

Annual  
Report

2020/  
2021

Inclusive  
Independent  
Innovative

VICTORIAN  
**LAW  
REFORM\***  
COMMISSION



### **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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### **Annual Report 2020–2021 / Victorian Law Reform Commission**

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### **A note on the VLRC identity**

The new identity for the Victorian Law Reform Commission is based on its three guiding principles: inclusive, independent and innovative.

The asterisk form graphically represents the inwardly and outwardly directed actions of listening and articulating.

The asterisk punctuation mark has been used in text since the Middle Ages to indicate a correction or a further point of clarification, denoting the presence of additional information—the perfect visual metaphor for an agency of law reform.

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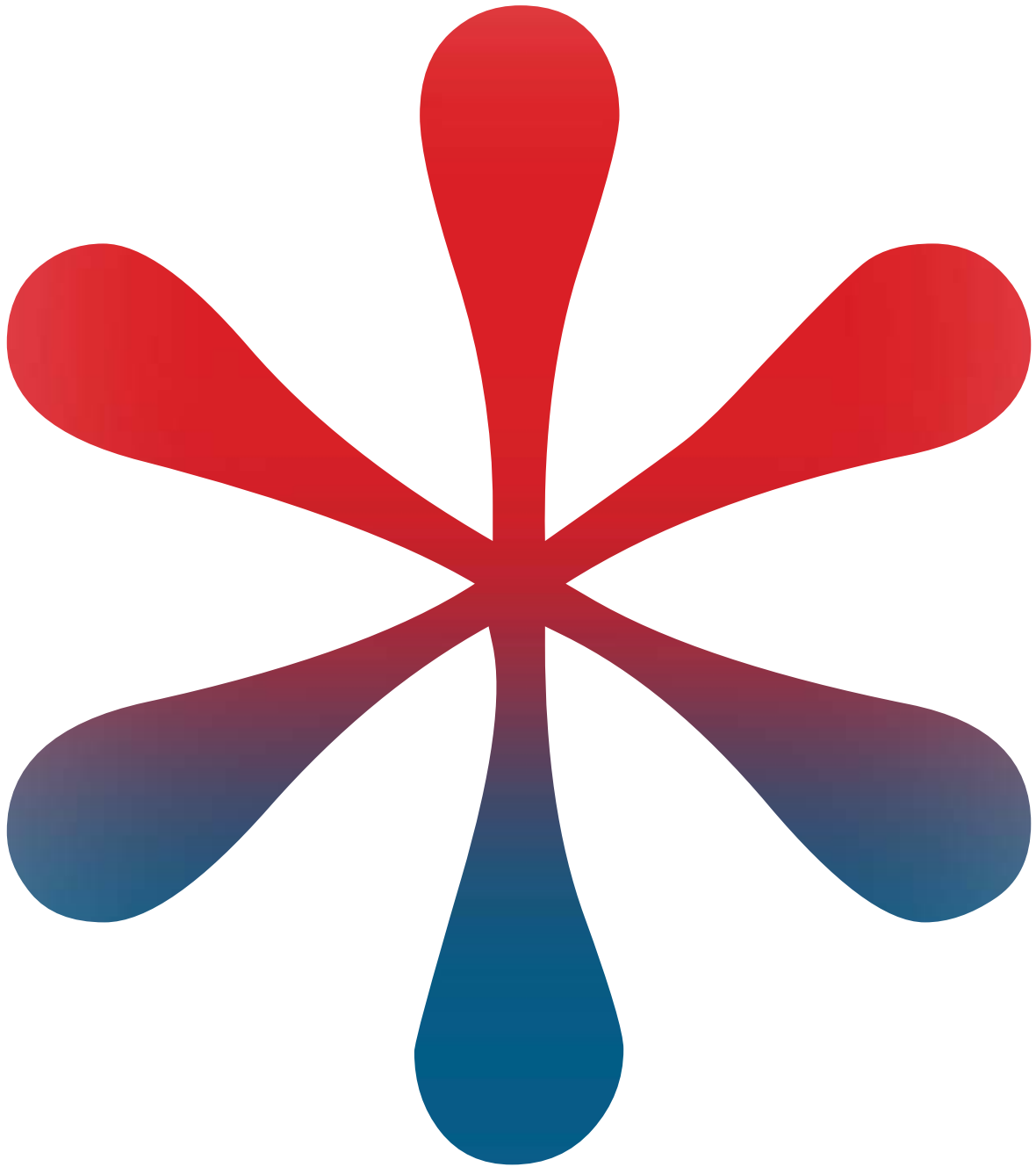
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**2021 marks the 20th anniversary of the commencement of the Victorian Law Reform Commission. At the time the Attorney-General, Rob Hulls, said that the Charter of the Commission was “to facilitate community-wide debate of law reform issues and to assist members of Parliament in identifying key areas of law reform. The aim is to place Victoria at the cutting-edge in law reform in Australia.” History indicates that over the course of some 44 inquiries, the Commission has achieved and continues to achieve this goal.**

