *Adoption Act 1984*.

FEBRUARY 2016

The Commission's report *Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries* was delivered to the Attorney-General on 26 February 2016.

The Commission received 39 submissions to its review of Funeral and Burial Instructions, and more than 300 people responded to an online survey. The topic received significant media coverage including an episode of 'The Law Report' on ABC Radio National.

MARCH 2016

The Commission hosted the Australasian Law Reform Agencies Conference in Melbourne from 2–4 March 2016.

The Commission made 55 school visits during February and March, reaching 1255 Year 12 legal studies students.

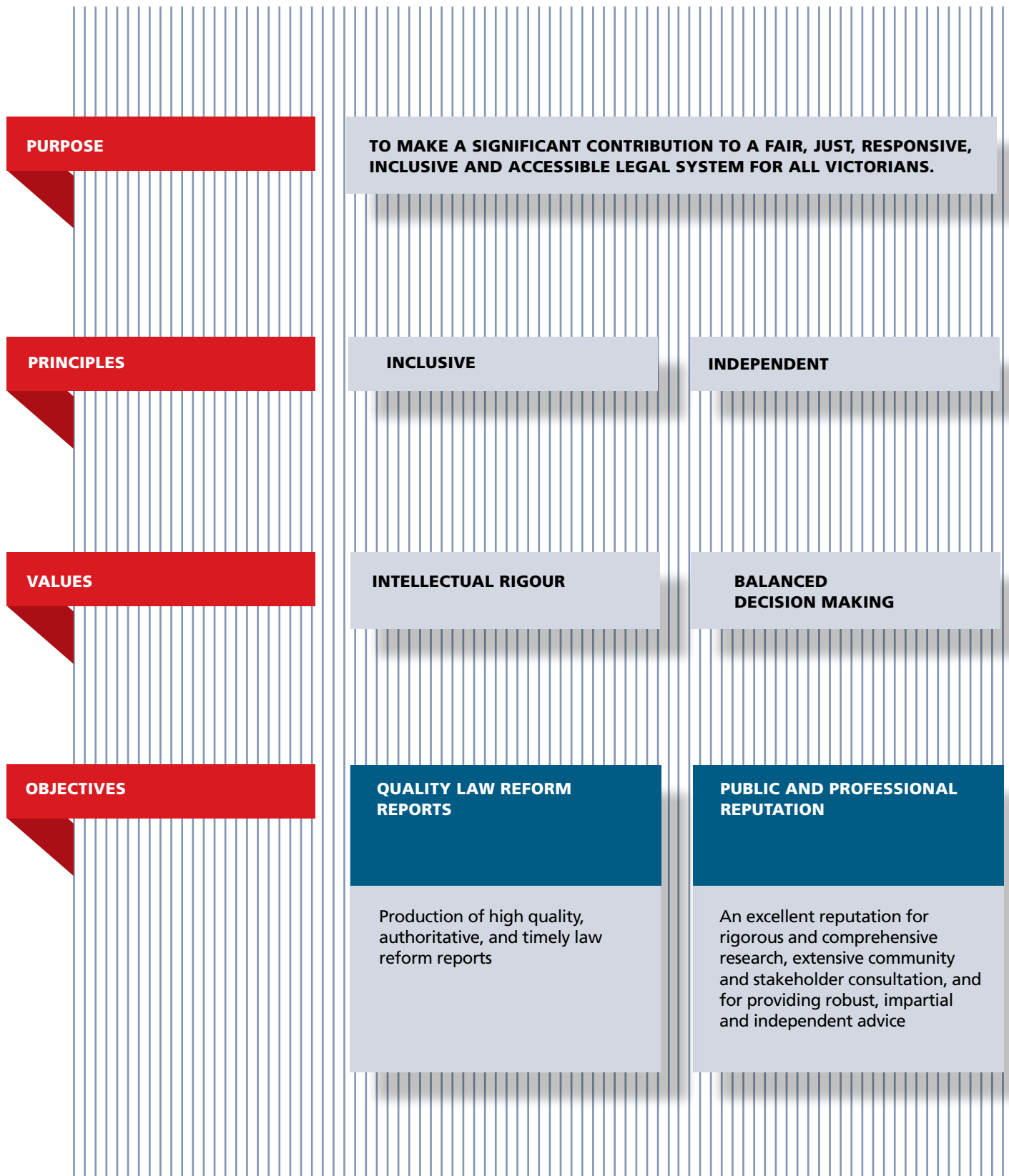
APRIL 2016

The Access to Medicinal Cannabis Bill was introduced into Parliament on 8 December 2015. It was passed by Parliament on 12 April 2016 and came into operation on 26 April 2016.

MAY 2016

The Commission's report *Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries* was tabled in Parliament on 25 May 2016.

STRATEGIC PLAN 2014-16



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



Back row from left:
His Honour David Jones AM
Liana Buchanan
Eamonn Moran PSM QC
Bruce Gardner PSM

Front row from left:
Helen Fatouros
The Hon. Philip Cummins AM
Alison O'Brien
The Hon. Frank Vincent AO QC
Dr Ian Hardingham QC

Photo:
Paul Phillipson

Chair

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

Commissioners

Liana Buchanan is Victoria's Principal Commissioner for Children and Young People, her appointment having commenced on 4 April 2016. She was formerly the Executive Officer of the Federation of Community Legal Centres and was also responsible for monitoring and review of the Victorian corrections system as Director, Office of Correctional Services Review from 2009 to 2013. Ms Buchanan has worked as a community lawyer and in a range of law reform and legal policy roles, including at the

Women's Legal Service (SA), the Equal Opportunity Commission, the Victorian Law Reform Commission and as senior adviser to the Secretary, Department of Justice. She was appointed to the Victorian Law Reform Commission in February 2015.

Helen Fatouros is the Executive Director of Criminal Law Services, Victoria Legal Aid. She was the legal prosecution specialist with the Victorian Office of Public Prosecutions (OPP), appearing on behalf of the Director of Public Prosecutions in indictable matters across the Supreme, County and Magistrates' Courts. Also with OPP, Ms Fatouros was previously the Directorate Manager of the Specialist Sex Offences Unit. She led the profession-wide implementation of the Sexual Offences Interactive Legal Education Program in 2012, and received 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 in mid-2013 and a Commissioner of the Victorian Law Reform Commission in September 2014.

Bruce Gardner PSM is the Senior Legal Advisor to the Victorian Director of Public Prosecutions. He has had 34 years' experience in the Crown Solicitor's Office and the Office of Public Prosecutions as a prosecution solicitor. Since 1994, Mr Gardner has held a range of policy-related positions including being Manager of Policy and Advice for 21 years, for 14 years of which he was also Manager of Appeals.



Mr Gardner has served on numerous committees and working groups addressing criminal law reform issues. He was appointed as a Commissioner in April 2012 and in June of the same year was awarded an Australian Public Service Medal for outstanding public service to criminal law reform.

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

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

Alison O'Brien has 20 years' experience working in government, including 18 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 as a Commissioner 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 judicial retirement 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 State Parliamentary Committee Inquiry into the sexual and physical abuse of children in non-government organisations. He was appointed as a Commissioner in June 2012.



CEO'S REPORT

Consultation is essential and requires time to be done effectively.

The Commission is given different time periods to complete references, usually from one to two years, depending on a number of factors including size and complexity, and the extent of necessary consultation. At first glance these time frames may seem generous but this is not the case. I have outlined below the timelines for our most recent reference as an example of the time required for the different stages of a thorough and comprehensive reference process.

References— a timeframe for delivery

The Commission's most recent reference is a review of the *Adoption Act 1984*, an Act which is now more than 30 years old. The reporting date is 28 February 2017.

The reference was received on 18 December 2015. For each reference, the Commission employs contract staff. Research team positions were advertised just before the Christmas/New Year break, with recruitment interviews taking place in late January and early February 2016. By mid-March 2016 all team members were in place, around three months after the reference was received.

Comprehensive consultation is a hallmark of Commission reports and what sets them apart from purely research and policy based reports—consultation can be said to be the Commission's major 'value-add'. The production of a consultation paper is the first stage of this process. Extensive research is undertaken and preliminary consultations held with key stakeholders. All the relevant issues must be identified and explained at this stage so that submissions and consultations are informed and well directed.

The consultation paper must be written in language that is accessible for all potential stakeholders—community members and organisations,

legal practitioners, departmental representatives and interest groups. A draft consultation paper of around 180 pages was provided to Commissioners to consider in mid-June 2016. This was six months into the reference timeframe.

The Commission's part-time Commissioners provide invaluable expert advice and guidance. To ensure that the Commission receives the most value from their expertise, it is essential that they are given sufficient time to read and comment on the material produced by the research team. After receiving Commissioner feedback, required amendments are made and the Commissioners provided with a further draft for approval. The production process follows, including editing, layout and printing. For this reference the consultation paper would be available online and in print in early August 2016. Another six weeks are accounted for in this way.

The Adoption consultation paper calls for submissions within five weeks of its publication. Ideally two months would be allowed. However in this case the timeframe will require an abridged submission period. Consultations will be held over this same five weeks. This will also be an abridgement of the usual practice—consultations would usually commence only towards the end of the submission period so that information from submissions can inform consultations.

The reference has provoked considerable community interest and the Commission is expecting a large number of requests for meetings. For all references, the Commission is committed to consulting in rural and regional areas as well as Melbourne. This is particularly important when community interest is high. Consultations will be held in at least five rural and regional locations.

The Commission develops its community consultation strategies to maximise contributions by disadvantaged and hard-to-reach community groups. Engaging with these groups is time consuming but essential for the integrity and credibility of the Commission's work. Many individuals and families affected by adoption tend to come from disadvantaged and low socio-economic backgrounds. Aboriginal Victorians are also significantly represented.

