

# Annual Report

2016–2017



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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# CONTENTS



	<b>04</b>	Chair's Report
	<b>06</b>	The Victorian Law Reform Commission
	<b>07</b>	Highlights
	<b>08</b>	Strategic plan
	<b>10</b>	Commissioners
	<b>12</b>	CEO's Report
	<b>14</b>	The year in review
	<b>16</b>	<b>REFERENCE</b> <i>The Role of Victims of Crime in the Criminal Trial Process</i>
	<b>17</b>	<b>REFERENCE</b> <i>Review of the Adoption Act 1984</i>
	<b>18</b>	<b>REFERENCE</b> <i>Review of the Victims of Crime Assistance Act 1996</i>
	<b>19</b>	<b>REFERENCE</b> <i>Access to Justice – Litigation Funding and Group Proceedings</i>
Community Law Reform	<b>20</b>	
<i>Neighbourhood Tree Disputes</i>	<b>21</b>	
<i>Funeral and Burial Instructions</i>	<b>22</b>	
Communications and education	<b>23</b>	
Governance	<b>25</b>	
Organisational structure	<b>26</b>	
Workforce data	<b>28</b>	
Other disclosures	<b>29</b>	
Financial report	<b>37–86</b>	



## CHAIR'S REPORT

# The operational principles of the Commission

Within the Commission's tripartite motif—'Inclusive, Independent, Innovative'—reside eight operational principles.

First, the Commission consults widely with stakeholders and the community, and across metropolitan and regional Victoria. These consultations enfranchise the community, inform the Commission's reports, and guide government and Parliament.

Second, the Commission, while working respectfully with government, remains independent of government and of vested interests in its processes, deliberations and recommendations.

Third, the Commission seeks to ensure that the law is contemporary and is appropriate for a modern democratic society.

Fourth, in considering its recommendations the Commission has regard to implementation and cost factors. This is respectful to government. It also reflects the difference between government and the Commission. It is government which decides on the implementation, sequence and cost allocation of proposals deriving from the Commission's recommendations.

Fifth, the Commission delivers its reports to the Attorney-General on time and seeks to avoid proliferation of recommendations by containing recommendations to the matters which are necessary.

Sixth, the Commission seeks to maintain an approximate balance of work on the criminal and civil sides, to ensure that the work of the Commission fairly benefits the whole of the community.

Seventh, the Commission places special emphasis upon its educational function. It seeks to ensure that students across

Victoria have the benefit of presentations on the law, both for their immediate studies and as informed and valued citizens.

Eighth, the Commission seeks to fulfil an active and positive role in the legal and community sector broadly. The Commission should not be an enclave. Thus it has constructive relations with government and government agencies, the courts and the legal profession, community entities, universities, national law reform agencies, and international law reform agencies. In that latter regard it has been of assistance that I have the privilege of being President of the Commonwealth Association of Law Reform Agencies, based in London.

### REFERENCES AND INQUIRIES 2016–2017

During the reporting year 2016–2017, the Victorian Law Reform Commission completed two references and one inquiry, publishing reports number 34, 35 and 36: The Role of Victims of Crime in the Criminal Trial Process, Funeral and Burial Instructions (a community law reform project), and a Review of the *Adoption Act 1984*. All of these were tabled in Parliament, and further information about them can be found in this report and on the Commission website.

The Commission commenced two references and one inquiry: Review of the *Victims of Crime Assistance Act 1996*, Access to Justice: Litigation Funding and Group Proceedings, and Neighbourhood Tree Disputes (a community law reform project). Consultation papers on the former two have been published.

Detailed reports of each of the Commission's references and inquiries during the past year can be found in this annual report. A summary is as follows.

### The Role of Victims of Crime in the Criminal Trial Process

The Commission delivered its report to the Attorney-General on 30 August 2016. The report includes 51 recommendations to ensure victims are properly acknowledged and respected in the criminal trial process. The report was tabled in Parliament on 22 November 2016.

### Review of the *Adoption Act 1984*

The Commission's report on the review of the *Adoption Act 1984*, the first in more than 30 years, was delivered to the Attorney-General on 27 February 2017. Its central recommendation was that the Adoption Act be repealed and replaced by a new Act that brings the law up to date with contemporary attitudes and values. The report was tabled in Parliament on 7 June 2017.

### Review of the *Victims of Crime Assistance Act 1996*

Resulting from a recommendation of the Victorian Royal Commission into Family Violence, the inquiry is reviewing how the *Victims of Crime Assistance Act 1996* assists victims of family violence to rebuild their lives. In July 2017 the Commission received supplementary terms of reference, broadening the inquiry to consider the effectiveness of the Act for all victims.

### Access to Justice—Litigation Funding and Group Proceedings

The Attorney-General made this reference to the Commission on 16 December 2016. The Commission is reviewing specified issues to ensure that litigants are not exposed to unfair risks or costs burdens in seeking to enforce their rights using the services of litigation funders or through group proceedings.

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## **COMMUNITY LAW REFORM**

### **Funeral and Burial Instructions**

The Commission delivered its report to the Attorney-General by 30 September 2016. The main recommendation is that people should be allowed to leave binding funeral and burial instructions, or appoint an agent to oversee their wishes. The report was tabled in Parliament on 9 February 2017.

### **Neighbourhood Tree Disputes**

The Commission has commenced an inquiry into the law governing tree disputes between neighbours on private land. The inquiry does not comprehend tree disputes about obstruction of views or of light.

### **SCHOOL EDUCATION**

Under section 5(i)(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.

The Commission travels widely to metropolitan, suburban and regional locations, and this year reached a total of more than 2000 secondary students as part of their VCE legal studies.

This work is reported in detail later in this annual report. The Commission undertakes much of this work on its own, and also participates in four Law Talks events—two regional and two metropolitan—in collaboration with the Victoria Law Foundation, with whom it has a productive and warm relationship.

### **THANKS**

I thank the current Commissioners for their hard work: Liana Buchanan, Helen Fatouros, Bruce Gardner PSM, Dr Ian Hardingham QC, His Honour David Jones AM, Alison O'Brien, Gemma Varley PSM, and the Hon. Frank Vincent AO QC.

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

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

I commend this Annual Report to you.

### ***Responsible body's declaration***

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Law Reform Commission's Annual Report for the year ending 30 June 2017.



**The Hon. P. D. Cummins AM**  
Chair  
Victorian Law Reform Commission  
July 2017

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# THE VICTORIAN LAW REFORM COMMISSION

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

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

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

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

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

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

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

## **The functions of the Commission**

Under section 5(i) 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

### 2016

#### AUGUST 2016

The Commission released its *Review of the Adoption Act 1984: Consultation Paper* and consulted extensively with the community in metropolitan and regional Victoria.

*The Role of Victims of Crime in the Criminal Trial Process: Report* was completed and delivered to the Attorney-General.

#### SEPTEMBER 2016

*Funeral and Burial Instructions: Report*, a community law reform project, was completed and delivered to the Attorney-General.

#### NOVEMBER 2016

*The Role of Victims of Crime in the Criminal Trial Process: Report* was tabled in Parliament.

#### DECEMBER 2016

*Funeral and Burial Instructions: Report*, a community law reform project, was published.

The Commission received terms of reference and commenced an inquiry into family violence and the *Victims of Crime Assistance Act 1996*.

The Commission received terms of reference and commenced an inquiry into litigation funding and group proceedings.

### 2017

#### JANUARY 2017

*Funeral and Burial Instructions: Report*, a community law reform project, was tabled in Parliament.

#### FEBRUARY 2017

*Review of the Adoption Act 1984: Report* was completed and delivered to the Attorney-General.

#### MARCH 2017

During February and March, staff visited 48 schools and presented on the work of the Commission, reaching more than 1200 VCE students.

#### MAY 2017

During Law Week the Chair presented at Law Talks in Melbourne, an event for VCE students. Overall, during 2016-17 the Chair and Commission staff members presented at four metropolitan and regional Law Talks, reaching 780 students.

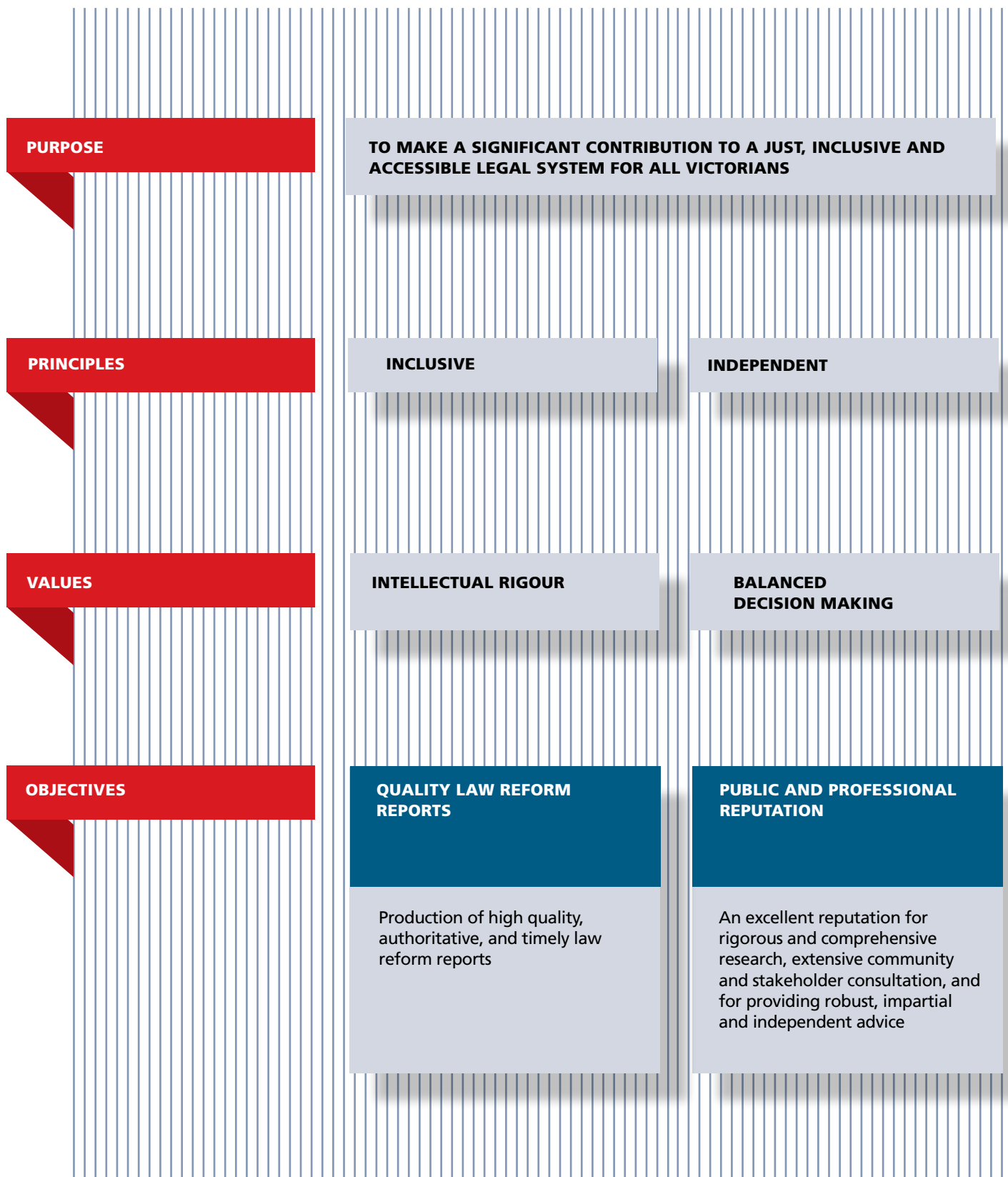
#### JUNE 2017

*Review of the Adoption Act 1984: Report* was tabled in Parliament and published.

*Family Violence and the Victims of Crime Assistance Act: Consultation Paper* was released.

The Commission commenced a community law reform project on neighbourhood tree disputes.