The year just past presented unique challenges. At the close of the last reporting period we had entered a time of lockdown, and we lived much of 2020–21 under the shadow of the coronavirus (COVID–19) pandemic. Nevertheless, our work has continued with minimal disruption, thanks to the adaptability of our staff, who mainly worked from home, including in some cases managing home-schooling as well, and thanks to the flexibility of our Commissioners, who contributed online.

The Commission has been particularly well served by the research team leaders and their team members in each of the Sex Offences, Stalking, and Inclusive Juries inquiries. All were in the consultation phase in the reporting period. The Sex Offences reference was the most advanced at the end of the reporting period and hence I am confident that it will be a landmark report. The skill and dedication of the team deserves special recognition.

The reputation of the Commission relies on its inclusive approach, meaning that our reports are based on the input of a wide range of people and organisations knowledgeable about the area under examination. In the case of the Sex Offences reference, the team led by Jacinth Pathmanathan conducted 99 consultations. The contributions of the

people consulted in relation to the current references have been generous. Their experience and insights are the bedrock of our work. I thank all those with whom we consulted for their time and attention, particularly given that many of them have had their own problems arising from the pandemic to contend with at the same time.

The requirements placed on the Commissioners are considerable, particularly as a result of a new system implemented when I was appointed Chair. The Commissioners are asked for their written input at each stage of the development of a report. Due to overall time constraints on the references, their feedback is usually required within a couple of weeks. Often this involves detailed responses to drafts of many hundreds of pages. Following the written responses, the Commission meets to discuss any outstanding contentious matters. Some of the Commissioners have very demanding positions outside their work on the Commission.

Throughout the year, they have been conscientious in providing their particular and diverse expertise to each of the three inquiries. For me it has been a pleasure to deal with such a devoted and collegiate group of people. The two new Commissioners, Dr Vivian Waller and Kathleen Foley, have joined in the same

spirit and have become valued members of the Commission.

The Commission is grateful for the guidance of Professor Ron McCallum AO, who was appointed as a special advisor to the Inclusive Juries inquiry led by Emma Cashen, and the Honourable Marcia Neave AO, who was appointed as a special advisor to the Sex Offences reference.

We have taken steps during the 2020–21 period to make our materials more accessible and reach wider audiences. For example, we published consultation materials for our Inclusive Juries project in Auslan and audio versions, and for our Sexual Offences inquiry we published an Easy English version of the consultation paper as well as a short animated video promoting the inquiry. For both the Sexual Offences and Stalking references, we used the platform of Engage Victoria to encourage community responses, which enables people to tell us about their experiences anonymously and easily, without any of the formalities associated with the word 'submission'. Along with our team leaders and researchers, I have been pleased to appear in three episodes of the Commission's podcast, 'Old Law, New Law' which is another way that we spread the word about our work to the community at large. I also appeared, along with Stalking team leader Marie

Barnard, in a special video explaining the work of the Commission which appeared during Law Week in May 2021, produced by our friends at the Victoria Law Foundation.