By the end of September 2016 consultations should be largely complete. Drafting of the report will then commence. A first draft will be produced by the beginning of December so that the Commission can consider and provide feedback to the team before the Christmas break. Commissioners would normally have an opportunity to consider a number of drafts. In this case there will be time for two drafts only. January 2017 will be a busy time for the research team as the final version of the report is prepared for Commission members to approve at the end of that month. February 2017 will see the report in production and ready for delivery on 28 February 2017.

Every reference varies and the description above is provided as an example only, to highlight the importance of having sufficient time for proper consultation and for the part-time Commissioners to contribute fully.

Australasian Law Reform Agencies Conference 2016

The hosting of this biennial international conference was a significant undertaking for the Commission. As a small organisation, staff availability to work on such a large project required considerable creativity and planning.

We started our planning early and engaged some assistance from an event manager.

We staged a highly successful event for a modest investment from the Commission by setting the registration fees with a view to cost recovery.

The conference provided an excellent opportunity to share ideas with other law reform agencies across Australia and in the Asia/Pacific region. Representatives from Mauritius and Kenya also attended. Useful contacts were made and foundations laid for future collaboration and mutual assistance.

Feedback from smaller and more recently established regional agencies was very positive, in particular the participants from the Solomon Islands and Samoa. These agencies perhaps benefit the most from the opportunities to hear about the practical nuts and bolts of law reform. For all the participants, spending two days discussing the process of law reform was an opportunity to reflect, learn and develop new ideas.

Often the interactions outside the formal program are as useful as the programmed sessions. A discussion over dinner with my equivalents from the New Zealand and Samoan law reform agencies has already led to a small but valuable resource sharing opportunity.

The discussion centred on the very limited resources of the Samoan Law Reform Commission (SLRC) and what larger, more established commissions could do to help. An idea was born.

In April 2016 a Commission team leader was able to spend close to four weeks undertaking some preliminary research for a reference that the SLRC had received but been unable to commence due to limited staff resources. The Commission's reference research teams are employed for two months beyond the delivery date of their reference. During this time it is often the case that staff have capacity to undertake some other work. This capacity was harnessed to assist the SLRC.

The SLRC appreciated the work, which included a literature review and scoping advice.

The staff member enjoyed the opportunity to work briefly on a different area of law and to share her experience in law reform. She considered it a valuable professional development opportunity, stretching her to look at law reform through a different lens and broadening her understanding of the challenges raised by cultural differences.

Thank you

My appreciation and thanks to the Commission staff for their excellent work and continuing good humour despite significant time pressures. Once again this year, a significant workload notwithstanding, we have met our deadlines and delivered work of excellent quality.

The Commission continues to be a sought-after workplace, because of the intellectual challenges of our work and the collaborative and supportive work environment. Advertised vacancies consistently attract large numbers of applications. This is a fortunate position to be in and one which we work hard to maintain.

Finally I thank the Chair and Commissioners for their support. The Commission is very well served by 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 2016.



Merrin Mason

Chief Executive Officer
Victorian Law Reform Commission
30 June 2016

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:

- Medicinal Cannabis (implemented by Parliament with the *Access to Medicinal Cannabis Act 2016*)
- Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries.

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

Two consultation papers published:

- The Role of Victims of Crime in the Criminal Trial Process
- Funeral and Burial Instructions.

Extensive consultations with the community and stakeholders for several projects:

- The Role of Victims of Crime in the Criminal Trial Process
- Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries
- Funeral and Burial Instructions.

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 for VCE legal studies students.

Participated in four Law Talks events for Year 12 students, jointly with the Victoria Law Foundation.

The review of medicinal cannabis was widely reported in the media, including news bulletins on all TV networks. The Chair gave numerous interviews on this and other topics, including to ABC Radio National and 774 ABC Melbourne. The Commission's work was frequently reported in *The Age*, *The Guardian* and regional newspapers. 20 formal proposals for community law reform projects were received.

To give a voice to marginalised groups within the community

The Commission consulted extensively with regional Victorians for three projects:

- Victims of Crime in the Criminal Trial Process
- Use of Regulatory Regimes Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries
- Funeral and Burial Instructions.

The Commission's current publications are published online in accessible html versions.

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

VLRC e-newsletters report on the activities of other law reform agencies.

The community law reform team liaises with these agencies, sharing information and gathering updates on their activities.

Current Year Financial Review

- The Commission's income decreased in 2015–16 to \$2.490M (2014–15: \$2.852M) because the Commission did not undertake an additional reference during this financial year. The increased interest income was attributable to the investment of the trust fund monies over the full financial year
- The Commission's expenditure also decreased in 2015–16 to \$2.687M (2014–15: \$2.804M) primarily due to lower employee related expenses as a result of the completion of two references during this financial year. Other operating expenses of \$0.623M in 2015–16 (2014–15: \$0.693M) were lower due to reduced expenditure for services.
- The overall net result of \$(200,651); the lower trust fund balance of \$598,763; and the \$221,687 decrease in financial assets are attributable to lower income for the 2015–16 financial year.

Operational and budgetary objectives and performance against objectives

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 2016.

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 \$263.8M.

The total output cost for the Commission is an amount derived from the *Appropriation (2015/2016) Act 2015*, less required savings and other movements, plus the amount received from the Victorian Legal Services Board, as directed by the Attorney-General.

Budget portfolio outcomes

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

Performance measures

	UNIT OF MEASURE	2015-16 ACTUAL	2015-16 TARGET
Quantity			
Community education and consultation sessions	number	174	80
<p>In December 2015 the Attorney-General asked the Commission to provide recommendations to government on the modernisation of the <i>Adoption Act 1984</i> and the <i>Adoption Regulations 2008</i>. This made a total of three references running concurrently (including <i>The Role of Victims of Crime in the Criminal Trial Process</i> and the <i>Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries</i>). The original target was based on the three references (including <i>Medicinal Cannabis</i>) 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 figure is the combined total of the school program visits (56) and the total number of consultations conducted for references (118).</p>			
Law reform projects ¹	number	4	3
<p>The two reports completed were <i>Medicinal Cannabis</i> in August 2015 and <i>Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries</i> in February 2016. Additional publications included a consultation paper for <i>The Role of Victims in the Criminal Trial Process</i> in August 2015 and a consultation paper for the <i>Funeral and Burial Instructions</i> community law reform project in November 2015.</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 three questions that comprise the teachers' survey.</p>			
Cost			
Annual appropriation		0.706	0.707
Victorian Legal Services Board		1.732	1.732
Total output cost	\$ million	2.438	2.439

Notes:

1 This measure records the number of publications produced.



REFERENCE

The Role of Victims of Crime in the Criminal Trial Process

REFERRED

27 October 2014

DUE DATE

1 September 2016

The criminal trial is a contest between the prosecution, acting as the state's representative, and the accused, who is usually represented by a defence lawyer. Traditionally, the victim has no role unless as a witness for the prosecution. This reference calls for a review of the current role of victims in the criminal trial process, 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 Chair formed a Division to work on this reference, initially comprising the Hon. Philip Cummins AM and four Commissioners: Liana Buchanan, Helen Fatouros, Bruce Gardner PSM, and the Hon. Frank Vincent AO QC. During the year, the membership was extended to Dr Ian Hardingham QC, His Honour David Jones AM, Eamonn Moran PSM QC, and Alison O'Brien to guide the preparation of the report.

The research and policy team is Lindy Smith (team leader), who took over the role after the departure of former team leader Peta Murphy, research and policy officers Megan Pearce and Adrienne Walters and research assistant Claire Leyden-Duval.

Progress of the reference

A consultation paper on the role of victims in the criminal trial process was published in July 2015, and invited written submissions by 30 September. In total, 43 submissions were received, and those which are not confidential have been published on the Commission's website. From August 2015 the Commission consulted widely on the issues and reform ideas raised in the paper. Discussions were held with victims and their families, support workers, judicial officers, Victoria Police members, criminal justice agency staff and lawyers, in Melbourne and many regional centres. The report will be delivered to the Attorney-General by the due date, 1 September 2016.



REFERENCE

Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries

REFERRED	DUE DATE	DELIVERED	TABLED IN PARLIAMENT
29 October 2014	29 February 2016	26 February 2016	25 May 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 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 Commission was asked 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.

Commissioners and staff

The Chair formed a Division to work on this reference, comprising the Hon. Philip Cummins AM 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 was Emma O'Neill (team leader) and Matt Gledhill (research and policy officer).

Progress of the reference

The Commission consulted widely, including with the major law enforcement agencies, AUSTRAC (Australia's anti-money laundering agency), major regulatory agencies, and industry representatives, including those from the tattoo, waste management, firearm trading, sex work, private security, debt collection and scrap metal industries.

The Commission was not asked to make recommendations for legislative reform. Instead, the Commission was asked to establish a framework of principles for:

- assessing risks of organised crime infiltration of lawful occupations and industries, and
- developing suitable regulatory responses to those risks.

The Commission's report sets out this framework, presenting pragmatic, general guidance that policy makers can apply to any occupation or industry that may be at risk of organised crime infiltration.

The Commission has identified four main strategies for reducing the risk of organised crime infiltration:

- Assessing the existing regulatory regime
- Restricting entry through a licensing scheme
- Regulating post-entry behaviour
- Addressing the use of professional facilitators.

The Commission delivered its report to the Attorney-General on 26 February 2016. The report was then tabled in Parliament on 25 May 2016.



REFERENCE

Medicinal Cannabis

REFERRED	DUE DATE	DELIVERED	TABLED IN PARLIAMENT
19 December 2014	31 August 2015	31 August 2015	6 October 2015

The Victorian government had made a commitment to allow people in Victoria to be treated with medicinal cannabis in exceptional circumstances. In the terms of reference for this inquiry, the Commission was asked for recommendations on how the scheme could be established.