# STRATEGIC PLAN 2017–20



**INNOVATIVE**

**RECOGNITION OF DIVERSITY**

**PUBLIC ENGAGEMENT AND EDUCATION**

Enhancing the public's understanding of law reform, educating students, identifying areas for 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  
Bruce Gardner PSM  
Liana Buchanan  
The Hon. Frank Vincent AO QC

### Front row from left:

Gemma Varley PSM  
Alison O'Brien  
The Hon. Philip Cummins AM (chair)  
Dr Ian Hardingham QC  
Helen Fatouros

### 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. 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 formerly 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 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 35 years' experience in the Crown Solicitor's Office and the Office of Public Prosecutions as a prosecution solicitor. Since 1994, Mr Gardner has held a range of policy-related positions including being Manager of Policy and Advice for 21 years, for 14 years of which he was also Manager of Appeals. Mr Gardner has served on numerous committees and working groups addressing criminal law reform issues. He was appointed



as a Commissioner of the Victorian Law Reform Commission in April 2012 and in June of the same year was awarded an Australian Public Service Medal for outstanding public service to criminal law reform.

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

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

**Alison O'Brien** has 21 years' experience working in government, including 19 years with the Victorian Government Solicitor's Office where she is the Assistant Victorian Government Solicitor, Government and Public Law. She provides advice to the state government on constitutional and other public law matters, including legislative development, and has been involved in cases which have developed critical areas of the law. In 2011 Ms O'Brien was awarded the Law Institute of Victoria Government Lawyer of the Year Award. She has been a member of the Victorian Legal Admissions Committee since 2015. She was appointed to the Victorian Law Reform Commission in September 2013.

**Gemma Varley PSM** was Chief Parliamentary Counsel for Victoria from 2008 until 2016. She was Second Deputy Chief Parliamentary Counsel from 2004 until 2008 and has more than 37 years experience as a legislative drafter in the Office of the Chief Parliamentary Counsel. Mrs Varley is in private practice as a consulting legislative drafter. She was appointed to the Victorian Law Reform Commission in August 2016. In 2017 she was awarded a Public Service Medal for outstanding public service through the drafting of legislation in Victoria.

**The Hon. Frank Vincent AO QC** served 16 years as a trial judge of the Supreme Court of Victoria followed by a further eight years as a judge of the Court of Appeal. He was Deputy Chair and then Chair of the Victorian Adult Parole Board, a position he

occupied for 17 years. He has served as a consultant to the Australian Law Reform Commission and as Chairman of the Victorian Criminal Bar Association, and since his judicial retirement he has been appointed by successive Attorneys-General to conduct inquiries into matters of public importance. From 2001 to 2009 he was the 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 to the Victorian Law Reform Commission in July 2012.





## CEO'S REPORT

# A new strategic plan

At the conclusion of this financial year the Commission is part way through the process of developing a new strategic plan for 2017–2020. The 2014–16 plan was developed shortly after a number of new appointments to the Commission, including a new Chair. The 2017–2020 plan draws heavily on this past work.

The first phase of the exercise is complete, with the Purpose, Principles, Values and Objectives signed off by the Commission. These are recorded in summary form in this Annual Report. It was determined that the strategic priorities of the Commission as articulated in the previous strategic plan needed only minor amendments. This reflects the continuity in the Commission's functions and operations.

The second stage of the process will be to revisit the goals and strategies related to each of the Commission's five objectives. This work will be completed in August 2017.

### **Community law reform—more than recommendations**

Community law reform (CLR) continues to be an important aspect of the Commission's work. These projects have a particular relevance to and resonance with the community. The work is self-initiated and finding the right project is a very important first step. The project completed in the last financial year, Funeral and Burial Instructions, is an excellent example of the type of project that fits this category. The suggestion came directly from a member of the public who had experienced a difficult family disagreement about the funeral and burial arrangements for a parent. Once the Commission announced the project and commenced consultations, the full extent of community concerns and the pervasiveness of problems in this area was surprising.

A constant theme emerging throughout the consultations and in submissions was

the lack of awareness in the community that funeral and burial instructions, no matter how recorded or articulated, are not binding in law on those making the arrangements. As with many of the Commission's projects, the consultation paper and report themselves became valuable resources for the community, by explaining in an accessible form the relevant law and practice.

An episode of the ABC Radio National program, *The Law Report* was dedicated to the topic. The Chair was interviewed about the issues and a number of community members spoke about their personal experiences. The publicity encouraged submissions to the Commission's project and was also a very useful exercise in community education.

The report was released in December 2016 and is currently with the government for consideration of the recommendations that the Commission made for improvement to the law. Normally this would be the end of the Commission's work as its advisory function is then complete and it does not engage in advocacy. However, given the interest in the project and the clear lack of access to information about the issue in the community, the Commission saw an opportunity to expand the audience for the legal information the report contained, by partnering with the Victoria Law Foundation (VLF). Following an approach by the Commission, the VLF added a page to its Everyday Law website. Entitled *Explainer: the law on funeral and burial wishes in Victoria*, the material was sourced from the Commission's report and developed in consultation with the Commission's CLR team.

Community education of this sort, while not the primary function of the Commission, is very often a valuable outcome of the Commission's work.

### Reference teams

The Commission's major work is undertaking inquiries based on terms of reference from the Attorney-General. These can be about any aspect of Victorian law. The Commission's practice of employing most of its research team members for the term of a project gives the Commission great flexibility in choosing the right team to work on references.

Researchers often come to the Commission on secondment from government departments, particularly the Department of Health and Human Services (DHHS) and the Department of Justice and Regulation (DJR). Knowledge of the machinery of government, and of the policy environment into which a project fits, is very useful when developing recommendations. The Commission has also employed staff from Victoria Legal Aid for some of its projects, and academics have sometimes been engaged either as members of the team or as consultants. Most research team members have a mix of research and policy development skills. Many have practised law.

As well as bringing their considerable skills to the research projects they work on, staff employed on secondment also provide an excellent opportunity for developing on-going contacts between the Commission, an independent statutory body, and the large policy development and service delivery departments. In addition, Commission staff not on secondment but who have completed their contracts with the Commission have often found employment in these departments, frequently being involved in providing policy and implementation advice in relation to the Commission report recommendations on which they worked. This movement of personnel promotes a high level of co-operation and mutual understanding.

### Commonwealth Association of Law Reform Agencies

The Commission hosted the Commonwealth Association of Law Reform Agencies (CALRAs) Conference in March 2017. The Commission Chair is the current President of the Association, which is based in London. The bi-annual conference is held in the same location as the Commonwealth Law Conference, which was held in Melbourne this year. The main focus of the CALRAs conference is on law reform processes with its title this year being Effective Law Reform.

The conference ran over one and a half days and attracted participants from a range of common law countries including Malawi, Kenya, South Africa, Namibia and Mauritius; the UK and Scotland; Papua New Guinea, Hong Kong, Nepal and New Zealand; Canada, the USA and Bermuda.

### Thank you

The year has been busy and I thank the staff for their hard work. I acknowledge the many long hours that have been worked to complete projects on time. The Commission is indebted to its committed staff and their passion for their work.

I thank the Chair and Commissioners for their support for staff and the care taken to consistently express their appreciation for the excellent work done. The Commission is fortunate to have such knowledgeable and engaged Commissioners.



### Merrin Mason

Chief Executive Officer  
Victorian Law Reform Commission  
July 2017

# THE YEAR IN REVIEW

## Objectives

## Results

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

Two references completed:

- The Role of Victims of Crime in the Criminal Trial Process
- Review of the *Adoption Act 1984*.

One community law reform project completed:

- Funeral and Burial Instructions.

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:

- *Review of the Adoption Act 1984*
- *Family Violence and the Victims of Crime Assistance Act 1996*.

Extensive consultations with the community and stakeholders for:

- Review of the *Adoption Act 1984*
- Family Violence and the Victims of Crime Assistance Act.

Preliminary consultations for the inquiry Access to Justice: Litigation Funding and Group Proceedings.

To enhance public understanding of law reform through our community engagement and education initiatives, encouraging informed community debate on legal issues, identifying areas of general community concern and increasing contributions to the law reform process

- A successful schools program for VCE legal studies students, visiting 50 schools and reaching more than 1200 students overall.
- Participated in four Law Talks events for Year 12 students, jointly with the Victoria Law Foundation, reaching an additional 780 students.
- The Commission's work was reported in the media, including TV, radio, print and online.
- 23 formal proposals for community law reform projects were received.

To give a voice to marginalised groups within the community

The Commission consulted extensively with disadvantaged Victorians, including regional Victorians, for all current projects.

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

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

VLRC e-newsletters and social media report on the activities of other law reform agencies, and relevant law reform activities. The community law reform and communications teams liaise with these agencies, sharing information and gathering updates on their activities.

### Current Year Financial Review

- The Commission's income was stable in 2016–17 to \$2.495M (2015–16: \$2.490M). The decreased interest income of \$12,581 (2015–16: \$16,947) was attributable to the lower trust fund balance invested at a lower average interest rate over the full financial year.
- The Commission's expenditure increased in 2016–17 to \$2.700M (2015-16: \$2.687M) primarily due to higher employee related expenses as a result of salary increases arising from the *Victorian Public Service Enterprise Agreement 2016*. Other operating expenses of \$0.609M in 2016–17 (2015–16: \$0.623M) were lower due to decreased expenditure for services, supplies and consumables.
- The overall net result of \$(205,176); the lower trust fund balance of \$384,157; and the \$285,788 decrease in financial assets are attributable to the stable income level and higher expenditure for the 2016–17 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 2017.

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

The total output cost for the Commission is an amount derived from the *Appropriation (2016/2017) Act 2016*, 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	2016-17 Actual	2016-17 Target
<b>Quantity</b>			
Community education and consultation sessions	number	121	100
<p>There were two ongoing references at the commencement of 2016-17, 'The Role of Victims in the Criminal Trial Process', which had completed its consultation stage during 2015-16 and the 'Review of the Adoption Act 1984', which was yet to commence its consultation stage. On 16 December 2016, the Attorney-General requested that the VLRC review the regulation of proceeding financed by litigation funders to ensure that litigants who are seeking to enforce their rights using the services of litigation funders and/or through group proceedings are not exposed to unfair risks or excessive costs. On 22 December 2016, the Attorney-General requested that the VLRC review the provision of State-funded financial assistance to victims of family violence under the Victims of Crime Assistance Act 1996. The target was based on consultations for two references, 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 number of consultations conducted for the references (65). This variance is attributable to there being more than two references being undertaken during the reporting period.</p>			
Law reform projects <sup>1</sup>	number	5	3
<p>The three reports completed were 'The Role of Victims in the Criminal Trial Process' in August 2016, 'Funeral and Burial Instructions' in December 2016, and 'Review of the Adoption Act 1984' in February 2017. Additional publications included a consultation paper for 'Review of the Adoption Act 1984' in August 2016 and a consultation paper for the 'Family Violence and the Victims of Crime Assistance Act 1986' in June 2017.</p>			
<b>Quality</b>			
Stakeholder satisfaction with consultation/education processes	per cent	97	85
<p>Our measurement this year was based on the school talks program. This is the average percentage result from the two questions that comprise the teachers' survey.</p>			
<b>Cost</b>			
Annual appropriation		0.694	0.694
Victorian Legal Services Board		1.784	1.784
<b>Total output cost</b>	<b>\$ million</b>	<b>2.478</b>	<b>2.478</b>

<sup>1</sup> This measure records the number of publications produced.



## REFERENCE

# The Role of Victims of Crime in the Criminal Trial Process

REFERRED	DUE DATE	DELIVERED	TABLED IN PARLIAMENT
27 October 2014	1 September 2016	30 August 2016	22 November 2016

**This reference called for a review of the current role of victims in the criminal trial process, and a conceptual analysis of what that role should be.**

**In total, the report contains 51 recommendations to give victims of crime adequate information and support and more opportunities to participate in the criminal trial process.**

### Terms of reference

The Victorian Law Reform Commission is 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:

- the historical development of the criminal trial process in England and other common law jurisdictions;
- a comparative analysis of the criminal trial process, particularly in civil law jurisdictions;
- recent innovations in relation to the role of victims in the criminal trial process in Victoria and in other jurisdictions;
- the role of victims in the decision to prosecute;
- the role of victims in the criminal trial itself;
- the role of victims in the sentencing process and other trial outcomes;
- 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
- support for victims in relation to the criminal trial process.