The Communications Manager, Nick Gadd, has driven these initiatives. His work has been especially demanding in this period because of the strong media interest in the Sex Offences and Stalking references. He has arranged my interviews with *The Age*, the ABC, Channel Nine's *A Current Affair*, the Law Institute Journal and several others, relating to the references and to the work of the Commission; as well as addresses which I gave to the incoming Juris Doctor students at Melbourne University, and the criminal law class at Melbourne University. Nick, together with Gemma Walsh, the Information and Communication Officer, has assisted the teams with advice about clear communication techniques and in the arduous task of editing the reports. Besides her expertise in information management and her support for our researchers, Gemma ensures the Commission maintains an active presence on social media.

The Commission has continued to enjoy excellent relationships with the Office of the Attorney-General and the Department of Justice and Community Safety, whom I thank for their support. During this

period of change a new Attorney-General has been appointed, along with several key positions in the Department. I look forward to fruitful ongoing relationships and note that we have provided the Attorney-General with a list of proposed topics for references, which would assist the Commission to develop a multi-year program of future work.

We are marking our first 20 years of operation with a new identity and a new website, both of which were developed during the last financial year and have just been launched as I write. The new logo includes an asterisk, a punctuation mark used in text to indicate a correction or a further point of clarification, and to denote the presence of additional information. It is therefore an ideal symbol for the work of a law reform commission. The new website, which showcases the new identity, has page templates that have been tested by core VLRC user groups, including those with accessibility needs, as well as other functions making the site more accessible, such as simplified navigation and text-to-speech for users with vision impairments.

The administration of the Commission is overseen by our CEO, Merrin Mason. She has served the Commission for more than 10 years and in June was awarded the Public Service Medal for her work in the cause of law reform. We are very proud

that she received this much deserved award, which reflects the high quality of her guidance of the work of the Commission. The administrative staff of Jeniffer Joyner, Janis Dunk, and my executive assistant, Monika George, serve the Commission with good cheer and positivity and make the Commission an efficient and wonderful place in which to work.



The Hon. Anthony North QC  
Chair  
Victorian Law Reform Commission

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

The Commission 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, and especially targets:

- > people in regional and remote communities
- > Aboriginal and Torres Strait Islander peoples
- > people from culturally and linguistically diverse backgrounds
- > people with disabilities.