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 was led by specialist Commissioner Dr Ian Freckelton QC.

The Chair formed a Division to work on this reference, comprising the Hon. Philip Cummins AM and all members of the Commission.

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

Progress of the reference

The Commission was given some eight months to complete this reference, which involved making recommendations on all aspects of the implementation of a medicinal cannabis scheme in Victoria. After wide-ranging research and extensive community consultations, the Commission completed its report containing 42 recommendations, which was delivered to the Attorney-General by the due date.

The Commission recommended that licensed cultivators and manufacturers be able to produce medicinal cannabis products under laws like those used for Victoria's opium poppy industry. Medicinal cannabis products would be sold at pharmacies, when authorised by a doctor. Medicinal cannabis would be available to patients under exceptional circumstances for the treatment of:

- Severe muscle spasms or severe pain from multiple sclerosis
- Severe pain from cancer, HIV or AIDS
- Severe nausea, severe vomiting or severe wasting from cancer, HIV or AIDS (or from treatment for these conditions)
- Severe seizures from epileptic conditions, if other treatment options do not work or cause unacceptable side effects
- Severe chronic pain where two specialist medical practitioners think that medicinal cannabis may work better than other medical options.

The report was tabled in Parliament on 6 October 2015. The Victorian Government accepted all 42 of the Commission's recommendations. It announced that it would legalise access to medicinal cannabis in exceptional circumstances from 2017.

A Bill based on the Commission's report was introduced into Parliament on 8 December 2015. The *Access to Medicinal Cannabis Act 2016* was passed by Parliament on 12 April 2016 and assented to on 26 April.



REFERENCE

Review of *The Adoption Act 1984*

REFERRED **DUE DATE**
18 December 2015 28 February 2017

In December 2015 the Attorney-General asked the Commission to provide recommendations to government on the modernisation of the *Adoption Act 1984* and the *Adoption Regulations 2008*. At the time the *Adoption Act* was introduced, it represented a significant change in government policy. After 30 years, it is time to review the Act. The Commission will recommend ways to modernise the Act so that it better reflects community attitudes and contemporary law in relation to families and children.

The Commission has not been asked to review inter-country adoption programs or commercial surrogacy (which are Commonwealth matters), or adoption by same-sex parents (which has recently been addressed in legislation).

Terms of reference

To ensure that the *Adoption Act*, now over 30 years old, meets the needs of the children and families it affects, it is time to review the Act to ensure:

- The best interests of the child are paramount
- It is consistent with contemporary law in relation to family and community
- It operates harmoniously with other relevant areas of law that have developed since the introduction of the *Adoption Act*
- It is structurally sound and in accordance with contemporary drafting practice.

Accordingly, the Victorian Law Reform Commission is requested to provide recommendations to government on the modernisation of the *Adoption Act 1984* and the *Adoption Regulations 2008*.

The Commission has not been asked to consider:

- inter-country adoption programs or commercial surrogacy: these matters are more appropriately considered at a national level
- adoption by same-sex couples:

the government made an election commitment to legislate to allow same-sex adoption. This commitment has been delivered by the *Adoption Amendment (Adoption by Same-Sex Couples) Act 2015* and is not within the scope of this review

- contact statements: the government made an election commitment to legislate to remove contact statements. This commitment has been delivered by the *Adoption Amendment Act 2015* and is not within the scope of this Review.

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

Commissioners and staff

The Chair formed a Division consisting of The Hon. Philip Cummins AM, Helen Fatouros, Bruce Gardner PSM, Dr Ian Hardingham QC, His Hon. David Jones AM, Eamonn Moran PSM QC, Alison O'Brien, and the Hon. Frank Vincent AO QC.

The staff working on the reference are Helen Rechter (team leader), Dr Kirsten McKillop and Lachlan Zangari (research and policy officers), Claire Leyden-Duval and Chandni Dhingra (research assistants).

Progress of the reference

The Commission has carried out preliminary consultations with stakeholders and is now drafting a consultation paper to be published in early August 2016, outlining the scope of the inquiry and inviting submissions from the public.

COMMUNITY LAW REFORM

One function of the Commission is to initiate inquiries into matters of general community concern. Such enquiries must be limited in size and scope, and must not require a significant deployment of the Commission's resources. The Commission refers to these inquiries as community law reform projects as it asks community members and groups to submit topics to be considered 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 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 commences a new community law reform project every one to two years.

Details of the selection criteria for community law reform projects can be found on the Commission's 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 20 proposals for community law reform projects.



COMMUNITY LAW REFORM

Funeral and Burial Instructions

COMMENCED DUE DATE

25 June 2015 30 September 2016

Who should decide what happens to a person's body when they die? Many people are surprised to learn that their wishes regarding their funeral and burial are not legally binding. The Commission is examining the law that gives primacy to the wishes of the executor or likely administrator of a deceased person's estate over those of the deceased.

The Commission adopted this project in response to a proposal from a community member who believed the current law was in need of review.

The current law emerged in 19th century England. At that time, cremation was widely thought to be illegal and the law presumed that everyone wished to have a Christian burial. Today's Victorians, with their diverse cultural practices, complex family arrangements and support for individual choice, want greater recognition of their wishes concerning their funeral, burial or cremation.

The Commission published a consultation paper in November 2015 asking the public for its views and outlining a number of options. Commission staff also carried out 31 consultations with groups including funeral directors, grief counsellors, legal practitioners, alternative dispute resolution practitioners, academics, faith leaders, courts, relevant government agencies

and people who had been involved in funeral and burial disputes.

More than 300 responses were received to an online survey. The Commission produced a video, including interviews with people who have experience of disputes involving funeral and burial arrangements, which was viewed more than 1000 times on YouTube. The inquiry received national media interest in a full-length episode of *The Law Report* on Radio National.

The Commission asked for feedback on four options:

1. Confirm the current position in legislation, in which the executor or likely administrator decides what happens.
2. Oblige the executor or likely administrator to take certain factors into account, such as the wishes of the deceased or their family members.
3. Allow people to leave binding funeral and burial instructions.
4. Allow people to appoint an agent to control their funeral and burial.

39 submissions were received.

At the close of the reporting period, the Commission was drafting its recommendations. The report will be delivered to the Attorney-General by 30 September 2016.



Media highlights

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

- Extensive coverage of the Commission's medicinal cannabis reference followed the release of the report, with a media lockdown and briefing on the morning of 6 October 2015. The Commission's report was prominently acknowledged throughout the coverage, and the Chair of the Commission and the specialist Commissioner were frequently quoted. The release of the report was covered on the news bulletins of all the main TV networks, a number of which were broadcast several times. There was also significant radio coverage, especially on the ABC, and the report's release was covered in *The Australian*, *The Age*, *The Sunday Age*, *The Herald Sun*, *The Guardian Australia*, regional media and various online sources. Of note was an editorial in *The Age*, 'It's high time marijuana was legal' (12/10/2015).

Media coverage of other inquiries:

- Episode of *The Law Report* on Radio National devoted to the Commission's funeral and burial instructions project, including interviews with the Chair (2 February 2016)
- Appearance by the Chair on 'Writs and cures' on the evening program on ABC 774 Melbourne, discussing funeral and burial instructions (15 March 2016)
- An interview with the Chair on the breakfast show on ABC 774 Melbourne regarding burial and funeral instructions (18 November 2015)
- Article in *The Age* on burial and funeral instructions (11 October 2015)

- Article on the Commission's adoption review in *The Age* (20 December 2015)
- Previous reports by the Commission were cited in a number of articles, including the Forfeiture report ('No room for compassion in a house of senseless violence', *The Weekend Australian*, 9 April 2016); the Sex Offenders Registration report ('Teenager wrongly branded a dangerous sex offender—how can this be justice?' and 'Mandatory provisions make a mockery of law' (editorial) both in *The Age*, 15 and 16 April 2016); and the Crimes (Mental Impairment and Unfitness to be Tried) report ('Easton Woodhead case: Hospital warned of mental health bed shortages two years ago' *The Age*, 28 January 2016)
- Regular monthly columns in the Law Institute of Victoria's *Law Institute Journal*.

Website traffic

During 2015–2016 the Commission's website was visited more than 150,000 times by more than 107,000 users. This was an increase of 47 per cent on website traffic in the previous financial year.

Besides the home page, the most popular pages were those regarding the medicinal cannabis report. The medicinal cannabis report page received more than 6,000 visits, and the consultation paper received more than 2,000 visits. This is to be expected given the media attention devoted to that reference.

However, it is noteworthy that there was also considerable traffic across the whole range of the Commission's inquiries, including some which were completed several years ago. Succession laws, trading trusts, birth registration and birth certificates, photographing tenants' possessions, and jury empanelment are all in the top 20 most visited pages in 2015–2016. This shows that the Commission's work continues to

be widely used as a resource by the community, in addition to its role in legislative reform.

Social media

The Commission maintained an active social media presence during the year. Si Qi Wen, Hana Shahkhan and Gemma Walsh took a role in regular updates on social media.

Twitter and Facebook

By the end of the reporting period, the Commission had accumulated 4,188 followers on Twitter and 1,318 likes on Facebook. Twitter is a social media platform used widely by professionals in the legal and media worlds, whereas Facebook has a more general community demographic. The Commission uses Twitter to share information about its work, as well as relevant events, activities and developments about law reform and in the Victorian legal sphere generally. The Commission's Facebook page serves a similar purpose but has more of a community education focus.

YouTube

The Commission has uploaded 30 videos to YouTube, ranging from informative videos focussing on specific inquiries to community education presentations recorded at Law Talks events. The total number of video views in 2015–2016 was 3,461.