### Commissioners and staff

The Chair, the Hon. Philip Cummins AM, formed a Division to work on this reference, which he also chaired. Members were 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 consisted of Peta Murphy (team leader January–August 2015), Lindy Smith (team leader November 2015–August 2016), research and policy officers Megan Pearce and Adrienne Walters and research assistant Claire Leyden-Duval.

### Progress of the reference

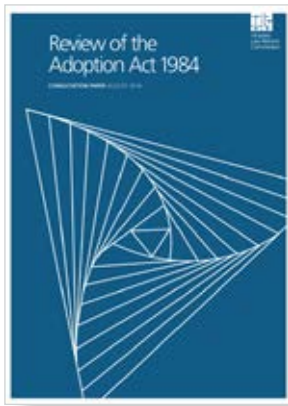
The report was delivered to the Attorney-General on 30 August 2016 and tabled in Parliament on 22 November 2016.

The report recommends that victims of crime should be recognised as participants in the trial process, but not as a separate party in addition to the prosecution and defence.

It recommends amending Victoria's Human Rights Charter to give victims of a criminal offence the right to be acknowledged, treated with respect at all times and protected from unnecessary trauma, intimidation and stress when giving evidence. If enacted, Victoria would be the first state in Australia to provide this level of legislative recognition.

The Commission also calls for cultural change within the criminal justice system to ensure victims are properly acknowledged and respected.

During the inquiry the Commission spoke to many victims and their families; the police, lawyers and judges; victim support agencies and academic experts in victims' rights. It published four information papers and a consultation paper that explained the current law and the issues raised by the terms of reference.



## REFERENCE

# Review of the Adoption Act 1984

REFERRED	DUE DATE	DELIVERED	TABLED IN PARLIAMENT
18 December 2015	28 February 2017	27 February 2017	7 June 2017

**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 was time to review the Act. The Commission recommended ways to modernise the Act so that it better reflects community attitudes and contemporary law in relation to families and children.**

**The Commission was not asked to review intercountry 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 (the Commission) is requested to provide recommendations to government on the modernisation of the *Adoption Act 1984* and the *Adoption Regulations 2008*.

The full terms of reference can be viewed at [www.lawreform.vic.gov.au](http://www.lawreform.vic.gov.au).

### Commissioners and staff

The Chair, the Hon. Philip Cummins AM, formed a Division to work on this reference, which he also chaired. Members were Helen Fatouros, 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 were Helen Rechter (team leader); Dr Kirsten McKillop, Joanna Rolfe, Lachlan Zangari (research and policy officers); Claire Leyden-Duval, Jessica Valentine and Chandni Dhingra (research assistants).

### Progress of the reference

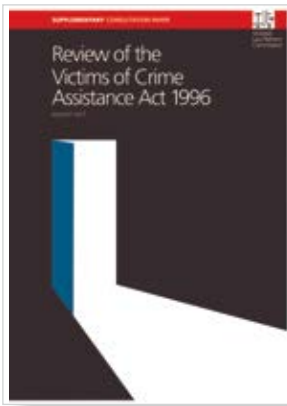
The report was delivered to the Attorney-General on 27 February 2017 and tabled in Parliament on 7 June 2017. During its extensive inquiry, the Commission found that many people's lives have been deeply and intimately affected by adoption law and practice. Although the number of adoptions today is small compared with previous eras, each adoption is of profound significance. The Commission heard many strong views which it took into account in developing its recommendations.

The report, *Review of the Adoption Act 1984*, makes recommendations to modernise the law of adoption in Victoria and ensure that it is consistent with other laws.

The central recommendation is that the current Act should be repealed and replaced.

Among the recommendations of the report:

- Adopted people should be able to obtain integrated birth certificates that show the names of their natural parents and adoptive parents — not just adoptive parents.
- The same criteria should apply to single people applying to adopt as to couples.
- An independent children's lawyer should be appointed for every child in the adoption process.
- Every adoption should have a court-approved adoption plan with details about contact arrangements, information exchange and other aspects of the adoption.
- It should be easier for children and relatives to obtain information under a new 'access to information' scheme.
- There should be more consistency across Victoria and between agencies in the treatment of applicants for adoption.
- Religious exemptions under the Equal Opportunity Act should not apply to publicly-funded adoption agencies.
- There should be a statewide register of approved applicants to adopt a child.
- People involved in adoptions should have access to more support through their lives, such as counselling, mediation and financial grants.



## REFERENCE

# Review of the Victims of Crime Assistance Act 1996

**REFERRED** 21 December 2016    **DUE DATE** 27 July 2018

As recognised by the Victorian Royal Commission into Family Violence, the *Victims of Crime Assistance Act 1996* (Vic) has a role in helping family violence victims rebuild their lives and recover. However, as also recognised by the Royal Commission, victims of family violence face significant barriers in accessing the Act.

The reference to the Commission is part of the Victorian Government response to the recommendations of the Royal Commission. The reference seeks answers to the question: what changes should be made to the Act to better assist victims of family violence rebuild their lives and recover?

In July 2017 the reference was extended to cover all victims of crime.

### Terms of reference

The Commission was asked to review and report on the provision of state-funded financial assistance to victims of family violence under the *Victims of Crime Assistance Act 1996*.

In conducting the review, the Commission should consider the following matters raised by Recommendation 106 of the Royal Commission into Family Violence:

1. The eligibility test and whether this should be expanded to include victims of family violence where a pattern of non-criminal behaviour results in physical or psychological injury
2. Within the total financial assistance currently available, have regard to the categories and quantum of awards with regard to the cumulative impact of family violence behaviour on victims
3. The requirement to notify a perpetrator, especially where the matter has not been reported to police, or no charges have been laid, or the prosecution is discontinued or the person is acquitted
4. The matters giving rise to refusal of an application except in special circumstances
5. Procedural matters to expedite the making of an award.

### Commissioners and staff

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

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

### Progress of the reference

The early stages of the reference were occupied with a review of the literature, relevant inquiries and case law. Preliminary consultations took place with stakeholders early in 2017. The consultation paper was published on 16 June, marking the start of a period of consultation, with submissions invited by the end of July.

On 7 July 2017 pursuant to section 5(2)(a) of the *Victorian Law Reform Commission Act 2000*, the Attorney-General, the Hon. Martin Pakula MP, provided the Victorian Law Reform Commission with supplementary terms of reference which can be viewed at [www.lawreform.vic.gov.au](http://www.lawreform.vic.gov.au).

The supplementary terms of reference ask the Commission to expand the first reference to consider the operation and effectiveness of the Act and the Victims of Crime Assistance Tribunal for all victims, including family violence victims. The Attorney-General has revised the reporting date for this reference to 27 July 2018.



## REFERENCE

# Access to Justice— Litigation Funding and Group Proceedings

### REFERRED

16 December 2016

### DUE DATE

30 March 2018

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

Litigation funding services are a growing part of the legal system. They can enable access to justice by reducing financial risk and postponing or removing the cost burden. Victoria has had procedures in place for class actions since 2000, as part 4A of the *Victorian Supreme Court Act 1986*. At the core of the terms of reference is the concern to ensure that the interests of the litigants are protected and given priority in proceedings funded by litigation funders and in class actions.

### Terms of reference

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

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

The full terms of reference can be viewed at [www.lawreform.vic.gov.au](http://www.lawreform.vic.gov.au).

### Commissioners and staff

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

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

### Progress of the reference

The Commission has been given 15 months to complete this reference. At the time of reporting the Commission has held preliminary consultations with judges of the Supreme Court, litigation funders, lawyers and academics, among others. A consultation paper was published in July 2017.

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## COMMUNITY LAW REFORM

As well as receiving references from the Attorney-General to review specific areas of law, the Commission receives suggestions for law reform from the community.

**The Victorian Law Reform Commission Act 2000 states that part of the Commission's function is to make recommendations to the Attorney-General on legal issues of general community concern. Community law reform projects must involve legal issues that are limited in scope, and must be of general benefit to the community.**

**The aim of the community law reform program is to improve accessibility for people and communities who are not usually involved in law reform but who have ideas about how the law could be improved. Asking community members to identify problems in the law, and to put forward suggestions for change, gives the Commission access to the valuable insights of those with first-hand experience of the law's operation.**

### Staff

Eve Gallagher was the community law reform manager until January 2017, and Natalie Lilford took up the position in March 2017. Hana Shahkhan is the research officer, CLR.

### Criteria

Suggestions can come from individuals or community groups, and can be in relation to any area of Victorian law. Each suggestion is assessed against the criteria for community law reform projects, must be in relation to a contained problem, and must deliver clear community benefits. The list of criteria is available on the Commission's website.

Suggestions are assessed by the community law reform team, and, if they fulfil the criteria, may be further researched and developed into a proposal for the approval of the whole Commission.

If a proposal is accepted as a community law reform project, the Commission will undertake a comprehensive process of research and consultation, and will deliver a report and recommendations to the Attorney-General. This process closely mirrors the process undertaken for references from the Attorney-General.

Generally, the Commission can only work on one community law reform project at any one time.

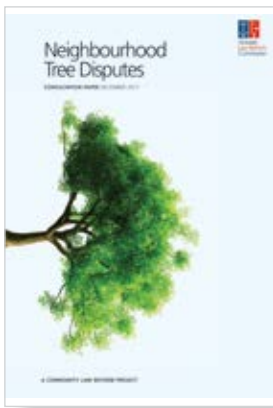
### Community law reform suggestions

This financial year the Commission received 23 formal community law reform suggestions. The most common methods of submission were via the Commission's online form and e-mail, with eight suggestions received using the online tool, nine via email, two via letter and two in person. Individual community members accounted for 20 of the submissions.

Suggestions for reform related to a broad range of issues, including: reporting requirements under the *Sex Offenders Registration Act 2004*, the rights of foster parents, privileges afforded under the *Evidence Act 2008*, appealing coronial determinations under the *Coroners Act 2008*, tenancy law, the regulation of medical practitioners, public order offences under the *Summary Offences Act 1966*, and the enforcement and appealing of parking and public transport fines under the *Infringements Act 2006*.

A number of these suggestions did not meet the criteria for community law reform projects because they were in relation to laws governed by Commonwealth legislation, were currently under review by government, were too complex or controversial, or would require significant changes to the law.





## COMMUNITY LAW REFORM

# New project: Neighbourhood Tree Disputes

**COMMENCED** 8 June 2017  
**DUE DATE** 9 May 2019

**The Commission has recently started an inquiry into neighbourhood tree disputes. For this inquiry, the Commission will examine the law governing disputes between neighbours involving trees on private land that cause damage.**

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

The Commission was told that disputes about trees are a very common source of conflict between neighbours. Common issues include encroaching roots, overhanging branches, leaf litter and resulting damage. From preliminary research, it is clear that tree disputes can escalate quickly, and can have ongoing negative effects on neighbourhood relationships if not resolved.

It has been suggested that the process for resolving these disputes is complex and not always easy to understand. The central question driving the review is: 'How can the process for resolving disputes between neighbours about trees be made simpler and fairer?'

The Commission will examine current practices in dispute resolution, look at the relevant common law principles currently governing the subject, and consider whether the law should be changed to

provide better, fairer ways of resolving these disputes. A number of other Australian jurisdictions have completed reviews on comparable topics; these will also be considered by the Commission.

The Commission will not consider disputes about trees on public land, or disputes about trees that block sunlight and views. The complete terms of reference can be found on the Commission's website.

A consultation paper will be published in December 2017, when submissions will be invited. Consultations will take place in early 2018. The Commission will report by 9 May 2019. The extended time allocated to this inquiry is because the issue is complex, requires extensive community consultation, and as required by the Victorian Law Reform Commission Act should not involve a significant deployment of the resources of the Commission.