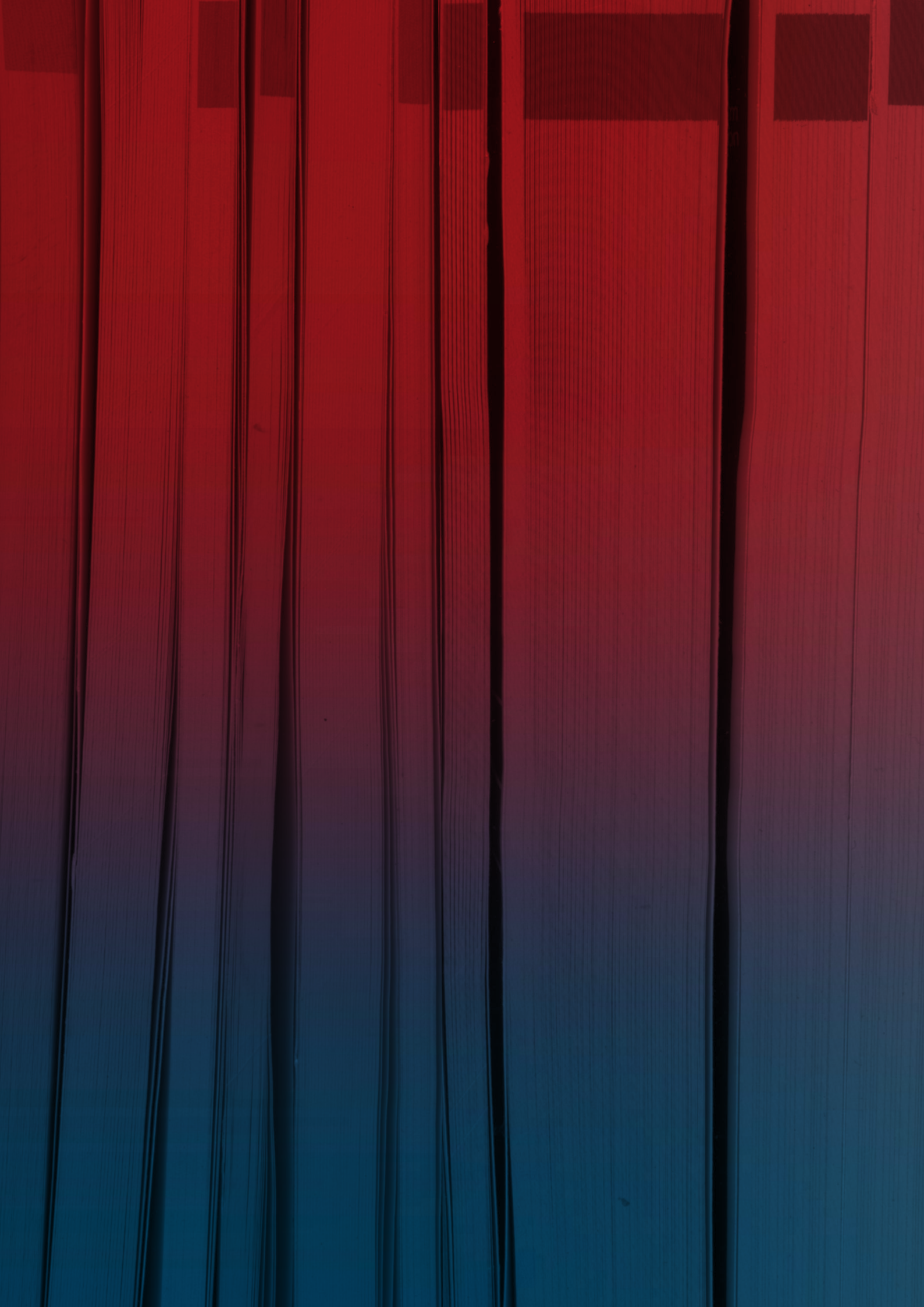
The Commission reports to the Attorney-General on completion of an inquiry, making practical, innovative recommendations that aim to make the law fairer, more up-to-date and more accessible to everyone.