The most popular video, 'Funeral and burial instructions', was viewed more than 1,000 times. This video explaining the project featured interviews with people who had been involved in disputes or had definite views about their burial and funeral arrangements. The video successfully raised awareness and media interest. The ABC's *The Law Report* subsequently presented an episode of the program devoted to the issue of funeral and burial instructions.

Online surveys

In 2015–2016 the Commission carried out an online survey on burial and funeral instructions in order to gather community responses. The Commission asked the community for their views



The Hon. Philip Cummins addressing students at Law Talks Melbourne

on whether the wishes of a deceased person regarding their funeral and burial should be legally binding, and received more than 300 responses. They provided valuable input on the community's preferred approach to changes in the law in this area.

E-newsletters

The Commission distributed four quarterly e-newsletters via email during the year, as well as numerous other targeted email campaigns to limited audiences for specific projects. The e-newsletters provide the latest information on all inquiries, and calls to action where appropriate (eg inviting public submissions, encouraging participation in consultations.) E-newsletters also raise awareness of the Commission's activities among the media, and often lead to contact from journalists seeking further information for stories. The Commission includes a regular round-up of law reform news from other agencies, consistent with the Commission's function of monitoring law reform activities in Victoria.

The quarterly e-newsletters were opened by a total of more than 10,300 people, an increase of more than 60 per cent on last year.

Education

One of the Commission's functions under section 5(1)(e) of the *Victorian Law Reform Commission Act 2000* is to undertake educational programs on any area of the law relevant to a reference, past or current.

The Commission educates the community about law reform by publishing educational resources including case studies, maintaining a website with plain English explanations, publishing educational videos about law reform and related matters on YouTube, promoting its work through the media and visiting educational institutions to explain its role in the law reform process. The Commission also participated in careers fairs for university students.

Schools program

The Commission and its work is part of Unit 3 of the VCE legal studies curriculum. The Commission's presentation to schools, which was updated again this year, focusses on the structure and processes of the Commission, and includes a case study on the medicinal cannabis inquiry, a discussion of the funeral and burial instructions community law reform project, and a showing of the funerals and burials video. All students were given a copy of the booklet, *Law Reform in Action* and all classes were given wall posters on the law reform process.

During 2015–2016 the Commission made 55 school visits (compared with 33 school visits last year) during which staff addressed 1255 Year 12 legal studies students (compared with 840 students last year) on the subject of law reform.

The Commission's approach has been to focus upon disadvantaged schools in the delivery of the schools program, without excluding schools that subsequently make a request. In identifying which schools are disadvantaged, the Commission uses the MySchool website and the ICSEA (Index of community socio-economic advantage).

The number of schools visited with an ICSEA lower than average (average=1000) was 16 out of 56, or 29 per cent.

Law Talks

The Commission also participated in four Law Talks events organised by the Victoria Law Foundation: two in Melbourne (July 2015 and May 2016) and two regional (Mildura in August 2015 and Warrnambool in April 2016). A total of 817 students attended these four events.

This brings the total number of students who have attended presentations by the Commission in 2015–2016 to 2,072.

Presenters

Eve Gallagher (community law reform manager) and Nick Gadd (communications manager) made the majority of the presentations. Others were made by Hana Shahkhan, Claire Leyden-Duval and Emma O'Neill. The Chair, the Hon. Philip Cummins AM visited Mildura and Red Cliffs schools in May and spoke at four Law Talks events.

Satisfaction

After the presentations the Commission sent an online questionnaire to teachers from all schools visited, receiving 23 responses.

In answer to the question 'How useful was the presentation for your students?' 20 respondents said 'Very helpful' (87 per cent), 3 respondents said 'Quite helpful' (13 per cent)

In answer to the question 'How would you rate the content of the presentation?', 18 replied 'Excellent' (78 per cent) 5 replied 'Good' (22 per cent)

In answer to the question 'Would you recommend a presentation to other schools?' 23 said 'Yes' (100 per cent).

GOVERNANCE

Audit committee membership and roles

The audit committee consists of the following members:

- Anthony Phillips, Chairperson (Independent Member)
- John Bafit (Independent Member)
- Hon. Philip D. 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

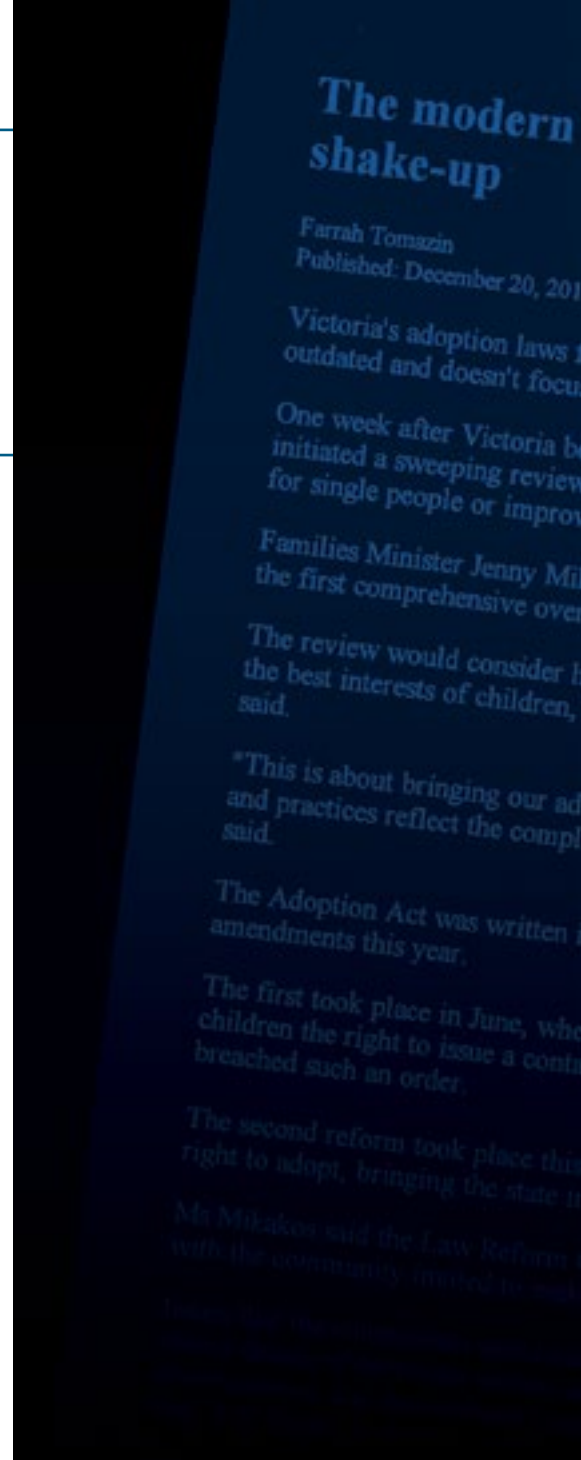
During the 2015–16 financial year, the Commission continued its initiatives to improve the health and safety of staff by providing ergonomic assessments, screen based eye testing and annual influenza vaccinations for those individuals that requested these services.

Staff 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. The Commission is committed to providing a respectful and supportive workplace for every employee.



family: Victoria's outdated adoption laws set for a

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Cannabis Landmark reform

Victoria to grow medical marijuana

Josh Gordon
 State Political Editor

Victoria is set to become the first state in Australia to legalise marijuana cultivation to treat serious medical conditions including cancer, multiple sclerosis, HIV/AIDS, epilepsy and chronic pain.

Interpreted by a Victorian

manner similar to the methadone program. But the report stressed medical marijuana will not be legally available in a smokable form.

The commission's chairman, Philip Cummins, said the recommendations had been driven by compassion for those dealing with debilitating conditions who have no effective medical relief.

The government will begin a cultural at a Victorian research-based medical advisory set up

Victoria is participating in a trial being undertaken in NSW. But specialist commissioner Ian Freckelton said the commission formed the view it was not appropriate to wait until the trial was completed. "We were satisfied on the basis of those whom we met, many of whom had utilised medicinal cannabis to their advantage, and on the basis of research evidence, that it is an appropriate time for this modest step to be taken to alleviate suffering," he said.

Dr Freckelton also said the plan in Victoria would need federal government approval, although it will not require legislation.