**COMMUNITY LAW REFORM**

# Recent project: Funeral and Burial Instructions

<b>COMMENCED</b>	<b>DUE DATE</b>	<b>DELIVERED</b>	<b>TABLED IN PARLIAMENT</b>
25 June 2015	30 September 2016	29 September 2016	9 February 2017

**The Commission’s report on Funeral and Burial Instructions was tabled in Parliament on 9 February 2017.**

The Chair, the Hon. Philip Cummins AM, formed a Division to work on this project, which he also chaired. Members were 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.

This report concluded a community law reform project considering whether Victorians should be permitted to leave funeral and burial instructions that are binding on the person with the right to control the deceased’s funeral and burial arrangements.

At present, Victorians do not have the legal right to decide what happens to their body when they die. Instead, a person’s executor (if there is a will) or the likely administrator (if there is no will) has the right to control their funeral and burial. This can lead to funeral and burial disputes between families and friends when they disagree about how to mark the death of a loved one.

In the report, the Commission recommended that Victorians should be able to leave legally binding funeral and burial instructions regarding:

- rituals associated with the disposal of their body
- the mode of disposal of their body (cremation or burial) including disposal of their ashes
- how they would like to be memorialised.

The Commission also recommends that people be able to appoint an agent to control their funeral and burial arrangements.

The Commission conducted extensive consultations with the community during the 15-month review period, meeting with and receiving submissions from a wide range of groups, including Aboriginal organisations, representatives of different CALD and ethnic groups, spiritual and religious groups, the funeral sector, medical and palliative care clinicians, advocates for the elderly, lawyers and many others. In total, the Commission held 31 consultations, and received 39 submissions and 300 survey responses.

The Commission concluded that the law has fallen behind community views, particularly in relation to individual autonomy. The report proposes a new Act which modernises the law, so that it is in accordance with contemporary expectations and values.



## COMMUNICATIONS AND EDUCATION



The Hon. Philip Cummins addressing VCE students at Law Talks, Sale.

### COMMUNICATIONS

#### Media highlights

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

Highlights included:

- The funeral and burial instructions report was covered on ABC News TV, featuring an interview with the Chair, Philip Cummins AM (9 February 2017) and in an extensive article in *The Sunday Age*, 'Where there's a will, there's a way' (15 January 2017).
- The Commission's funeral and burial instructions report was discussed at length on ABC 774 Melbourne on the Saturday morning program (24 December 2016).
- The adoption reference was covered in *The Sunday Age*: 'State government begins righting a ridiculous wrong', 'Hope for singles in adoption review' (28 August 2016) and in regional media. The report was covered by *The Age*: 'Single people could adopt under planned shake-up' (7 June 2017).
- The Chair appeared on ABC 774 Melbourne on the 'Writs and Cures' segment of the evening program, to discuss the adoption review (27 September 2016); and on the Saturday morning show with Hilary Harper on 24 June 2017 to explain the recommendations of the report.
- Several articles appeared in *The Australian* on the litigation funding reference: 'Victims get nothing as litigation funder, lawyers share the spoils' (22 August 2016) 'Litigation inquiry could set the standard' (24 March 2017) 'Judges rein in litigation funders' (7 April 2017)
- The role of victims of crime in the criminal trial process report was discussed on ABC 774 Melbourne's morning program by Jon Faine (23 November 2016) and on ABC news radio (9 December 2016).

- When the government announced changes to the law regarding victims, based on the Commission's recommendations, both *The Age* 'Boost for victims of crime' (7 May 2017) and the *Herald Sun* 'Boost for victims of crime' (8 May 2017) covered the story.
- Previous reports by the Commission were mentioned in a number of media items, including the report on regulatory regimes, cited in 'Scrap laws to weed out trash' (*Herald Sun*, 25 May 2017) and 'Car theft capital' (*The Sunday Age*, 9 October 2016).
- The Commission contributed monthly columns on law reform topics to *The Law Institute of Victoria Journal*.

#### Website

Overall visits to the Commission's website were 176,406, an increase of 17 per cent on the previous year. The number of users was 127,922, an increase of 18 per cent on the previous year.

The number of first time visits to the site was 71 per cent, very similar to last year. This indicates that the Commission tends to attract a high proportion of new users, because each new reference is of interest to a new group and also reflects visits by new VCE school students each year.

Besides the home page and 'All projects' page, the most popular pages covered a range of references. The Adoption report, released in June 2017, was very popular (4,342 views in less than one month) and medicinal cannabis continued to attract a lot of traffic (7,088 page views for the project page). Among the most visited pages were sections from reports and consultation papers completed several years ago, including Succession Laws (2013), Photographing and Filming Tenants' Possessions for Advertising Purposes (2014), Trading Trusts (2015), Review of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* (2013) and Jury Empanelment (2013). These figures indicate that the Commission's work continues to be a significant source of public information and interest well after it has been published.

#### Social media

The Commission maintained an active social media presence during the year. Communications and information officer Gemma Walsh updated social media platforms with news and information relevant to the Commission's activities and law reform. Twitter is a social media platform used widely by legal and media professionals, whereas Facebook has a more general community demographic, including students.

By the end of the reporting period, the Commission had achieved the following:

- 4,917 Twitter followers, an increase of 729 over last year. Most popular months were January and February. In January three new jobs were advertised; in February the Chair appeared on the ABC. The tabling of *the Role of Victims in the Criminal Trial Process* report in November 2016 led to a jump in followers.
- 1,614 Facebook likes, an increase of almost 300 on last year.

The Commission has uploaded 30 videos to the video sharing website YouTube, ranging from information about specific projects to community education presentations recorded at events for students. The total number of video views during 2016-17 was 3,792, an increase on last year of almost 10 per cent. The total number of views is now over 10,000. The most popular videos this year were the Chair's presentation on 'The Standard of Proof', and the video on funeral and burial instructions, which has now been viewed more than 1,500 times.

#### 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 invite public submissions, encourage participation in consultations.) E-newsletters raise awareness of the Commission's activities

## COMMUNICATIONS AND EDUCATION (CONTINUED)



VLRC presentation to VCE students at Law Talks, Melbourne.

among the media, and often lead to contact from journalists. We include a regular round-up of law reform news from other agencies, consistent with the Commission's function of monitoring law reform activities in Victoria.

The quarterly e-newsletters were opened by a total of more than 11,400 people, an increase of more than 10 per cent on last year.

### EDUCATION

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

The Commission educates the community about law reform by maintaining a website with all our publications easily accessible and searchable, publishing educational resources including case studies, writing all our publications in plain English, publishing educational videos about law reform and related matters on YouTube, promoting our work through the media and visiting educational institutions to explain our role in the law reform process. We participated in law students' careers fairs at Melbourne University, Monash University, and Australian Catholic University, and presented to law students at Deakin University and Victoria University.

### Schools program

The VLRC and its work is an important part of the Victorian Certificate of Education (VCE) legal studies curriculum, and is included in all VCE legal studies text books. Our presentation to schools focusses on the structure and processes of the VLRC, 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 funeral and burial instructions video.

The presentation was updated again this year. All students were given a copy of

the booklet *Law Reform in Action* and all classes received wall posters on the law reform process.

During the first half of 2017, Commission staff made 50 school visits and addressed more than 1200 Year 12 legal studies students on the subject of law reform. During this period the 'Request a speaker' page of the website showed an increase in traffic of 24 per cent on the previous year, indicating growing awareness of the Commission's community engagement activities.

Our approach has been to focus on government schools and disadvantaged schools in our delivery of the schools program, without excluding other schools that approach us with a request. In identifying which schools are disadvantaged, we use the MySchool website and the ICSEA (Index of community socio-economic advantage), and approach those schools first to offer our services. This year the number of schools visited with an ICSEA lower than average (average=1000) was 21, or 42 per cent.

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

### Law Talks

The Commission participated in four Law Talks events for VCE students organised by the Victoria Law Foundation: two in Melbourne (July 2016 and May 2017) and two regional: Wangaratta (August 2016) and Horsham (March 2017). A total of 780 students attended these events. This brings the total number of students who attended VLRC presentations in the 2016-17 FY to more than 2000.

### Presenters

Nick Gadd (communications manager), Hana Shahkhan and Linda Bajjali made the majority of presentations, with the

community law reform manager Natalie Lilford joining the team late in the year. The Chair, the Hon. Philip Cummins AM and staff members spoke at four Law Talks events.

### Satisfaction

After the presentations we sent an online questionnaire to teachers from schools we had visited. In answer to the question 'How would you rate the content of the presentation?', 22 answered 'Excellent' (95 per cent) 1 answered 'Good'.

In answer to the question 'Would you invite the VLRC to present to a class in future?' 23 answered 'Yes' (100 per cent).

### Staff

The communications manager is Nick Gadd, and the communications and information officer is Gemma Walsh.

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## GOVERNANCE

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### Audit committee membership and roles

The audit committee consists of the following members:

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

The main responsibilities of the audit committee are to:

- review and report independently to the Commission on the annual report and all other financial information published by the Commission
- assist the Commission in reviewing the effectiveness of the Commission's internal control environment covering:
  - › effectiveness and efficiency of operations
  - › reliability of financial reporting
  - › compliance with applicable laws and regulations.
- determine the scope of the internal audit function and ensure that its resources are adequate and used effectively, including coordination with the external auditors
- oversee the effective operation of the risk management framework.

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### Human resource management

During the 2016–17 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.

The Commission had one non-injury related occupational health and safety incident during 2016-17 which was reported in accordance with the Department of Justice and Regulation's policies and procedures.

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

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

### Employment and conduct principles

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

# ORGANISATIONAL STRUCTURE 2016–17

Chair and eight part-time Commissioners

Executive and administrative assistant

CEO

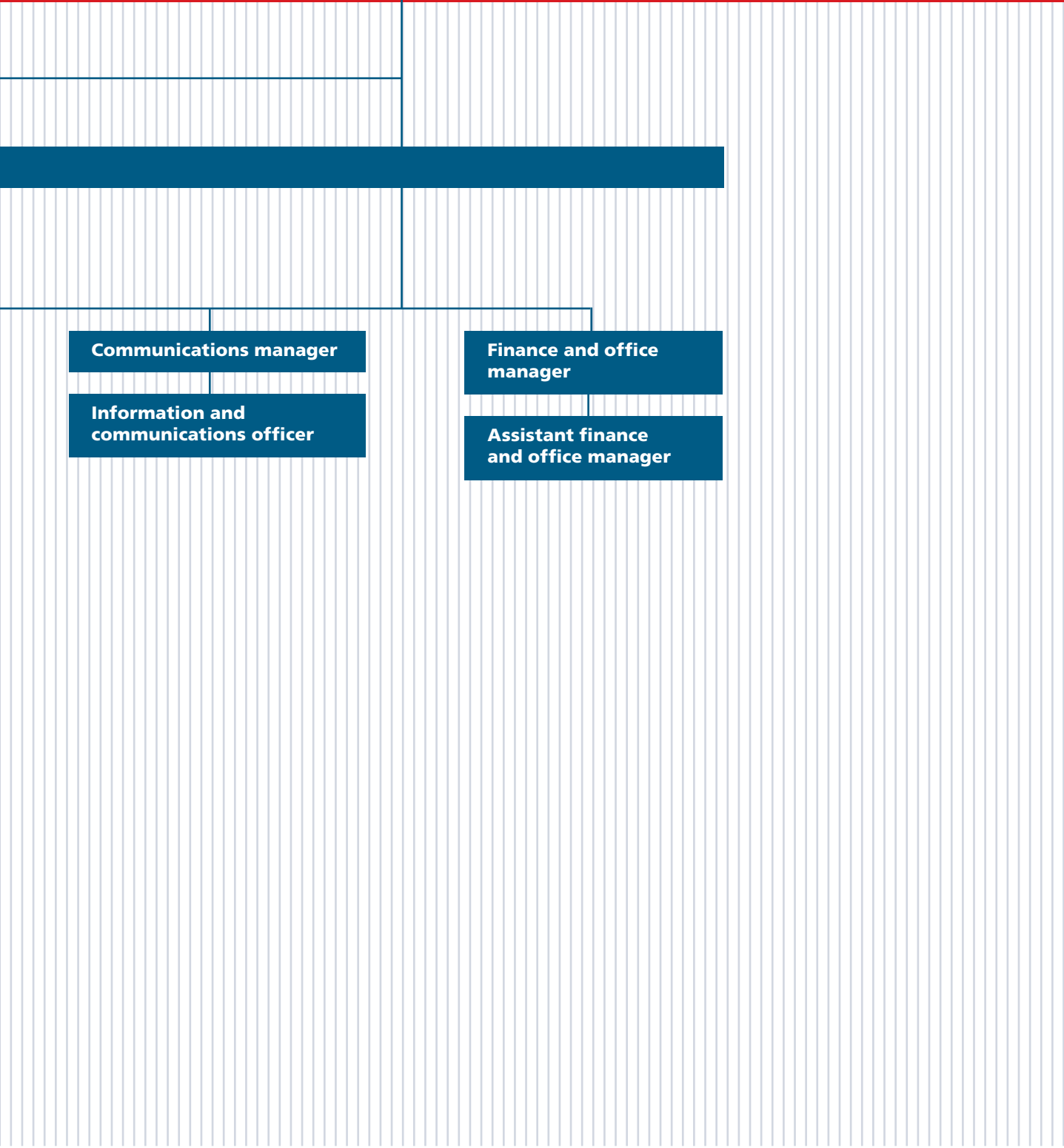
Team leaders

Community law  
reform manager

Research and  
project officer

Policy and research officers

Research assistants



## WORKFORCE DATA

### Public administration values and employment principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

The Commission, through the Department of Justice and Regulation, introduced policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early