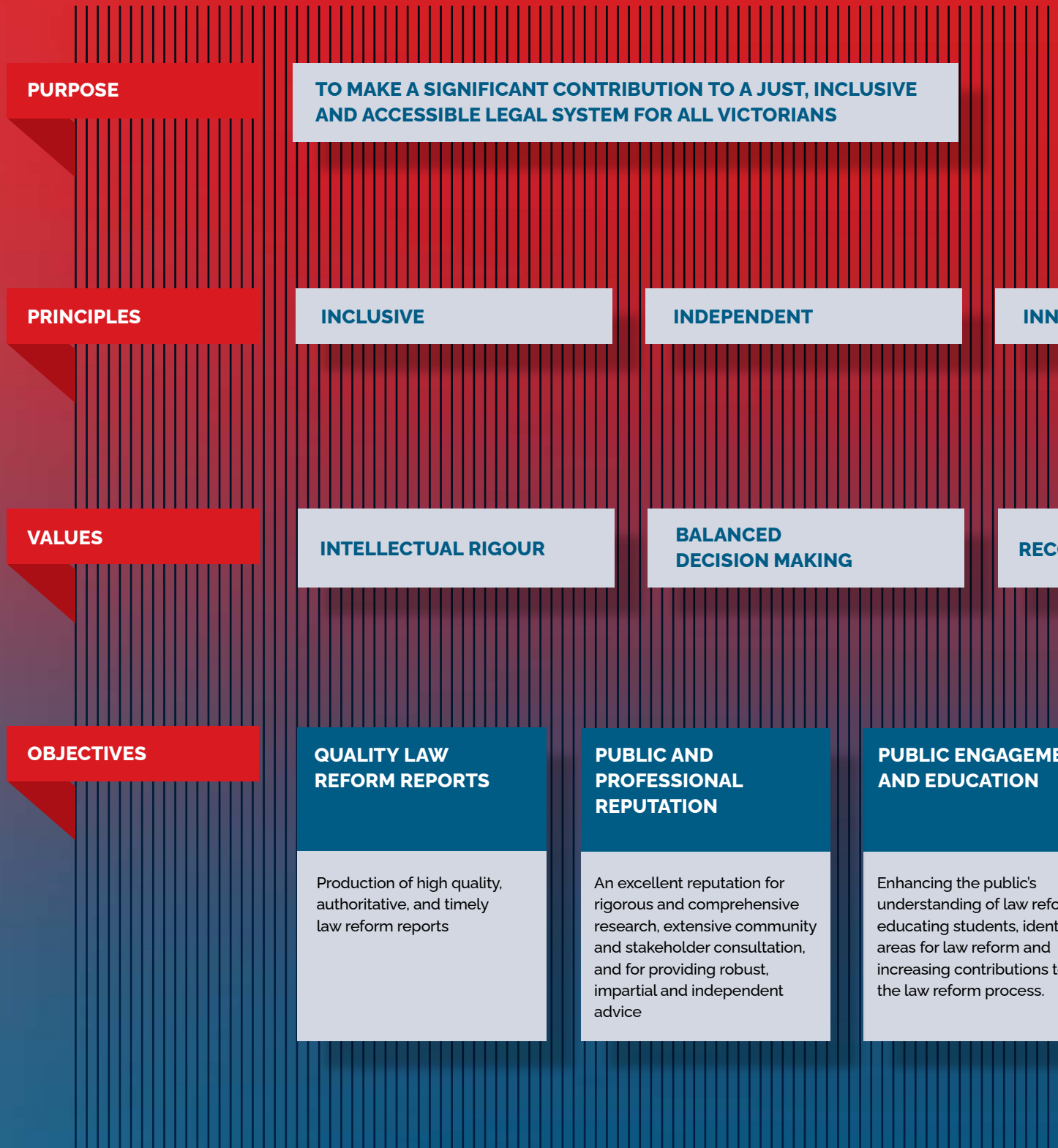
### **The functions of the Commission**

Under section 5(1) 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.







NOVATIVE

COGNITION OF DIVERSITY

EFFECTIVE COMMUNICATION

ETHICAL EMPLOYER

ENT

**ACCESS FOR PEOPLE FROM DIVERSE BACKGROUNDS**

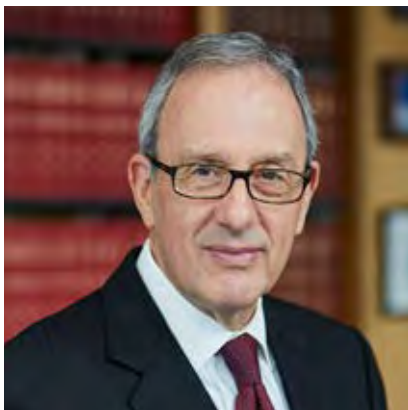
Encourage and support people from diverse and/or disadvantaged communities to participate in law reform projects

**SHARING LAW REFORM INFORMATION**

Maintain relationships with other bodies involved in law reform in Victoria, monitoring and reporting on law reform activities

**ETHICAL EMPLOYER**

A safe and productive workplace and a fair, respectful, and satisfying work environment



## Chair

With a distinguished career spanning 45 years, the **Hon. Anthony North QC** is a former judge of the Federal Court and the Supreme Court of the Australian Capital Territory. Admitted to the Victorian Bar in 1976, he was appointed Queen's Counsel in 1989. In 1995, Mr North was made judge of the Federal Court of Australia, where he served until his retirement in 2018. He also served, from 2004, as additional judge of the Supreme Court of the ACT. During his time as judge, Mr North presided over cases involving constitutional and commercial law, industrial and employment law, taxation, intellectual property and native title. He holds a Bachelor of Arts and Bachelor of Laws with Honours from the University of Melbourne and a Master of Laws from the University of London.