NEWS



Same-sex adoption laws pass Victorian Parliament

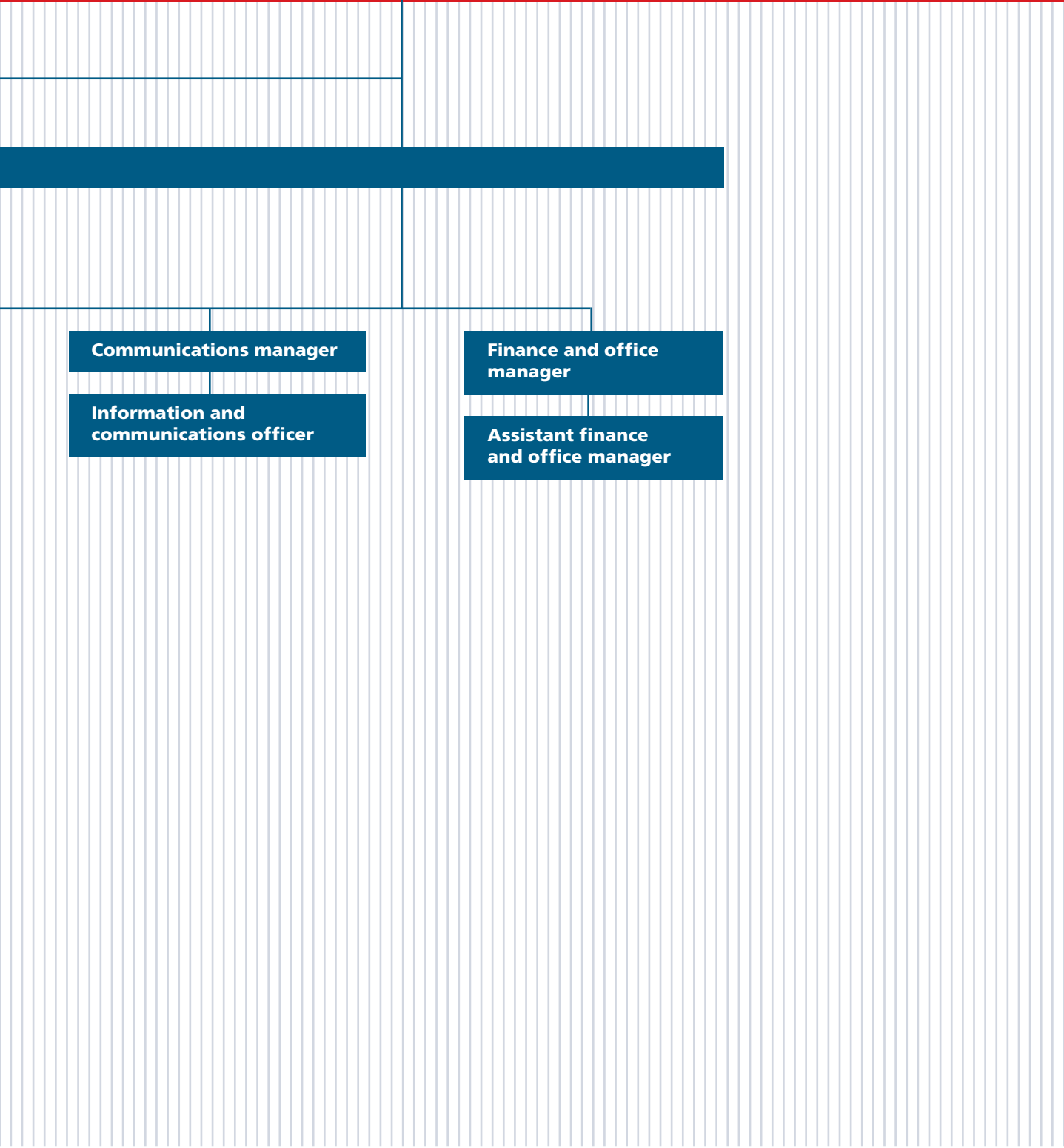
Updated Wed 9 Dec 2015, 4:50pm

Legislation to allow same-sex couples to adopt children was passed by the Victorian Parliament yesterday. The bill originally passed in 2008 but was vetoed by the Governor in 2010. It was re-introduced in 2015 and passed on Wednesday.

ORGANISATIONAL STRUCTURE 2015–16

Chair and eight 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.

The Victorian Public Sector Commission was established on 1 April 2014 through an amendment to the *Public Administration Act 2004* and replaced 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 2012 to 2016

YEAR	2016	2015	2014	2013	2012
	15.8	16.2	17.3	14.2	9.3

Table 2: Summary of employment levels in June 2015 and 2016

	Ongoing Employees ^(d)		Fixed Term & Casual Employees		
	Employees (Headcount)	Full Time (Headcount)	Part Time (Headcount)	FTE	FTE
June 2016	9	7	2.0	8.4	7.4
June 2015	8	6	2.0	7.4	8.8

Table 3: Details of employment levels in June 2015 and 2016

	2016			2015		
	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	1.0	1	1.0	1.4
Female	8	7.4	6.4	7	6.4	7.4
Total	9	8.4	7.4	8	7.4	8.8
Classification						
VPS 1	0	0	0	0	0	0
VPS 2	0	0	0.4	0	0.4	0
VPS 3	4	3.6	1.0	3	2.6	1.4
VPS 4	0	0	0	0	0	0
VPS 5	3	2.8	5.0	3	2.8	5.0
VPS 6	1	1.0	1.0	1	1.0	2.0
Executive ^(e)	1	1.0	0	1	1.0	0
Total	9	8.4	7.4	8	7.4	8.8

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 2015 and June 2016 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 2016.

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

OTHER DISCLOSURES

Implementation of the Victorian Industry Participation policy

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

The Commission did not enter into any contracts to which the VIPP applies for the 12 months ending 30 June 2016.

Government advertising expenditure

The Commission has not paid for any government advertising expenditure (campaigns with a media spend of \$100,000 or greater (exclusive of GST)) during the 12 months ending 30 June 2016.

Consultancy expenditure

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

In 2015–16, there were two consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015–16 in relation to these consultancies is \$41,133 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2015–16 (excluding GST)	Future expenditure (excluding GST)
Deloitte	Undertake Internal Audit function	1 July 2015	30 June 2016	\$22,033	\$22,033	-
Victorian Auditor-General's Office	For the audit of the financial report 2015–16	1 July 2015	30 June 2016	\$19,100	-	\$19,100

Details of consultancies under \$10,000

In 2015–16, there were eleven consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2015–16 in relation to these consultancies is \$28,909 (excluding GST).

Information and Communication Technology expenditure

Details of Information and Communication Technology (ICT) expenditure

For the 2015 16 reporting period, the Commission had a total ICT expenditure of \$205,443 with the details shown below.

Business As Usual (BAU) ICT expenditure (Total)	Non Business As Usual (non BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure)	Operational expenditure	Capital expenditure
205,443	0	205,443	0

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

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 2016.

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
Internet: www.ibac.vic.gov.au

Disclosures under the *Protected Disclosure Act 2012*

	2015–16 number	2014–15 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	2015–16		2014–15	
	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	226,527	226,527	235,080	235,080
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO ₂ e)	61.7	-	62.3	-
Percentage of electricity purchased as Green Power	25%		25%	
Units of energy used per FTE (MJ/FTE)	26,226		27,216	
Units of energy used per unit of office area (MJ/m ²)	849		881	

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 decrease in overall energy use is due to there being fewer workstations and offices occupied and less computers and other equipment on the floor that required energy to operate during 2015-16.
- The more accurate measure that supports the overall decrease 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.

Waste production

Indicator	2015-16	2014-15
Total units of office waste disposed of by destination (kg/year)	2390	1830
Units of office waste disposed of per FTE by destination (kg/FTE)	151	104
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 9.66kgs comprising: toner cartridges 1.46kgs large bottles 8.20kgs
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Explanatory notes

- The overall use of paper has decreased. VLRC publications can be downloaded from its website.
- The decrease in the *total units of A4 equivalent paper used in publications (reams)* directly results from the size and number of publications produced during the reporting period.

Paper use

Indicator	2015-16	2014-15
Total units of A4 equivalent copy paper used (reams)	170.0	244.0
Units of A4 equivalent copy paper used per FTE (reams/FTE)	10.76	13.86
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)	117	1,428
Percentage of publications publicly accessible electronically (%)	100%	100%

Actions undertaken

Default paper	Default copy paper purchased through stationery supplier is 80% recycled content.
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Colour paper	<p><i>Colour copy</i> paper purchased through stationery supplier:</p> <ul style="list-style-type: none"> 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 <i>Color Copy</i> coated silk and glossy
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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	2015-16	2014-15
Total units of metered water consumed by water source (kilolitres)	3,914	4,099
Units of metered water consumed in offices per FTE (kilolitres/FTE)	20.24	21.19
Units of metered water consumed in offices per unit of office area (kilolitres/m ²)	349.59	366.11

Explanatory notes

- The overall decrease of water consumption can be attributed to the building not having all the floors tenanted for the financial year and the fewer personnel on floor the Commission occupies with the Sentencing Advisory Council.

Transport

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

	2015-16		2014-15	
	Metro	Regional	Metro	Regional
Total distance travelled by air (km)	20,956		22,084	
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 (99%) and contractors (1%).

Greenhouse gas emissions

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

Additional departmental information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the Commission and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

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

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

Attestation for compliance with the *Ministerial Standing Direction 4.5.5*

I, Merrin Mason, certify that the Victorian Law Reform Commission has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Victorian Law Reform's Audit Committee has verified this.



Merrin Mason
Accountable Officer
Victorian Law Reform Commission
29 September 2016

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 2016

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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 Direction 4.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of the Commission at 30 June 2016.

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 29 September 2016.



Merrin Mason

Chief Executive Officer
Victorian Law Reform Commission
Melbourne

29 September 2016



Gail Smyth

Chief Finance and Accounting Officer
Victorian Law Reform Commission
Melbourne

29 September 2016



The Hon. P. D. Cummins AM

Chairperson
Victorian Law Reform Commission
Melbourne

29 September 2016

INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Victorian Law Reform Commission

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Victorian Law Reform Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's and chairperson's declaration.