resolution of workplace issues. The Commission advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

### Workforce Inclusion Policy

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

### Executive officer data

For the Commission as a public body, an Executive Officer (EO) is defined as an executive under Part 3 of the *Public Administration Act 2004* or a person

to whom the Victorian Government's Policy on Executive Remuneration in Public entities applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The definition of an EO does not include a statutory office holder or an accountable officer.

Note 18 in the financial statements lists the total remuneration paid to the EO over the course of the reporting period.

The Commission employs one EO-3 grade female executive officer.

	June 2017 <sup>(d)</sup>							June 2016 <sup>(d)</sup>						
	All employees		Ongoing <sup>(d) (f)</sup>		Fixed term and casual		All employees		Ongoing <sup>(d) (f)</sup>		Fixed term and casual			
	Number	Full-time	Part-time	Number	Full-time	Part-time	Number	Full-time	Part-time	Number	Full-time	Part-time		
	(head-count)	FTE <sup>(e)</sup>	(head-count)	(head-count)	FTE <sup>(e)</sup>	(head-count)	FTE <sup>(e)</sup>	(head-count)	FTE <sup>(e)</sup>	(head-count)	(head-count)	FTE <sup>(e)</sup>	(head-count)	FTE <sup>(e)</sup>
<b>Demographic data</b>														
<b>Gender</b>														
Male	1	1.0	1	0	1.0	0	0.0	2	2.0	1	0	1.0	1	1.0
Female	14	12.8	5	2	6.0	7	6.8	15	13.8	6	2	7.4	7	6.4
<b>Classification data</b>														
<b>VPS 1-6 grades <sup>(a)</sup></b>														
VPS 2	0	0	0	0	0	0	0	1	0.4	0	0	0	1	0.4
VPS 3	5	4.4	1	1	1.6	3	2.8	5	4.6	3	1	3.6	1	1.0
VPS 5	6	6.0	3	0	3.0	3	3.0	8	7.8	2	1	2.8	5	5.0
VPS 6	3	2.4	1	1	1.4	1	1.0	2	2.0	1	0	1.0	1	1.0
<b>Senior employees <sup>(b)</sup></b>	1	1.0	1	0	1.0	0	0.0	1	1.0	1	0	1.0	0	0
<b>Executives <sup>(g)</sup></b>														
<b>Total employees</b>	15	13.8	6	2	7.0	7	6.8	17	15.8	7	2	8.4	8	7.4

Notes:

- (a) The Commission does not employ staff at VPS Grades 1 and 4.
- (b) The Commission does not employ Senior Technical Specialists (STS), Principal Scientists (PS), Senior Medical Advisors (SMA) and Senior Regulatory Analysts (SRA).
- (c) All figures reflect employment levels during the last full pay period of June of each year.
- (d) 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*.

- (e) The decrease in employment headcount levels between June 2016 and June 2017 is due to fewer staff being employed to work on the new references referred to the Commission by the Attorney-General.
- (f) 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.

(g) 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.

(h) The Victorian Law Reform Commission is an independent agency with the Justice portfolio that employees 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 Local Jobs First - Victorian Industry Participation Policy (Local Jobs First - VIPP). Departments and public sector bodies are required to apply Local Jobs First - VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for state-wide projects, or \$1 million or more for procurement activities in regional Victoria.

The Commission did not enter into any contracts to which the VIPP applies for the 12 months ending 30 June 2017.

### 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 2017.

### Consultancy expenditure

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

In 2016–17, there were two consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2016–17 in relation to these consultancies is \$44,993 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2016–17 (excluding GST)	Future expenditure (excluding GST)
Deloitte	Undertake Internal Audit function	1 July 2016	30 June 2017	\$21,143	\$21,143	Nil
Victorian Auditor-General's Office	For the audit of the financial report 2016–17	1 July 2016	30 June 2017	\$23,850	\$23,850	\$19,500

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

In 2016–17, there were three consultancies, where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2016–17 in relation to these consultancies is \$13,119 (excluding GST).

### Information and Communication Technology expenditure

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

For the 2016–17 reporting period, the Commission had a total ICT expenditure of \$219,321 with the details shown below.

<i>All operational ICT expenditure</i>	ICT expenditure related to projects to create or enhance ICT capabilities		
<i>Business As Usual (BAU) ICT expenditure (Total)</i>	<i>Non Business As Usual (non BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure)</i>	<i>Operational expenditure</i>	<i>Capital expenditure</i>
219,321	0	219,321	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.



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## OTHER DISCLOSURES (CONTINUED)

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### **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 2017.

### ***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](http://www.foi.vic.gov.au).

### **Compliance with the *Building Act 1993***

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

### **National Competition Policy**

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

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

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

### **Compliance with the *Protected Disclosure Act 2012***

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



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

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

	<b>2016–17 number</b>	<b>2015–16 number</b>
<b>The number of disclosures made by an individual to the Commission and notified to the Independent Broad-based Anti-corruption Commission</b>		
Assessable disclosures	0	0

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## OTHER DISCLOSURES (CONTINUED)

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### 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 EMS objectives included:

- 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.

The following information details the Commission's environmental performance as prescribed by the *Financial Management Act 1994*, Financial Reporting Direction 24C—Reporting of office-based environmental data by government entities (FRD24C). The FRD24C framework is provided to assist Victorian public sector entities meet their reporting obligations. Every year, the Commissioner for Environmental Sustainability (CfES) publishes a Strategic Audit of EMS in Victorian Government departments and agencies as required by the Commissioner for *Environmental Sustainability Act 2003*.

### Current environmental management practices

- GreenEarth electricity.
- 25% Wind GreenPower (Accredited Renewable Energy).
- Motion sensors.
- VISY paper, plastic, glass, aluminium and steel recycling.
- Using 80 to 100 per cent recycled paper.
- Double-sided printing.
- Ink and toner cartridge 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	2016–17		2015–16	
	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	234,572	234,572	226,527	226,527
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO <sub>2</sub> e)	61.6	-	61.7	-
Percentage of electricity purchased as Green Power	25%		25%	
Units of energy used per FTE (MJ/FTE)	27,157		26,226	
Units of energy used per unit of office area (MJ/m <sup>2</sup> )	879		849	

## 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.
- Overall energy use reflects the co-location with the Sentencing Advisory Council. The total FTE from both the Commission and the Sentencing Advisory Council has been used to calculate the *energy used per FTE*.
- The increase in total energy usage is due to there being more FTE staff over the 2016-17 reporting period.
- Much of the increase of *energy used per FTE* is due to there being a higher FTE staff on the floor for most of the reporting period than at 30 June 2017.
- The more accurate measure of the increase in total energy use is shown by the *energy used per unit of office area* as this remains fixed. This smaller increase reflects the greater number of FTE staff over the reporting period.

## 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	2016-17	2015-16
Total units of office waste disposed of by destination (kg/year)	1950	2390
Units of office waste disposed of per FTE by destination (kg/FTE)	141	151
Recycling rate (per cent of total waste)	100%	100%
Greenhouse gas emissions associated with waste disposal (t CO <sub>2</sub> e)	No available data	No available data

### Actions undertaken

Recycling	The total diverted from landfill is 16.92kgs comprising: toner cartridges 6.38kgs large bottles 10.54kgs
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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	2016-17	2015-16
Total units of A4 equivalent copy paper used (reams)	67.6	170.0
Units of A4 equivalent copy paper used per FTE (reams/FTE)	4.90	10.76
Percentage of 80-100% recycled content copy paper purchased (%)	100%	100%
Percentage of 50-80% recycled content copy paper purchased (%)	0	0
Percentage of 0-50% recycled content copy paper purchased (%)	0	0
<b>Optional indicators</b>		
Total units of A4 equivalent paper used in publications (reams)	5.2	117
Percentage of publications publicly accessible electronically (%)	100%	100%

### Actions undertaken

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

## Water consumption

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

The apportionment method is used to calculate water consumption for the Commission based on the total units of metered water consumed within the building per unit of total area (m<sup>2</sup>). Calculations are then made for the Commission's office area (m<sup>2</sup>).

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

Indicator	2016-17	2015-16
Total units of metered water consumed by water source (kilolitres)	2,406	3,914
Units of metered water consumed in offices per FTE (kilolitres/FTE)	12.44	20.24
Units of metered water consumed in offices per unit of office area (kilolitres/m <sup>2</sup> )	214.90	349.59

### Explanatory notes

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

## Transport

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

	2016-17		2015-16	
	Metro	Regional	Metro	Regional
Total distance travelled by air (km)	8,000		20,956	
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car pooling to and from work	88%	0%	90%	0%
Percentage of employees residing in metropolitan Melbourne or regional Victoria	100%	0%	100%	0%

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## OTHER DISCLOSURES (CONTINUED)

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### 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 (91%) and professional services and contractors (9%).

### 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 3.7.1

I, Merrin Mason, certify that the Victorian Law Reform Commission has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes. The Victorian Law Reform's Audit Committee has verified this.



**Merrin Mason**  
Accountable Officer  
Victorian Law Reform Commission  
15 September 2016

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### 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 2017

38

Accountable Officer's, Chief  
Finance and Accounting Officer's  
and Chairperson's declaration

39

Auditor-General's report

41

Comprehensive operating  
statement

42

Balance sheet

43

Statement of changes in equity

44

Cash flow statement

45

Notes to the financial statements

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

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The attached financial statements for the Victorian Law Reform Commission have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the Commission at 30 June 2017.

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 5 October 2017.