## 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.

**The Hon. Jennifer Coate AO** has held a number of judicial appointments over the last 27 years, including Magistrate, Deputy Chief Magistrate, the inaugural President of the Children's Court of Victoria, Judge of the County Court of Victoria, and the first female State Coroner of Victoria. In January 2013, Justice Coate was appointed a judge of the Family Court of Australia and thereafter released onto the Royal Commission into Institutional Responses to Child Sexual Abuse, where she served as one of six Commissioners for the five years of that Royal Commission. Ms Coate has previously held positions as a part-time Victorian Law Reform Commissioner, a solicitor in private practice, a solicitor for the Legal Aid Commission of Victoria and a legal policy officer in the Attorney-General's office of the Victorian Government. In October 2014, she was appointed as a Fellow of Monash University. In January 2019, she was made an Officer of the Order of Australia. In April 2020, she was appointed as the Chair of the Victorian Victims of Crime Consultative Committee. In 2020, Ms Coate conducted an Inquiry into Hotel Quarantine in Victoria. She was appointed to the Victorian Law Reform Commission in June 2020.

**Kathleen Foley** is a barrister with a broad practice spanning public law, commercial law and common law. She also has a significant public interest litigation practice, representing clients in environmental, police tort and human rights cases. In addition to her work as a barrister, Kathleen is a writer and gender equality advocate. She was appointed to the Victorian Law Reform Commission in November 2020. Prior to commencing at the Victorian Bar, Kathleen worked as an attorney in New York and as a solicitor in the government sector in Western Australia.

**Bruce Gardner PSM** was until 2018 the Senior Legal Advisor to the Victorian Director of Public Prosecutions. He had 36 years' experience in the Crown Solicitor's Office and the Office of Public Prosecutions as a prosecution solicitor. Since 1994, Mr Gardner held a range of policy-related positions including 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. He served as Acting Chair of the Commission from March 2019 to August 2019. Mr Gardner was reappointed to the Commission in June 2020.

**Emeritus Professor Bernadette McSherry** holds an honorary position in the Melbourne Law School, having served as the Foundation Director of the Melbourne Social Equity Institute at the University of Melbourne from 2013 to mid-2021. She is an internationally recognised legal academic in the fields of criminal law and mental health law and is a Fellow of the





Academy of Social Sciences in Australia as well as a Fellow of the Australian Academy of Law. Professor McSherry served as a Legal Member of the Victorian Mental Health Tribunal for 18 years until mid-2018 and was a Commissioner serving on the Royal Commission into Victoria's Mental Health System. She was appointed to the Victorian Law Reform Commission in June 2018.

**Dan Nicholson** is the Executive Director, Criminal Law at Victoria Legal Aid, responsible for the delivery of legally aided criminal law services across the state. Dan has worked with VLA since 2012 in a range of roles including as Executive Director, Civil Justice, Access and Equity. He previously managed the Human Rights Unit at the Victorian Department of Justice, was Associate to Justice Maxwell, President of the Court of Appeal and worked at Fitzroy Legal Service. He has worked on a range of human rights issues and lived in Cambodia and Timor-Leste. He was appointed as a Director of the Sentencing Advisory Council in February 2021. Dan was appointed to the Victorian Law Reform Commission in September 2018.

**Alison O'Brien PSM** has 25 years' experience working in government, including 23 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. Ms O'Brien was appointed to the Victorian Law Reform Commission in September 2013. She was

awarded a Public Service Medal in June 2019 for outstanding public service to the provision of legal services to the Victorian public sector, particularly in the areas of constitutional and public law.

**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. She is in private practice as a consulting legislative drafter. Mrs Varley 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. Mrs Varley was reappointed to the Commission in June 2020.