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 are 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, I and my staff and delegates complied with all applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

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 2016 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
29 September 2016


for Andrew Greaves
Auditor-General

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Continuing operations		
Income from transactions		
Output appropriations	706,400	720,300
Interest 2(a)	16,947	5,784
Grants – Medicinal Cannabis Reference – Department of Justice & Regulation 2(b)	-	444,200
Other income—Conference and Forum Fees 2(c)	33,916	-
Other income—Victorian Legal Services Board	1,732,460	1,682,000
Total income from transactions	2,489,723	2,852,284
Expenses from transactions		
Employee expenses 3(a)	(2,057,732)	(2,104,809)
Depreciation 3(b)	(4,930)	(4,930)
Interest expense 3(c)	(704)	(936)
Other operating expenses 3(d)	(623,341)	(692,853)
Total expenses from transactions	(2,686,707)	(2,803,527)
Net result from transactions (net operating balance)	(196,984)	48,757
Other economic flows included in net result		
Other gains/(losses) from other economic flows 4	(3,667)	(11,012)
Total other economic flows included in net result	(3,667)	(11,012)
Net result	(200,651)	37,745
Comprehensive result	(200,651)	37,745

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

BALANCE SHEET

AS AT 30 JUNE 2016

		2016	2015
		\$	\$
Assets			
Financial assets			
Cash and deposits	15	599,163	807,003
Receivables	5	214,326	228,173
Total financial assets		813,489	1,035,176
Non-financial assets			
Plant and equipment	6	11,149	16,079
Other non financial assets	22	32,539	-
Total non-financial assets		43,687	16,079
Total assets		857,176	1,051,256
Liabilities			
Payables	7	88,446	54,742
Borrowings	8	11,121	16,271
Provisions	9	333,457	355,661
Total liabilities		433,024	426,673
Net assets		424,152	624,583
Equity			
Accumulated surplus/deficit		(49,445)	151,206
Contributed capital		473,597	473,377
Net worth		424,152	624,583
Commitments for expenditure	12		
Contingent assets and contingent liabilities	13		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Notes	Accumulated surplus	Contributions by owners	Total
			\$	\$
Balance at 1 July 2014		113,460	473,377	586,837
Net result for the year		37,745	-	37,745
Balance at 30 June 2015		151,206	473,377	624,583
Net result for the year		(200,651)	-	(200,651)
Capital injection by owners		-	220	220
Balance at 30 June 2016		(49,445)	473,597	424,152

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 2016

		2016	2015
		\$	\$
Cash flows from operating activities			
Receipts			
Receipts from government		720,247	1,123,759
Receipts from other entities		1,766,376	1,682,000
Interest received		16,957	5,784
Total receipts		2,503,570	2,811,543
Payments			
Payments to suppliers and employees		(2,705,778)	(2,794,298)
Interest expense		(704)	(936)
Total payments		(2,706,482)	(2,795,234)
Net cash flows from/(used in) operating activities	15(b)	(202,913)	16,310
Cash flows from investing activities			
Payments for non-financial assets		-	-
Net cash flows from/(used in) investing activities		-	-
Cash flows from financing activities			
Capital expenditure injection		220	-
Proceeds from/(repayment of) finance leases		(5,150)	(4,918)
Net cash flows from/(used in) financing activities		(4,930)	(4,918)
Net increase/(decrease) in cash and cash equivalents		(207,843)	11,391
Cash and cash equivalents at beginning of financial year		807,003	795,612
Cash and cash equivalents at end of financial year	15(a)	599,163	807,003

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 2016

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 2016. The purpose of the report is to provide users with information about the Commission's stewardship of resources entrusted to it.

(A) Statement of compliance

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

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

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

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

These annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 29 September 2016.

(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 2016

Note 1. Summary of significant accounting policies (continued)

(C) Reporting entity

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

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

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

Its principal address is:

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

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

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

Functions and funding

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

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

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

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

(D) Scope and presentation of financial statements

Comprehensive operating statement

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

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

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

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

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

Balance sheet

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

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

Cash flow statement

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

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

Statement of changes in equity

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

Rounding

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

Presentational currency

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

(E) Changes in accounting policies

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

(F) Income from transactions

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

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 Victorian Legal Services Board until they are deposited in the Commission's Trust Account.

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

During March 2016, the Commission hosted the biannual Australasian Law Reform Agencies Conference (ALRAC). It collected registration and forum fees on behalf of attendees

who were not able to pay electronically. This income was recognised at the time when attendees registered for the conference and forum.

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.

Services provided by the Department of Justice and Regulation

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

(G) Expenses from transactions

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

Employee expenses

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

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

• Superannuation

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 1. Summary of significant accounting policies (continued)

Depreciation

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

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

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

Asset	Useful life
Leasehold improvements	5 years
Motor Vehicle	5 years

Interest expense

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

Other operating expenses

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

- **Supplies and services**

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

(H) Other economic flows included in the net result

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

Net gain/(loss) on non-financial assets

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

- **Other gains/(losses) from other economic flows**

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

- the revaluation of the present value of the annual leave and long service leave liability due to changes in the bond interest rates.
- impairment of non-financial assets. Intangible assets with indefinite useful lives are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other

economic flow', except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset. If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. Refer to Note 1(K) in relation to the recognition and measurement of non-financial assets.

(I) Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

- **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**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 1. Summary of significant accounting policies (continued)

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method (Refer to Note 23).

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

(J) Financial assets

Cash and deposits

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

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

Receivables

Receivables consist of:

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

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

Impairment of financial assets

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

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

(K) Non-financial assets

Plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no

or nominal consideration, the cost is the asset's fair value at the date of acquisition.

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

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

• 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 1. Summary of significant accounting policies (continued)

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.

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 in the 'net result from transactions', except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised in the net result as an other economic flow (refer to Note 1(H)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 1. Summary of significant accounting policies (continued)

- **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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

(R) Foreign currency balances/transactions

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

(S) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Commission and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

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

Certain new AASs have been published that are not mandatory for the 30 June 2016 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 2016, 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
<i>AASB 15 Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
<i>AASB 9 Financial instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
<i>AASB 16 Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>
<i>AASB 2015 6 Amendments to Australian Accounting Standards—Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> <i>[AASB 10, AASB 124 & AASB 1049]</i>	The Amendments extend the scope of <i>AASB 124 Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Note 2.		
Income from transactions		
(a) Interest		
Interest from financial assets not at fair value through comprehensive operating statement		
Interest on bank deposits	16,947	5,784
Total interest	16,947	5,784
(b) Grants		
Other specific purpose – Medicinal Cannabis Reference	-	444,200
Total grants	-	444,200
(c) Other Income		
Australasian Law Reform Agencies Conference (ALRAC) 2016 Conference and Forum Fees	33,916	-
Total other Income	33,916	-
Note 3.		
Expenses from transactions		
(a) Employee expenses		
Salaries, wages, annual leave and long service leave	(1,898,812)	(1,904,795)
Targeted Separation Payment	-	(41,340)
Post employment benefits:		
Defined contribution superannuation expense	(158,921)	(158,674)
Total employee expenses	(2,057,732)	(2,104,809)
(b) Depreciation		
Depreciation of plant, equipment and vehicles	(4,930)	(4,930)
Total depreciation	(4,930)	(4,930)
(c) Interest expense		
Interest on finance lease	(704)	(936)
Total interest expense	(704)	(936)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 3. Expenses from transactions (continued)

	2016	2015
	\$	\$
(d) Other operating expenses		
Supplies and services:		
Purchase of supplies and consumables	(209,101)	(198,575)
Purchase of services	(151,108)	(242,108)
Maintenance	(20,524)	(15,432)
Rent and associated costs	(242,609)	(236,738)
Total other operating expenses	(623,341)	(692,853)

Note 4. Other economic flows included in net result

(a) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of annual leave and long service leave liability ⁽ⁱ⁾	(3,667)	(11,012)
Total other gains/(losses) from other economic flows	(3,667)	(11,012)

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

Note 5. Receivables

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

Current receivables		
Contractual		
Other receivables	1,330	1,209
	1,330	1,209
Statutory		
Amounts owing from Victorian Government ⁽ⁱ⁾	154,368	174,238
Total current receivables	155,698	175,448
Non-current receivables		
Statutory		
Amounts owing from Victorian Government ⁽ⁱ⁾	58,628	52,726
Total non-current receivables	58,628	52,726
Total receivables	214,326	228,173

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 6. Plant and equipment

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

	2016	2015
	\$	\$
Leasehold improvements		
At fair value	1,069,403	1,069,403
Less: accumulated depreciation	(1,069,403)	(1,069,403)
Motor vehicle		
Under finance lease - at fair value	25,117	25,117
Less: accumulated depreciation	(13,968)	(9,038)
	11,149	16,079
Net carrying amount of plant and equipment	11,149	16,079

Table 6.2
Movements in
carrying amounts

	Leasehold improvements at fair value	Motor vehicle under finance lease at fair value	Total
	\$	\$	\$
Carrying amount			
Balance as at 1 July 2014	-	21,009	21,009
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	-	(4,930)	(4,930)
Balance as at 30 June 2015	-	16,079	16,079
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	-	(4,930)	(4,930)
Balance as at 30 June 2016	-	11,149	11,149

The following useful lives of assets are used in the calculation of depreciation for 2015 and 2016:

Leasehold improvements	5 years
Motor vehicle under finance lease	5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 6. Plant and equipment (continued)

Table 6.3
Aggregate depreciation
recognised as
an expense
during the year

	2016	2015
	\$	\$
Leasehold improvements	-	-
Motor vehicle	(4,930)	(4,930)
	(4,930)	(4,930)

Table 6.4
Fair value
measurement
hierarchy of
assets

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Plant and equipment at fair value				
Leasehold improvements	-	-	-	-
Motor vehicle	16,079	-	16,079	-
Total of plant and equipment at fair value	16,079	-	-	-
	Carrying amount as at 30 June 2016			
Plant and equipment at fair value				
Leasehold improvements	-	-	-	-
Motorvehicle	11,149	-	11,149	-
Total of plant and equipment at fair value	11,149	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

Leasehold Improvements

Leasehold improvements are held at fair value. When leasehold improvements are 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 2016.

For all assets measured at fair value, the current use is considered the highest and best use and they are categorised within Level 3 of the fair value hierarchy.

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. The Commission believes that there is an active resale market for vehicles as they are sold at public auction at the end of their leases.

There were no changes in valuation techniques throughout the period to 30 June 2016.

For all assets measured at fair value, the current use is considered the highest and best use and they are categorised within Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
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.		
Current payables		
Contractual		
Supplies and services ⁽ⁱ⁾	55,916	32,301
Other payables ⁽ⁱⁱ⁾	27,789	19,014
	83,705	51,315
Statutory		
FBT payable	3,432	2,534
Payroll tax payable	1,309	892
Total current payables	88,446	54,742

(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 2016

	2016	2015
	\$	\$
Note 8. Borrowings		
Current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	11,121	16,271
Total current borrowings	11,121	16,271
Non-current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	-	-
Total non-current borrowings	-	-
Total borrowings	11,121	16,271

(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.