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**Merrin Mason**

Chief Executive Officer  
Victorian Law Reform Commission  
Melbourne

5 October 2017



**Gail Smyth**

Chief Finance  
Victorian Law Reform Commission  
Melbourne

5 October 2017



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

Chairperson  
Victorian Law Reform Commission  
Melbourne

5 October 2017

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# Independent Auditor's Report

## To the Commissioners of the Victorian Law Reform Commission

<b>Opinion</b>	<p>I have audited the financial report of the Victorian Law Reform Commission (the commission) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2017</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including a summary of significant accounting policies</li> <li>• accountable officer's, chief finance officer's and chairperson's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the commission as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Commissioners' responsibilities for the financial report</b>	<p>The Commissioners of the commission are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioners are responsible for assessing the commission's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**for the audit of  
the financial  
report**

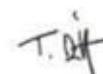
assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners
- conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the commission to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
6 October 2017



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

## COMPREHENSIVE OPERATING STATEMENT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Notes	2017	2016
		\$	\$
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Output appropriations		694,000	706,400
Interest	2(a)	12,581	16,947
Conference Fees	2(b)	4,091	33,916
Other income—Victorian Legal Services Board		1,784,434	1,732,460
<b>Total income from transactions</b>		<b>2,495,106</b>	<b>2,489,723</b>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	(2,084,650)	(2,057,732)
Depreciation		(5,810)	(4,930)
Interest expense		(1,032)	(704)
Other operating expenses	3(b)	(608,540)	(623,341)
<b>Total expenses from transactions</b>		<b>(2,700,032)</b>	<b>(2,686,707)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(204,927)</b>	<b>(196,984)</b>
<b>Other economic flows included in net result</b>			
Other gains/(losses) from other economic flows	4	(249)	(3,667)
<b>Total other economic flows included in net result</b>		<b>(249)</b>	<b>(3,667)</b>
<b>Net result</b>		<b>(205,176)</b>	<b>(200,651)</b>
<b>Comprehensive result</b>		<b>(205,176)</b>	<b>(200,651)</b>

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

## BALANCE SHEET

### AS AT 30 JUNE 2017

	Notes	2017	2016
		\$	\$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	15	384,557	599,163
Receivables	5	143,143	214,326
<b>Total financial assets</b>		<b>527,701</b>	<b>813,489</b>
<b>Non-financial assets</b>			
Plant and equipment	6	28,613	11,149
Prepayments	23	87,554	32,539
<b>Total non-financial assets</b>		<b>116,168</b>	<b>43,687</b>
<b>Total assets</b>		<b>643,869</b>	<b>857,176</b>
<b>Liabilities</b>			
Payables	7	71,041	88,446
Borrowings	8	28,776	11,121
Provisions	9	325,076	333,457
<b>Total liabilities</b>		<b>424,893</b>	<b>433,024</b>
<b>Net assets</b>		<b>218,976</b>	<b>424,152</b>
<b>Equity</b>			
Accumulated deficit		(254,621)	(49,445)
Contributed capital		473,597	473,597
<b>Net worth</b>		<b>218,976</b>	<b>424,152</b>
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 2017

	Notes	Accumulated surplus/(deficit)	Contributions by owner	Total
		\$	\$	\$
<b>Balance at 1 July 2015</b>		<b>151,206</b>	<b>473,377</b>	<b>624,583</b>
Net result for the year		(200,651)	-	(200,651)
Capital injection by owners		-	220	220
<b>Balance at 30 June 2016</b>		<b>(49,445)</b>	<b>473,597</b>	<b>424,152</b>
Net result for the year		(205,176)	-	(205,176)
<b>Balance at 30 June 2016</b>		<b>(254,621)</b>	<b>473,597</b>	<b>218,976</b>

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

## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	<i>Notes</i>	<b>2017</b>	<b>2016</b>
		\$	\$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		762,048	720,247
Receipts from other entities		1,788,544	1,766,376
Interest received		13,125	16,957
<b>Total receipts</b>		<b>2,563,717</b>	<b>2,503,570</b>
<b>Payments</b>			
Payments to suppliers and employees		(2,771,197)	(2,705,778)
Interest expense		(1,032)	(704)
<b>Total payments</b>		<b>(2,772,229)</b>	<b>(2,706,482)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>15(b)</b>	<b>(208,512)</b>	<b>(202,913)</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(33,642)	-
Proceeds from the sale of non-financial assets		10,000	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(23,642)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowing		33,642	-
Capital expenditure injection / (appropriation depreciation adjustment)		(106)	220
Repayment of finance lease liability		(10,283)	-
Proceeds from/(repayment of) finance leases		(5,704)	(5,150)
<b>Net cash flows from/(used in) financing activities</b>		<b>17,549</b>	<b>(4,930)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(214,605)</b>	<b>(207,843)</b>
Cash and cash equivalents at beginning of financial year		599,163	807,003
<b>Cash and cash equivalents at end of financial year</b>	<b>15(a)</b>	<b>384,557</b>	<b>599,163</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## CONTENTS

Note 1.	Summary of significant accounting policies	47
Note 2.	Income from transactions	55
Note 3.	Expenses from transactions	56
Note 4.	Other economic flows included in net result	57
Note 5.	Receivables	57
Note 6.	Plant and equipment	58
Note 7.	Payables	59
Note 8.	Borrowings	60
Note 9.	Provisions	60
Note 10.	Superannuation	62
Note 11.	Leases	63
Note 12.	Commitments for expenditure	65
Note 13.	Contingent assets and contingent liabilities	65
Note 14.	Financial instruments	65
Note 15.	Cash flow information	72
Note 16.	Remuneration of auditors	72
Note 17.	Subsequent events	72
Note 18.	Responsible persons	73
Note 19.	Remuneration of executives and statutory office holders	75
Note 20.	Related parties	76
Note 21.	Summary of compliance with annual parliamentary and special appropriations	77
Note 22.	Trust account balances	78
Note 23.	Prepayments	79
Note 24.	Glossary of terms and style conventions	79



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

### 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 2017. 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 24.

These annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 5 October 2017.

#### (B) Basis of accounting preparation and measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

### 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 2017

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

#### *Presentational currency*

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

#### **(E) Changes in accounting policies**

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

#### **(F) Income from transactions**

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

Income is recognised for the Commission as follows:

#### *Output appropriations*

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

#### *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 2017, the Commission hosted the Commonwealth Association of Law Reform Agencies (CALRA) Conference Dinner. It collected registration fees on behalf of attendees. This income was recognised at the time when attendees registered for the conference dinner.

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

#### *Interest*

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

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

#### *Services provided by the Department of Justice and Regulation*

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

#### **(G) Expenses from transactions**

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

#### *Employee expenses*

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

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

#### *Superannuation*

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

#### *Depreciation*

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

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

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

Asset	Useful life
Leasehold improvements	5 years
Motor Vehicle	5 years

#### *Interest expense*

Interest expense is recognised in the period in which it is incurred. Refer to *Glossary of terms and style conventions* in Note 24 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:

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

##### *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*

##### *Cash, loans and receivables*

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

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

##### *Financial liabilities at amortised cost*

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method (Refer to Note 24).

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))

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

*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.

##### **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 annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

The Commission adopted a new model to calculate the provision for long service leave in 2016-17. The previous model assumed that long service leave is taken as a lump sum, the new model assumes it is taken a few days at a time. Therefore, the new model apportions more of the unconditional long service leave liability over future years than the old model, based on an assumed pattern of payments.

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

The components of this current long service leave liability are measured at:

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

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

Any gain or loss following revaluation of the present value of non-current long service leave liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive operating statement as it is taken.

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

#### (M) Leases

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental

to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

#### Finance leases

##### Commission as lessee

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

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

#### Operating leases

##### Commission as lessee

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

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

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

#### (N) Equity

##### Contributions by owners

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



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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

to or distributions by owners have also been designated as contributions by owners.

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

#### **(O) Commitments**

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

#### **(P) Contingent assets and contingent liabilities**

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

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

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

Receivables and payables are stated exclusive of the amount of GST receivable or payable. Cash flows are presented on a net basis. The Department of Justice and Regulation manages the GST transactions on behalf of the Commission and the net amount of GST recoverable from or payable to the taxation authority is recognised in the Department of Justice and Regulation's financial statements.

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

#### **(R) Foreign currency balances/transactions**

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

#### **(S) Events after the reporting period**

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

is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

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

Certain new AASs have been published that are not mandatory for the 30 June 2017 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 2017, the following AASs have been issued by the AASB but not yet effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as follows:

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
<b>Note 2.</b>		
<b>Income from transactions</b>		
<b>(a) Interest</b>		
Interest from financial assets not at fair value through comprehensive operating statement		
Interest on bank deposits	12,581	16,947
<b>Total interest</b>	<b>12,581</b>	<b>16,947</b>
<b>(b) Conference Fees</b>		
Commonwealth Association of Law Reform Agencies (CALRA) 2017 Conference Dinner Registration Fees	4,091	33,916
<b>Total conference fees</b>	<b>4,091</b>	<b>33,916</b>

### Note 3. Expenses from transactions

<b>(a) Employee expenses</b>		
Salaries, wages, annual leave and long service leave	(1,921,218)	(1,898,812)
Post employment benefits:		
Defined contribution superannuation expense	(163,432)	(158,921)
<b>Total employee expenses</b>	<b>(2,084,650)</b>	<b>(2,057,732)</b>
<b>(b) Other operating expenses</b>		
Supplies and services:		
Purchase of supplies and consumables	(199,496)	(209,101)
Purchase of services	(146,682)	(151,108)
Maintenance	(10,223)	(20,524)
Rent and associated costs	(252,139)	(242,609)
<b>Total other operating expenses</b>	<b>(608,540)</b>	<b>(623,341)</b>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 4. Other economic flows included in net result

	2017	2016
	\$	\$
<b>(a) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of annual leave and long service leave liability <sup>(i)</sup>	403	(3,667)
Net gain / (loss) on non-financial assets - net profit (loss) on disposal of motor vehicle <sup>(ii)</sup>	(652)	
<b>Total other gains/(losses) from other economic flows</b>	<b>(249)</b>	<b>(3,667)</b>

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

(ii) "Net gain / (loss) on non-financial assets" includes unrealised and realised gains / (losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

#### Note 5. Receivables

<b>Current receivables</b>		
<b>Contractual</b>		
Accrued Investment Income	655	1,199
Other receivables	150	131
	<b>805</b>	<b>1,330</b>
<b>Statutory</b>		
Amounts owing from Victorian Government <sup>(i)</sup>	103,486	154,368
<b>Total current receivables</b>	<b>104,292</b>	<b>155,698</b>
<b>Non-current receivables</b>		
<b>Statutory</b>		
Amounts owing from Victorian Government <sup>(i)</sup>	38,852	58,628
<b>Total non-current receivables</b>	<b>38,852</b>	<b>58,628</b>
<b>Total receivables</b>	<b>143,143</b>	<b>214,326</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 6. Plant and equipment

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

	2017	2016
	\$	\$
<b>Leasehold improvements</b>		
At fair value	1,069,403	1,069,403
Less: accumulated depreciation	(1,069,403)	(1,069,403)
	-	-
<b>Motor vehicle</b>		
Under finance lease - at fair value	33,642	25,117
Less: accumulated depreciation	(5,029)	(13,968)
	28,613	11,149
<b>Net carrying amount of plant and equipment</b>	<b>28,613</b>	<b>11,149</b>

**Table 6.2**  
Movements in  
carrying amounts

	Leasehold improvements at fair value	Motor vehicle under finance lease at fair value	Total
	\$	\$	\$
<b>Carrying amount</b>			
<b>Balance as at 1 July 2015</b>		<b>16,079</b>	<b>16,079</b>
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	-	(4,930)	(4,930)
<b>Balance as at 30 June 2016</b>	-	<b>11,149</b>	<b>11,149</b>
Additions	-	33,642	33,642
Disposals	-	(10,368)	(10,368)
Depreciation expense	-	(5,810)	(5,810)
<b>Balance as at 30 June 2017</b>	-	<b>28,613</b>	<b>28,613</b>

The following useful lives of assets are used in the calculation of depreciation for 2016 and 2017:

Leasehold improvements	5 years
Motor vehicle under finance lease	5 years

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
<b>Note 7. Payables</b>		
<b>(a) Maturity analysis of payables</b>		
Refer to Table 14.2 in Note 14(c).		
<b>(b) Nature and extent of risk arising from contractual payables</b>		
Refer to Note 14 for the nature and extent of risks arising from contractual payables.		
<b>Current payables</b>		
<b>Contractual</b>		
Supplies and services <sup>(i)</sup>	33,840	55,916
Other payables <sup>(ii)</sup>	32,237	27,789
	66,077	83,705
<b>Statutory</b>		
FBT payable	3,445	3,432
Payroll tax payable	1,519	1,309
<b>Total current payables</b>	<b>71,041</b>	<b>88,446</b>