**Dr Vivian Waller** was admitted to legal practice in 1995. She is the Director and Managing Partner of law firm Waller Legal. She has more than 25 years experience representing survivors of institutional child sexual abuse including litigation in the Supreme Court of Victoria and the High Court of Australia. She has assisted thousands of sexual abuse survivors obtain compensation in claims against religious institutions, public and private schools, orphanages and children's homes. Dr Waller was instrumental in the Royal Commission into Institutional Responses to Child Sexual Abuse where she represented 20 survivor witnesses in case studies inquiring into the Archdiocese of Melbourne, Victorian State Wards, Yeshiva Bondi and Melbourne, Catholic Church Authorities in Ballarat and the Criminal Justice System. She has written submissions for the Royal Commission into Institutional Responses to Child Sexual Abuse and appeared before the Senate Committee in relation to the establishment of the

National Redress Scheme. Dr Waller represented, on a pro bono basis, the complainant 'Witness J' in the criminal prosecution and appeals process in relation to allegations against Cardinal George Pell. She holds a Doctorate in Law from the University of Melbourne, and a Bachelor of Laws and Bachelor of Arts (Honours) from Monash University. Dr Waller was appointed to the Victorian Law Reform Commission in November 2020.

## Objectives

## Results

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

No reports were delivered to the Attorney-General during this financial year. The Commission continued or commenced work on three reports for delivery next year. Two reports completed in the previous financial year, Committals and Contempt of Court, were tabled in Parliament this year.

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

Carried out extensive research and consultations with the community and stakeholders for three inquiries:

- > Improving the Justice System Response to Sexual Offences (99 consultations)
- > Stalking (15 consultations)
- > Inclusive Juries (26 consultations)

**To enhance public understanding of law reform, encouraging informed community debate on key issues, identifying areas of general community concern and increasing contributions to the law reform process**

Published four online videos about law reform topics, including one specially prepared for Law Week. Overall, our videos were viewed more than 12,000 times. Due to the pandemic, we did not make in-person visits to schools and community organisations. Produced three episodes of a podcast, *'Old Law, New Law.'* The Commission's work was reported widely in the media, including TV, radio, print and online. The Commission received 30 community law reform suggestions.

**Encourage and support people from diverse and/or disadvantaged communities to participate in law reform**

The Commission consulted extensively with people from disadvantaged communities, including regional Victorians, for all projects. The Commission's current and recent publications are published on its website in accessible html versions and as accessible pdfs and Word documents. Consultation materials were published in Easy English, Auslan, and as audio, and (for Sex Offences inquiry) promoted with an animated video.

**To maintain relationships with other bodies involved in law reform in Victoria, monitoring and reporting on law reform activities**

VLRC e-newsletters and social media report on the activities of other law reform agencies, within Victoria and interstate, 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 Financial Year in Review

- The Commission's income decreased in 2020–21 to \$2,726,210 (2019–20: \$3,099M). The decrease reflects the return to normal funding arrangements with the Victorian Legal Services Board.
- The Commission's expenditure increased in 2020–21 to \$3,168,704 (2019–20: \$2,783). The increase in expenditure relates primarily to staff costs related to the two Attorney-General references and one Community Law inquiry being run concurrently during the financial year.
- The overall net result was a loss of \$436,752 which is due to an unexpected adjustment to funding relating to the treatment of the right of use accommodation lease and additional work taken on during the year. This has resulted in a reduced trust fund balance of \$260,367 (2019–20 : \$656,437).
- The Commission's Trust Fund and the State Administered Unit (SAU) receivable account balance decreased overall from \$562,801 to \$407,804 at 30 June 2021.

## Performance against output performance measures

The following table shows the performance results against targets by output for the Commission over the full year ending 30 June 2021.

Performance measures	Unit of Measure	2020-21 Actual	2020-21 Target	Performance Variation (%)
<b>Quantity</b> Community education and consultation sessions	number	164	100	61%
Law reform projects	number	3	3	0%
<b>Quantity</b> Stakeholder satisfaction with consultation/education processes	per cent	n/a	85	n/a
<b>Cost</b> Annual appropriation		890,000		
Victorian Legal Services Board		1,836,210		
<b>Total output cost</b>	<b>\$ mil</b>	<b>2,726,210</b>		

The outputs relating to the Commission are included in the Budget Paper No. 3 (BP3) under the heading of the Department of Justice and Community Safety's Criminal Justice Services - Criminal Law Support and Reform. The Commission's outputs contribute to this consolidated total output cost of \$2.726M.