⁽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⁾	79,868	70,948
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	9,628	12,120
Employee benefits ⁽ⁱ⁾ [Note 9(a)] — long service leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	39,472	47,859
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	95,043	111,686
	224,011	242,614
Provisions for on-costs [Note 9(a) and Note 9(b)]:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	24,504	29,927
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	17,310	21,835
	41,815	51,762
Total current provisions	265,826	294,375
Non-current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)]	58,628	52,726
On-costs [Note 9(a) and Note 9(b)]:	9,004	8,560
Total non-current provisions	67,632	61,286
Total provisions	333,458	355,661

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 9. Provisions (continued)

	2016	2015
	\$	\$
(a) Employee benefits and on-costs⁽ⁱ⁾		
Current employee benefits⁽ⁱ⁾		
Annual leave	89,496	83,068
Long service leave	134,515	159,545
	224,011	242,613
Non-current employee benefits		
Long service leave	58,628	52,726
Total employee benefits	282,639	295,339
Current on-costs	41,815	51,762
Non-current on-costs	9,004	8,560
Total on-costs	50,819	60,322
Total employee benefits and on-costs	333,458	355,661

(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

	Total
2016	\$
Opening balance	60,321
Additional provisions recognised	30,553
Reductions arising from payments/other sacrifices of future economic benefits	(40,055)
Closing balance	50,819
Current	41,815
Non-current	9,004
	50,819

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 10. Superannuation

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

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

<i>Fund</i>	<i>Paid Contribution for the Year</i>		<i>Contributions outstanding at Year End</i>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Defined contribution plans:				
VicSuper	97,419	109,635	1,166	1,022
Various other funds	59,201	47,480	1,134	536
Total	156,621	157,115	2,300	1,558

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 11. Leases

(a) Disclosures for lessees — finance lease 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. The last payment for this lease was made in May 2016. The motor vehicle will be in use until the next lease commences in August 2016. 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>	
	2016	2015	2016	2015
	\$	\$	\$	\$
Finance lease liabilities payable				
Not longer than 1 year	11,559	16,869	11,121	16,271
Longer than 1 year but not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
Minimum future lease payments	11,559	16,869	11,121	16,271
Less future finance charges	437	599	-	-
Present value of minimum lease payments	11,121	16,271	11,121	16,271
Included in the financial statement as:				
Current borrowings (Note 8)			11,121	16,271
Non-current borrowings (Note 8)			-	-
			11,121	16,271

(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 2016

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.

	2016 \$	2015 \$
Non-cancellable operating leases payable		
Not longer than one year	253,867	242,399
Longer than one year and not longer than five years	265,793	519,660
Longer than five years	-	-
	519,660	762,059

Sub leasing arrangements

Sub leases relate to accommodation rental with lease terms of 5 years, with an option to extend for one further term of five years. The sub lease contract rent is reviewed and increased annually by 4% during the current lease term. The rent will be reviewed to market at the commencement of a further term.

	2016 \$	2015 \$
Non-cancellable operating sub leases receivable		
Not longer than one year	98,577	94,095
Longer than one year and not longer than five years	103,239	201,816
Longer than five years	-	-
	201,816	295,911

The lease payments recognised as an expense in 2015-16 were \$232,197 (\$221,562 in 2014-15)

The sub lease receivable offset against these expenses in 2015-16 was \$94,095 (\$89,786 in 2014-15)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 12. Commitments for expenditure

Capital expenditure commitments

Capital expenditure commitments as at 30 June 2016—\$Nil (\$Nil—2015).

Note 13. Contingent assets and contingent liabilities

There are neither contingent assets nor contingent liabilities as at 30 June 2016 (\$Nil—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 2016

Note 14. Financial instruments (continued)

Table 14.1
Categorisation
of financial
instruments

	<i>Contractual financial assets - cash, loans and receivables</i>	<i>Contractual financial liabilities at amortised cost</i>	<i>Total</i>
2016	\$	\$	\$
Contractual financial assets			
Cash and deposits	599,163	-	599,163
Receivables: ⁽ⁱ⁾			
Other receivables	1,330	-	1,330
Total contractual financial assets	600,493	-	600,493
Contractual financial liabilities			
Payables: ⁽ⁱ⁾			
Supplies and services	-	55,916	55,916
Other payables	-	27,789	27,789
Finance lease liability	-	11,121	11,121
Total contractual financial liabilities	-	94,826	94,826
2015			
Contractual financial assets			
Cash and deposits	807,003	-	807,003
Receivables: ⁽ⁱ⁾			
Other receivables	1,209	-	1,209
Total contractual financial assets	808,212	-	808,212
Contractual financial liabilities			
Payables: ⁽ⁱ⁾			
Supplies and services	-	32,301	32,301
Other payables	-	19,014	19,014
Finance lease liability	-	16,271	16,271
Total contractual financial liabilities	-	67,586	67,586

(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 2016

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. There are no material financial assets which are individually determined to be impaired. There are no contractual financial assets that are past due but not impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired.

The Commission held \$471,532 in an at call deposit with the Treasury Corporation of Victoria (TCV) as at 30 June 2016. (\$754,575 -2015). 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 2016

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
2016	\$	\$	\$	\$	\$	\$
Payables:⁽ⁱⁱ⁾						
Supplies and services	55,916	55,916	55,916	-	-	-
Other payables	27,789	27,789	27,789	-	-	-
Borrowings:						
Finance lease liabilities	11,121	11,559	437	11,121	-	-
Total	94,826	95,264	84,142	11,121	-	-
2015						
Payables:⁽ⁱⁱ⁾						
Supplies and services	32,301	32,301	32,301	-	-	-
Other payables	19,014	19,014	19,014	-	-	-
Borrowings:						
Finance lease liabilities	16,271	16,689	483	965	15,421	-
Total	67,586	68,005	51,798	965	15,421	-

(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 2016

Note 14.
Financial instruments
(continued)

(d) Market risk

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

Foreign currency risk

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

Interest rate risk

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

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

The Commission has minimal exposure to cash flow interest rate risks through its cash and deposits that are at floating rates, as shown in the following table.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 14.
Financial instruments
(continued)

Table 14.3.
Interest rate
exposure of financial
instruments

	Weighted average interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non- interest bearing
2016					
Financial assets					
Cash and deposits	1.91	598,763		598,763	400
Receivables:					
Accrued investment income		1,199		1,199	
Total financial assets		599,962		599,962	400
Financial liabilities					
Payables⁽ⁱ⁾:					
Other payables		83,705			83,705
Borrowings:					
Finance lease liabilities	4.62	11,121	11,121		
Total financial liabilities		94,826	11,121	-	83,705

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 14. Financial instruments (continued)

Table 14.3.
Interest rate
exposure of financial
instruments

	Weighted average interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non- interest bearing
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	-	51,315

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

(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 2016

	2016	2015
	\$	\$
Note 15. Cash flow information		
(a) Reconciliation of cash and cash equivalents		
Funds in Trust ⁽ⁱ⁾	598,763	806,603
Cash at hand	400	400
Balance as per cash flow statement	599,163	807,003
<small>(i) refer to Note 21.</small>		
(b) Reconciliation of net result for the period		
Net result for the period	(200,651)	37,745
Non-cash movements:		
Depreciation and amortisation of non-current assets	4,930	4,930
Movements in assets and liabilities:		
(Increase)/Decrease in receivables	13,847	(40,449)
(Increase)/Decrease in payables	33,704	13,295
(Increase)/Decrease in prepayments	(32,539)	-
(Decrease)/Increase in provisions	(22,204)	788
Net cash flows from/(used in) operating activities	(202,913)	16,309
Note 16. Remuneration of auditors		
Victorian Auditor-General's Office		
Audit of the financial report	19,100	18,600
	19,100	18,600

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 2016

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. Martin Pakula, MP	1 July 2015 to 30 June 2016
Acting Attorney-General	The Hon. Jill Hennessy, MP	23 September 2015 to 2 October 2015
	The Hon. Jane Garrett, MP	24 December 2015 to 10 January 2016
Secretary to the Department of Justice and Regulation	Mr Greg Wilson	1 July 2015 to 30 June 2016
Acting Secretary to the Department of Justice and Regulation	Ms Julia Griffith	24 February 2016 to 17 March 2016
	Mr Donald Speagle	18 March 2016 to 28 March 2016

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 2015 to 30 June 2016
Commissioner	Bruce Gardner PSM	1 July 2015 to 30 June 2016
Commissioner	Dr Ian Hardingham QC	1 July 2015 to 30 June 2016
Commissioner	David Jones AM	1 July 2015 to 30 June 2016
Commissioner	Eamonn Moran PSM QC	1 July 2015 to 30 June 2016
Commissioner	Alison O'Brien	1 July 2015 to 30 June 2016
Commissioner	Hon Frank Vincent AO QC	1 July 2015 to 30 June 2016
Commissioner	Helen Fatouros	1 July 2015 to 30 June 2016
Commissioner	Ian Freckelton QC	1 July 2015 to 31 August 2015
Commissioner	Liana Buchanan	1 July 2015 to 30 June 2016

Accountable Officer

Chief Executive Officer	Ms Merrin Mason	1 July 2015 to 30 June 2016
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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: \$180,000 – \$189,999 (\$170,000 – \$179,999 in 2014–15)

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.

For information regarding related party transactions of Ministers, the register of members' interests is publicly available from:
www.parliament.vic.gov.au/publications/register-of-interests.