(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 2017

	2017	2016
	\$	\$
<b>Note 8. Borrowings</b>		
<b>Current borrowings</b>		
Finance lease liabilities <sup>(i)</sup> (Note 11)	6,017	11,121
<b>Total current borrowings</b>	<b>6,017</b>	<b>11,121</b>
<b>Non-current borrowings</b>		
Finance lease liabilities <sup>(i)</sup> (Note 11)	22,759	-
<b>Total current borrowings</b>	<b>22,759</b>	<b>-</b>
<b>Total borrowings</b>	<b>28,776</b>	<b>11,121</b>

**(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.

<sup>(i)</sup> 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**

<b>Current provisions</b>		
Employee benefits <sup>(i)</sup> [Note 9(a)] — annual leave:		
Annual leave [Note 9(a)]:		
Unconditional and expected to settle within 12 months	80,046	79,868
Unconditional and expected to settle after 12 months <sup>(ii)</sup>	9,670	9,628
Long service leave [Note 9(a)]:		
Unconditional and expected to settle within 12 months	18,296	39,472
Unconditional and expected to settle after 12 months <sup>(ii)</sup>	129,772	95,043
	<b>237,784</b>	<b>224,011</b>
Provisions for on-costs [Note 9(a) and Note 9(b)]:		
Unconditional and expected to settle within 12 months	19,940	24,504
Unconditional and expected to settle after 12 months <sup>(ii)</sup>	22,533	17,310
	<b>42,474</b>	<b>41,815</b>
<b>Total current provisions</b>	<b>280,258</b>	<b>265,826</b>
<b>Non-current provisions</b>		
Employee benefits <sup>(i)</sup> [Note 9(a)]	38,852	58,628
On-costs [Note 9(a) and Note 9(b)]	5,967	9,004
<b>Total non-current provisions</b>	<b>44,819</b>	<b>67,632</b>
<b>Total provisions</b>	<b>325,076</b>	<b>333,458</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 9. Provisions (continued)

	2017	2016
	\$	\$
<b>(a) Employee benefits and on-costs<sup>(i)</sup></b>		
<b>Current employee benefits</b>		
Annual leave	89,716	89,496
Long service leave	148,068	134,515
	237,784	224,011
<b>Non-current employee benefits</b>		
Long service leave	38,852	58,628
<b>Total employee benefits</b>	<b>276,636</b>	<b>282,639</b>
Current on-costs	42,474	41,815
Non-current on-costs	5,967	9,004
<b>Total on-costs</b>	<b>48,441</b>	<b>50,819</b>
<b>Total employee benefits and on-costs</b>	<b>325,076</b>	<b>333,458</b>

(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

2017	Total
	\$
<b>Opening balance</b>	<b>50,819</b>
Additional provisions recognised	34,925
Reductions arising from payments/other sacrifices of future economic benefits	(37,303)
<b>Closing balance</b>	<b>48,441</b>
Current	42,474
Non-current	5,967
	<b>48,441</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### 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>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
<b>Defined contribution plans:</b>				
VicSuper	80,385	97,419	1,306	1,166
Various other funds	80,394	59,201	1,348	1,134
<b>Total</b>	<b>160,778</b>	<b>156,621</b>	<b>2,654</b>	<b>2,300</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 11. Leases

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

##### *Leasing arrangements*

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

	<i>Minimum future lease payments<sup>(i)</sup></i>		<i>Present value of minimum future lease payments</i>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
<b>Finance lease liabilities payable</b>				
Not longer than 1 year	6,863	11,559	6,017	11,121
Longer than 1 year but not longer than 5 years	23,407	-	22,759	-
Longer than 5 years	-	-	-	-
<b>Minimum future lease payments</b>	<b>30,270</b>	<b>11,559</b>	<b>28,776</b>	<b>11,121</b>
Less future finance charges	1,494	437	-	-
<b>Present value of minimum lease payments</b>	<b>28,776</b>	<b>11,121</b>	<b>28,776</b>	<b>11,121</b>
<b>Included in the financial statement as:</b>				
Current borrowings (Note 8)			6,017	11,121
Non-current borrowings (Note 8)			22,759	-
			<b>28,776</b>	<b>11,121</b>

(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 2017

#### 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. The Commission will enter into negotiations with the landlord to renew the lease for a further five year term.

	2017	2016
	\$	\$
<b>Non-cancellable operating leases payable</b>		
Not longer than one year	265,793	253,867
Longer than one year and not longer than five years	-	265,793
Longer than five years	-	-
	<b>265,793</b>	<b>519,660</b>

##### *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.

	2017	2016
	\$	\$
<b>Non-cancellable operating sub leases receivable</b>		
Not longer than one year	103,239	98,577
Longer than one year and not longer than five years	-	103,239
Longer than five years	-	-
	<b>103,239</b>	<b>201,816</b>

The lease payments recognised as an expense in 2016-17 were \$253,867 (\$232,197 in 2015-16)

The sub lease receivable offset against these expenses in 2016-17 was \$98,577 (\$94,095 in 2015-16)



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 12. Commitments for expenditure

##### Capital expenditure commitments

Capital expenditure commitments as at 30 June 2017 – \$Nil (\$Nil – 2016).

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

There are neither contingent assets nor contingent liabilities as at 30 June 2017 (\$Nil – 2016).

#### 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 2017

#### 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>
<b>2017</b>	\$	\$	\$
<b>Contractual financial assets</b>			
Cash and deposits	384,557	-	384,557
Receivables: <sup>(i)</sup>			
Accrued investment income	655	-	655
Other receivables	150	-	150
<b>Total contractual financial assets</b>	<b>385,362</b>	<b>-</b>	<b>385,362</b>
<b>Contractual financial liabilities</b>			
Payables: <sup>(i)</sup>			
Supplies and services	-	33,840	33,840
Other payables	-	32,237	32,237
Borrowings:			
Finance lease liability	-	28,776	28,776
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>94,853</b>	<b>94,853</b>
<b>2016</b>			
<b>Contractual financial assets</b>			
Cash and deposits	599,163	-	599,163
Receivables: <sup>(i)</sup>			
Accrued investment income	1,199	-	1,199
Other receivables	131	-	131
<b>Total contractual financial assets</b>	<b>600,493</b>	<b>-</b>	<b>600,493</b>
<b>Contractual financial liabilities</b>			
Payables: <sup>(i)</sup>			
Supplies and services	-	55,916	55,916
Other payables	-	27,789	27,789
Borrowings:			
Finance lease liability	-	11,121	11,121
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>94,826</b>	<b>94,826</b>

(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 2017

#### 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 \$259,657 in an at call deposit with the Treasury Corporation of Victoria (TCV) as at 30 June 2017 (\$471,532-2016). 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 2017

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

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

	Carrying amount	Nominal amount	Maturity Dates <sup>(i)</sup>			
			Less than 1 month	1–3 months	3 months – 1 year	1–5 years
<b>2017</b>	\$	\$	\$	\$	\$	\$
<b>Payables:<sup>(ii)</sup></b>						
Supplies and services	33,840	33,840	33,840	-	-	-
Other payables	32,237	32,237	32,237	-	-	-
<b>Borrowings:</b>						
Finance lease liabilities	28,776	30,270	572	1,144	5,147	23,407
<b>Total</b>	<b>94,853</b>	<b>96,347</b>	<b>66,649</b>	<b>1,144</b>	<b>5,147</b>	<b>23,407</b>
<b>2016</b>						
<b>Payables:<sup>(ii)</sup></b>						
Supplies and services	55,916	55,916	55,916	-	-	-
Other payables	27,789	27,789	27,789	-	-	-
<b>Borrowings:</b>						
Finance lease liabilities	11,121	11,559	437	11,121	-	-
<b>Total</b>	<b>94,826</b>	<b>95,264</b>	<b>84,142</b>	<b>11,121</b>	<b>-</b>	<b>-</b>

(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 2017

#### **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 2017

**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
<b>2017</b>					
<b>Financial assets</b>					
Cash and deposits	1.46	384,557		384,157	400
Receivables:					
Accrued investment income		655		655	
<b>Total financial assets</b>		<b>385,212</b>	<b>-</b>	<b>384,812</b>	<b>400</b>
<b>Financial liabilities</b>					
Payables <sup>(i)</sup> :					
Supplies and services		33,840			33,840
Other payables		32,237			32,237
<b>Total supplies and services</b>		<b>66,077</b>			<b>66,077</b>
Borrowings:					
Finance lease liabilities	3.25	28,776	28,776		
<b>Total financial liabilities</b>		<b>94,853</b>	<b>28,776</b>	<b>-</b>	<b>66,077</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### 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
<b>2016</b>					
<b>Financial assets</b>					
Cash and deposits	1.91	599,163		598,763	400
Receivables:					
Accrued investment income		1,199		1,199	
<b>Total financial assets</b>		<b>600,362</b>		<b>599,962</b>	<b>400</b>
<b>Financial liabilities</b>					
Payables <sup>(i)</sup> :					
Supplies and services		55,916			55,916
Other payables		27,789			27,789
<b>Total supplies and services</b>		<b>83,705</b>			<b>83,705</b>
Borrowings:					
Finance lease liabilities	4.62	11,121	11,121		
<b>Total financial liabilities</b>		<b>94,826</b>	<b>11,121</b>	<b>-</b>	<b>83,705</b>

(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 2017

	2017	2016
	\$	\$
<b>Note 15. Cash flow information</b>		
<b>(a) Reconciliation of cash and cash equivalents</b>		
Funds in Trust <sup>(i)</sup>	384,157	598,763
Cash at hand	400	400
<b>Balance as per cash flow statement</b>	<b>384,557</b>	<b>599,163</b>
<small>(i) refer to Note 22.</small>		
<b>(b) Reconciliation of net result for the period</b>		
<b>Net result for the period</b>	<b>(205,176)</b>	<b>(200,651)</b>
<b>Non-cash movements:</b>		
Depreciation and amortisation of non-current assets	5,810	4,930
Loss on disposal of motor vehicle under finance lease	652	-
Expenses adjustment on disposal of motor vehicle under finance lease	(180)	-
<b>Movements in assets and liabilities:</b>		
(Increase)/Decrease in receivables	71,183	13,847
(Increase)/Decrease in prepayments	(55,015)	(32,539)
(Decrease)/Increase in payables	(17,405)	33,704
(Decrease)/Increase in provisions	(8,380)	(22,204)
<b>Net cash flows from/(used in) operating activities</b>	<b>(208,512)</b>	<b>(202,913)</b>
<b>Note 16. Remuneration of auditors</b>		
<b>Victorian Auditor-General's Office</b>		
Audit of the financial report	23,850	19,100
<b>Deloitte Touche Tohmatsu</b>		
Internal audit services	21,143	20,827
	<b>44,993</b>	<b>39,927</b>

### Note 17. Subsequent events

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



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 18. Responsible persons

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

#### Names

#### Ministers and the Department

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

Attorney-General	The Hon. Martin Pakula, MP	1 July 2016 to 30 June 2017
Acting Attorney-General	The Hon. Natalie Hutchins, MP	1 July 2016 to 5 July 2016
	The Hon. Jill Hennessy, MP	6 July 2016 to 10 July 2016
	The Hon. Lisa Neville, MP	2 September 2016 to 13 September 2016
	The Hon. Steve Herbert, MP	16 September 2016 to 25 September 2016
	The Hon. Gayle Tierney, MP	17 December 2016 to 20 December 2016
	The Hon. Lisa Neville, MP	21 December 2016 to 24 December 2016
	The Hon. Jill Hennessy, MP	25 December 2016 to 29 December 2016
	The Hon. Gayle Tierney, MP	30 December 2016 to 8 January 2017
	The Hon. Lisa Neville, MP	23 January 2017 to 29 January 2017
	The Hon. Lisa Neville, MP	24 February 2017 to 1 March 2017
Secretary to the Department of Justice and Regulation	Mr Greg Wilson	1 July 2016 to 30 June 2017
Acting Secretary to the Department of Justice and Regulation	Mr Donald Speagle	16 January 2017 to 1 February 2017

#### 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 2016 to 30 June 2017
Commissioner Commissioner	Bruce Gardner PSM	1 July 2016 to 30 June 2017
	Dr Ian Hardingham QC	1 July 2016 to 30 June 2017

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

Commissioner	His Hon. David Jones AM	1 July 2016 to 30 June 2017
Commissioner	Eamonn Moran PSM QC	1 July 2016 to 3 September 2016
Commissioner	Alison O'Brien	1 July 2016 to 30 June 2017
Commissioner	The Hon Frank Vincent AO QC	2 August 2016 to 30 June 2017
Commissioner	Helen Fatouros	1 July 2016 to 30 June 2017
Commissioner	Liana Buchanan	1 July 2016 to 30 June 2017
Commissioner	Gemma Varley PSM	2 August 2016 to 30 June 2017
<b>Accountable Officer</b>		
Chief Executive Officer	Ms Merrin Mason	1 July 2016 to 5 December 2016 16 February 2017 to 30 June 2017
Acting Chief Executive Officer	Ms Lindy Smith	6 December 2016 to 15 February 2017

#### *Remuneration of statutory officer holders and executives*

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

Several factors affect the total remuneration payable to statutory office holders and executives in the reporting period at the Commission. Statutory office holders appointed as part-time Commissioners are members of the judiciary or public sector employees and therefore as they already receive remuneration in their usual roles they are not entitled to receive remuneration as a member of the Commission. Three Commissioners were not paid during 2015-16 and 2016-17.

Income Band	Total Remuneration	
	2017 No.	2016 No.
\$0 - \$9,999	2	0
\$10,000 - \$19,999	0	1
\$20,000 - \$29,999	4	5
\$30,000 - \$39,999	1	0
\$170,000 - \$179,999	1	0
\$180,000 - \$189,999	0	1
\$230,000 - \$239,999	0	1
\$250,000 - \$259,999	1	0
<b>Total numbers</b>	<b>9</b>	<b>8</b>
<b>Total amount</b>	<b>\$570,527</b>	<b>\$555,390</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 19. Remuneration of executives and statutory office holders

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

**Termination benefits** include termination of employment payments, such as severance packages.

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

	Total remuneration	
	2017	2016 <sup>(a)</sup>
Remuneration of executive officers (including Key Management Personnel disclosed in Note 20)		
Short-term employee benefits	505,982	
Post-employment benefits	46,638	
Other long-term benefits	17,907	
Termination benefits	-	
<b>Total remuneration <sup>(a)(b)</sup></b>	<b>570,527</b>	
<b>Total number of executives and statutory office holders</b>	<b>12.0</b>	<b>11.0</b>
Total annualised employee equivalents <sup>(c)</sup>	10.003	10.102

(a) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.

(b) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 20).

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

### Note 20. Related Parties

The Commission is an independent agency established under the *Victoria Law Reform Commission Act 2000*. It is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Commission include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

#### Significant transactions with government-related entities

The Commission received funding of \$2.495 million (2016: \$2.490 million) and made payments of \$0.257 million (2016: \$0.260 million).

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

- \$96,106 in payroll tax to the State Revenue Office (2016: \$94,123).
- \$81,691 in Vic Super superannuation contributions are fully explained in Note 10 (2016: \$98,585).
- \$78,904 in other transactions that are collectively, but not individually significant (2016: \$67,005).

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

Key Management Personnel	Position title
The Hon. Philip D Cummins AM	Chairperson
Mr Bruce Gardner PSM	Commissioner
Dr Ian Hardingham QC	Commissioner
His Hon. David Jones AM	Commissioner
Mr Eamonn Moran PSM QC	Commissioner
Ms Alison O'Brien	Commissioner
The Hon. Frank Vincent AO QC	Commissioner
Ms Helen Fatouros	Commissioner
Ms Liana Buchanan	Commissioner
Ms Gemma Varley PSM	Commissioner
Ms Merrin Mason	Chief Executive Officer
Ms Lindy Smith	Acting Chief Executive Officer
Ms Gail Smyth	Chief Finance Officer

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 20. Related Parties (continued)

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

<i>Compensation of KMPs</i>		<i>2017</i>
Short-term employee benefits		606,811
Post-employment benefits		56,059
Other long-term benefits		21,060
Termination benefits		-
<b>Total<sup>(a)</sup></b>		<b>683,930</b>

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 19).

#### Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Commission, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

#### Note 21. 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 <sup>(i)</sup>				Financial Management Act 1994		Total Parliamentary Authority		Appropriations Applied		Variance <sup>(ii)</sup>	
	Annual appropriation		Section 3(2)		Section 30		2017	2016	2017	2016	2017	2016
	2017	2016	2017	2016	2017	2016						
<b>Controlled</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provision for outputs	694,000	707,000	0	0	0	0	694,000	707,000	694,000	706,400	0	600
<b>Total</b>	694,000	707,000	0	0	0	0	694,000	707,000	694,000	706,400	0	600

(i) Appropriation (2016/2017) Act 2016, p11

(ii) The variance in the revenue is a direct result of the 2015-16 Government efficiency dividend, plus the annual adjustment for depreciation funded capital expenditure. The Department of Justice and Regulation provided the Commission with the full appropriation for 2016-17.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 22. 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 2016/17 amounted to \$2,016,106 (2015/16: \$1,991,173).

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

	2016			
	Opening balance as at 1 July 2015	Total receipts	Total payments	Closing balance as at 30 June 2016
<b>Cash and cash equivalents and investments</b>				
<b>Controlled trusts</b>	\$	\$	\$	\$
<b>VLRC Trust Fund</b>				
<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
<b>Total controlled trusts</b>	806,603	1,783,333	1,991,173	598,763

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
<b>Note 23.</b>		
<b>Prepayments</b>		
<b>Current other assets</b>		
Prepayments	87,554	32,539
<b>Total current other assets</b>	<b>87,554</b>	<b>32,539</b>
<b>Total other assets</b>	<b>87,554</b>	<b>32,539</b>

#### **Note 24.** **Glossary of terms and style conventions**

##### **Amortisation**

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

##### **Borrowings**

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

##### **Commitments**

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

##### **Comprehensive result**

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

##### **Controlled Item**

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

##### **Depreciation**

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

##### **Effective interest method**

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

##### **Employee benefits expenses**

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 24. 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:
  - (i) to receive cash or another financial asset from another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### **Financial Instrument**

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

#### **Financial liability**

A financial liability is any liability that is:

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

#### **Financial statements**

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 24. Glossary of terms and style conventions (continued)

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

#### General government sector

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

#### Interest expense

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

#### Interest income

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

#### Net result from transactions/net operating balance

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

#### Net result

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

#### Net worth

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

#### Non-financial assets

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

#### Note 24. Glossary of terms and style conventions (continued)

#### Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include:

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

#### Payables

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

#### Produced assets

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

#### Receivables

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

#### Sales of goods and services

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

#### Supplies and services

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

#### Transactions

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

flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

#### Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government department in the non-streamlined *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.

<b>Ministerial Directions and Financial Reporting Directions</b>	<b>Legislation Requirement</b>	<b>Page Ref</b>
	<b>Report of operations</b>	
	<b>Charter and purpose</b>	
	FRD 22H Manner of establishment and the relevant Ministers	6
	FRD 22H Purpose, functions, powers and duties	6
	FRD 8D Objectives, indicators and outputs	6
	FRD 22H Initiatives and key achievements	7
	FRD 22H Nature and range of services provided	7–23
	<b>Management and structure</b>	
	FRD 22H Organisational structure	26–27
	<b>Financial and other information</b>	
	FRD 8D Performance against output performance measures	15
	FRD 8D Budget portfolio outcomes	83
	FRD 10A Disclosure index	81
	FRD 15D Executive officer disclosures	73
	FRD 22H Employment and conduct principles	25
	FRD 22H Occupational health and safety policy	25
	FRD 22H Summary of the financial results for the year	42
	FRD 22H Significant changes in financial position during the year	43
	FRD 22H Major changes or factors affecting performance	-
	FRD 22H Subsequent events	70
	FRD 22H Application and operation of <i>Freedom of Information Act 1982</i>	30
	FRD 22H Compliance with building and maintenance provisions of <i>Building Act 1993</i>	30
	FRD 22H Statement on National Competition Policy	30
	FRD 22H Application and operation of the <i>Protected Disclosures Act 2012</i>	30
	FRD 22H Details of consultancies over \$10 000	29
	FRD 22H Details of consultancies under \$10 000	29
	FRD 22H Disclosure of government advertising expenditure	29
	FRD 22H Disclosure of ICT expenditure	29
	FRD 22H Statement of availability of other information	36
	FRD 24C Reporting of office based environmental impacts	33
	FRD 25C Victorian Industry Participation Policy disclosures	29
	FRD 29B Workforce Data disclosures	28
	<b>Compliance attestation and declaration</b>	
	SD 5.2 Specific requirements under Standing Direction 5.2	38
	SD 3.7.1 Attestation for compliance with Ministerial Standing Direction	36
	SD 5.2.3 Declaration in report of operations	5
	SD 5.2.2 Declaration in financial statements	38

## APPENDIX 1 DISCLOSURE INDEX

### Ministerial Directions (continued)

#### Other requirements under Standing Directions 5.2

SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	46
SD 5.2.1 (a)	Compliance with Ministerial Directions	36
SD 5.2.1(b)	Compliance with Model Financial Report	1–88

#### Other disclosures as required by FRDs in notes to the financial statements

FRD 9B	Commission's Disclosure of Administered Assets and Liabilities by Activity	N/A
FRD 11A	Disclosure of Ex-Gratia Expenses	N/A
FRD 13	Disclosure of Parliamentary Appropriations	75
FRD 21C	Disclosure of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	71–72
FRD 103F	Non Financial Physical Assets	56
FRD 110A	Cash Flow Statements	44
FRD 112D	Defined Benefit Superannuation Obligations	60

### Legislation

*Freedom of Information Act 1982*

*Building Act 1983*

*Protected Disclosures Act 2012*

*Victorian Industry Participation Policy Act 2003*

*Financial Management Act 1994*

## APPENDIX 2

### BUDGET PORTFOLIO OUTCOMES

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

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

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

#### Financial review of operations and financial condition

	2017	2016	2015	2014	2013
<i>Five year financial summary</i>	\$	\$	\$	\$	\$
<b>Annual appropriation<sup>1</sup></b>	694,000	707,000	721,000	747,000	927,000
<b>Actual</b>					
Grant from Department of Justice and Regulation (DJR)	694,000	706,400	720,300	741,000	791,200
Grant – Other Specific Purpose – from DJR		0	444,200	0	0
Other revenue	1,788,525	1,766,376	1,682,000	1,645,000	1,828,000
Interest received on Trust Account funds	12,581	16,947	5,784	15,225	16,596
<b>Total revenue</b>	<b>2,495,106</b>	<b>2,489,723</b>	<b>2,852,284</b>	<b>2,401,225</b>	<b>2,635,796</b>
Total expenses	(2,700,032)	(2,686,707)	(2,803,527)	(2,674,294)	(2,637,819)
Net result from continuing operations	(205,176)	(200,651)	37,745	(270,085)	5,631
Net cash flow from operating activities	(208,512)	(202,913)	16,310	(291,168)	480
Total assets	643,869	857,176	1,051,256	1,004,345	1,202,582
Total liabilities	424,893	433,024	426,673	417,508	345,657

1. Appropriation (2016/2017) Act 2016 p11.

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## APPENDIX 2

### BUDGET PORTFOLIO OUTCOMES

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For the financial year ending June 2017, the Department of Justice and Regulation provided the Commission with the full appropriation for 2016-17. In prior years, the difference between the annual appropriation and the actual grant from the Department of Justice and Regulation is a direct result of the annual Government Efficiency Dividend, plus the annual adjustment for depreciation funded capital expenditure.

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















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