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	
	2016 No.	2015 No.	2016 No.	2015 No.
\$0 - \$9,999	-	4	-	4
\$10,000 - \$19,999	1	-	1	-
\$20,000 - \$29,999	5	4	5	4
\$50,000 - \$59,999	-	1	-	1
\$160,000 - \$169,999	-	-	-	1
\$170,000 - \$179,999	-	1	-	-
\$180,000 - \$189,999	1	-	1	-
\$210,000 - \$219,999	-	1	-	1
\$230,000 - \$239,999	1	-	1	-
Total numbers	8	11	8	11
Total amount	\$555,390	\$556,922	\$547,539	\$549,071

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 2015-16 (2014-15: 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		2016	2015	2016	2015	2016	2015
	2016	2015	2016	2015	2016	2015						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Controlled												
Provision for outputs	707,000	721,000	-	-	-	-	707,000	721,000	706,400	720,300	600	700
Total	707,000	721,000	-	-	-	-	707,000	721,000	706,400	720,300	600	700

(i) Appropriation (2015/2016) Act 2015, p11

(ii) The variance to the revenue is a direct result of the 2015-16 Government Efficiency Dividend, plus the annual adjustment for depreciation funded capital expenditure

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 21. Trust account balances

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

These funds have been earmarked primarily for the Commission's operating expenses. Payments from the trust fund during 2015/16 amounted to \$1,991,173 (2014/15: \$2,119,384).

	2016			
	Opening balance as at 1 July 2015	Total receipts	Total payments	Closing balance as at 30 June 2016
Cash and cash equivalents and investments				
Controlled trusts	\$	\$	\$	\$
VLRC Trust Fund				
<i>The trust fund was created to receive non-public monies, specifically to receive monies paid to VLRC under section 6.7.10 of the Legal Profession Act 2004 [Section 17 (a) Victorian Law Reform Commission Act 2000].</i>	806,603	1,783,333	1,991,173	598,763
Total controlled trusts	806,603	1,783,333	1,991,173	598,763

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Note 22.		
Other non-		
financial assets		
Current other assets		
Prepayments	32,539	-
Total current other assets	32,539	-
Total other assets	32,539	-

Note 23. Glossary of terms and style conventions

Amortisation

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

Borrowings

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

Commitments

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

Comprehensive result

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.

Controlled Item

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

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.

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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

- (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.

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'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

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.

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 receivables.

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.

Sales of goods and services

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

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 2015-16 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Commission's annual reports.

APPENDIX 1 DISCLOSURE INDEX

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

Ministerial Directions	Legislation Requirement	Page Ref
	<i>Report of operations – FRD Guidance</i>	
	Article I. Charter and purpose	
	FRD 22G Manner of establishment and the relevant Ministers	6
	FRD 22G Purpose, functions, powers and duties	6
	FRD 8D Objectives, indicators and outputs	6
	FRD 22G Initiatives and key achievements	7
	FRD 22G Nature and range of services provided	16-23
	Article II. Management and structure	
	FRD 22G Organisational structure	26-27
	Article III. Financial and other information	
	FRD 8D Performance against output performance measures	15
	FRD 8D Budget portfolio outcomes	85
	FRD 10A Disclosure index	83
	FRD 15C Executive officer disclosures	76
	FRD 22G Employment and conduct principles	24
	FRD 22G Occupational health and safety policy	24
	FRD 22G Summary of the financial results for the year	41
	FRD 22G Significant changes in financial position during the year	42
	FRD 22G Major changes or factors affecting performance	-
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	FRD 22G Application and operation of <i>Freedom of Information Act 1982</i>	30
	FRD 22G Compliance with building and maintenance provisions of <i>Building Act 1993</i>	30
	FRD 22G Statement on National Competition Policy	30
	FRD 22G Application and operation of the <i>Protected Disclosures Act 2012</i>	30
	FRD 22G Details of consultancies over \$10 000	29
	FRD 22G Details of consultancies under \$10 000	29
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APPENDIX 1 DISCLOSURE INDEX

Ministerial Directions (continued)

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Article VII.		
Article VIII. Other disclosures as required by FRDs in notes to the financial statements		
FRD 9A	Commission's Disclosure of Administered Assets and Liabilities by Activity	N/A
FRD 11A	Disclosure of Ex-Gratia Expenses	N/A
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FRD 103F	Non-Financial Physical Assets	67
FRD 110	Cash Flow Statements	44
FRD 112D	Defined Benefit Superannuation Obligations	64

Legislation

<i>Freedom of Information Act 1982</i>
<i>Building Act 1983</i>
<i>Protected Disclosures Act 2012</i>
<i>Victorian Industry Participation Policy Act 2003</i>
<i>Financial Management Act 1994</i>

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

	2016	2015	2014	2013	2012
<i>Five year financial summary</i>	\$	\$	\$	\$	\$
Annual appropriation¹	707,000	721,000	747,000	927,000	927,000
Actual					
Grant from Department of Justice and Regulation (DJR)	706,400	720,300	741,000	791,200	894,000
Grant – Other Specific Purpose – from DJR	-	444,200	-	-	-
Other revenue	1,766,376	1,682,000	1,645,000	1,828,000	1,828,000
Interest received on Trust Account funds	16,947	5,784	15,225	16,596	26,692
Total revenue	2,489,723	2,852,284	2,401,225	2,635,796	2,748,692
Net result from continuing operations	(200,651)	37,745	(270,085)	5,631	116,075
Net cash flow from operating activities	(202,913)	16,310	(291,168)	480	4,464
Total assets	857,176	1,051,256	1,004,345	1,202,582	1,091,756
Total liabilities	433,024	426,673	417,508	345,657	240,701

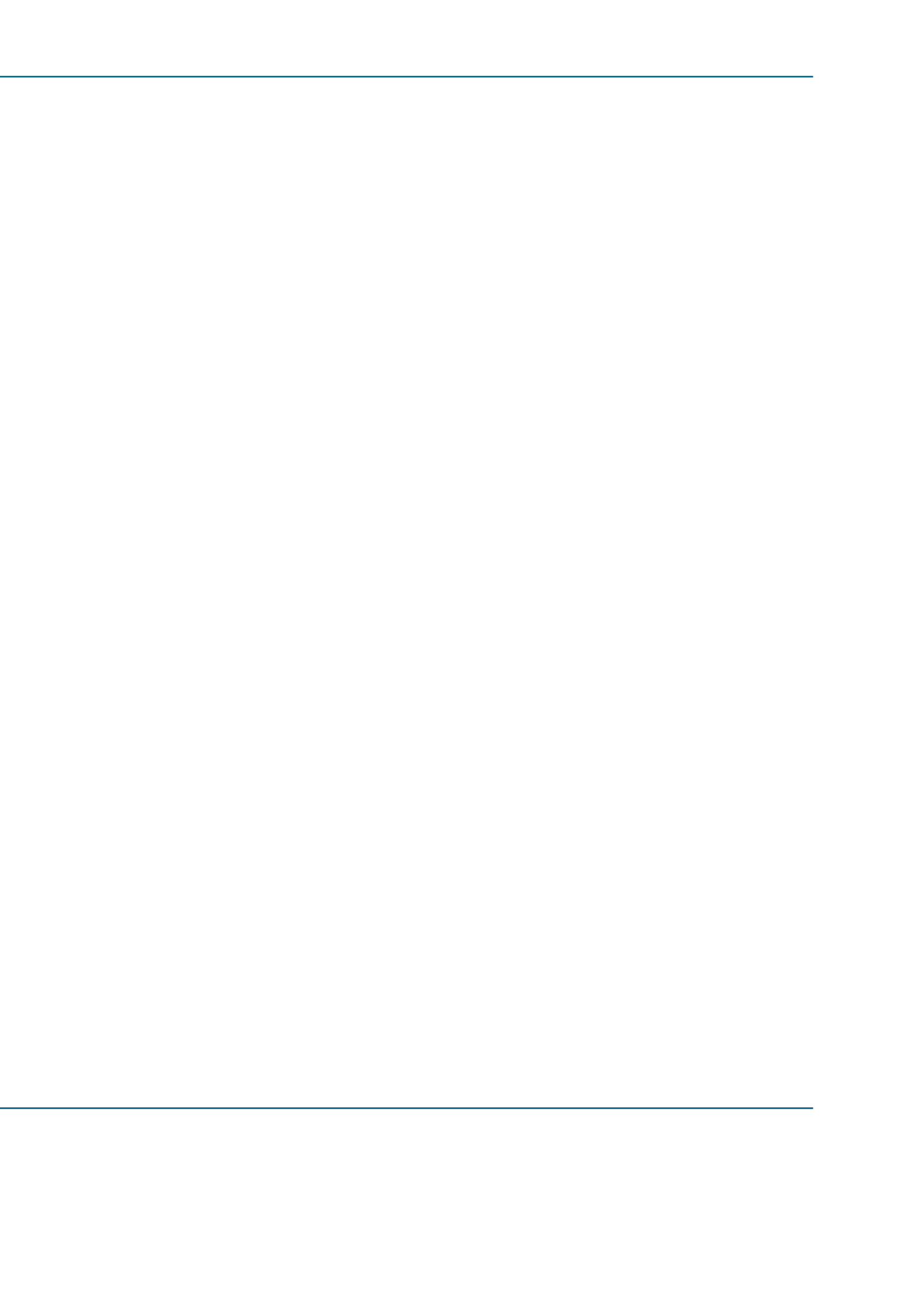
1. Appropriation (2015/2016) Act 2015 p11.

APPENDIX 2

BUDGET PORTFOLIO OUTCOMES

For the financial year ending June 2016, the difference between the annual appropriation and the actual grant from the Department of Justice and Regulation is a direct result of the 2015–16 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.





Victorian
Law Reform
Commission

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

Level 3
333 Queen Street
Melbourne
Victoria 3000
Australia

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

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