The total output cost for the Commission is an amount derived from the Appropriation (2020-2021) Act 2021, 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.



## Improving the Justice System Response to Sexual Offences

**The Victorian Law Reform Commission (VLRC) has been asked to review and report on Victoria's laws relating to rape, sexual assault and associated adult and child sexual offences.**

**The review will identify opportunities to embed and build upon previous reforms, identify the barriers to reporting and resolving sexual offences, and make recommendations to improve the justice system's response.**

**Referred**

1 April 2020

**Due Date**

20 September 2021

**Commissioners and staff**

The Hon. Anthony North QC formed a Division to work on this reference, which he also chaired. Members of the Division were Liana Buchanan, the Hon. Jennifer Coate AO, Kathleen Foley, Bruce Gardner PSM, Professor Bernadette McSherry, Dan Nicholson, Alison O'Brien PSM, Gemma Varley PSM and Dr Vivian Waller. The reference team comprised team leader Jacinth Pathmanathan, senior policy and research officers Dr Joyce Chia, Dr Emma Larking, Dr Nesam McMillan, and Hana Shahkhan, and research assistants Jasmine Ali and Marcus Hickleton.

**Progress of the reference**

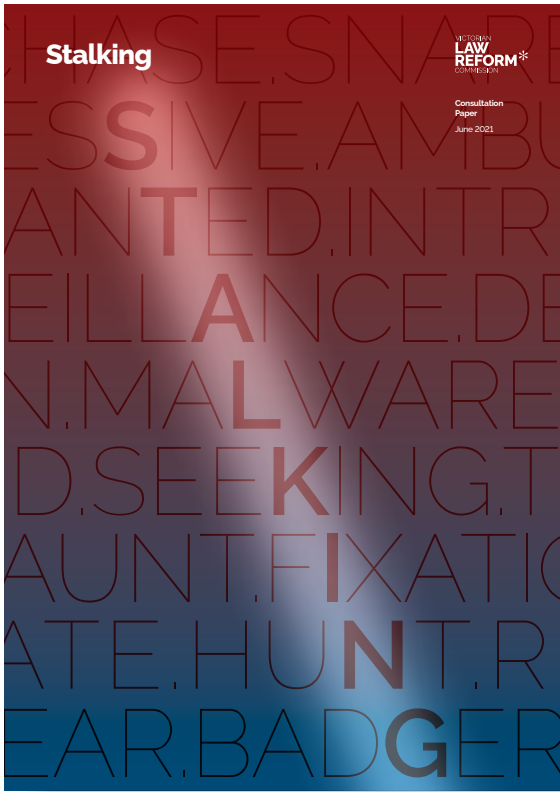
On 26 November 2020 the Attorney-General asked the Commission also to consider the possible creation of a new 'grab and drag' offence as part of the sexual offences reference.

We received 71 submissions to the Sexual Offences inquiry and 15 submissions to the 'Grab and Drag' inquiry. We held 99 formal consultations.

In addition, we received 67 useable responses to an online form on the Engage Victoria website. The form asked people who had experienced sexual violence, or knew someone who had, what they thought about the response of the justice system. A summary of their feedback was published on the Commission website.

At the close of the reporting period the Commission was drafting its recommendations and report for delivery to the Attorney-General by 20 September 2021.





## Stalking

**The VLRC has been asked to review and report on Victoria's legal responses to stalking, harassment and similar conduct, including the Personal Safety Intervention Order (PSIO) system.**

**The review should identify barriers to current law responding effectively to stalking, harassment and similar conduct, and make recommendations to improve the justice system's response, with victim safety and wellbeing the paramount consideration.**

### Referred

17 February 2021

### Due Date

Interim Report – 31 December 2021

Final Report – 30 June 2022

### Commissioners and staff

The Hon. Anthony North QC formed a Division to work on this reference, which he also chairs. Members of the Division are Liana Buchanan, the Hon. Jennifer Coate AO, Kathleen Foley, Bruce Gardner PSM, Professor Bernadette McSherry, Dan Nicholson, Alison O'Brien PSM, Gemma Varley PSM and Dr Vivian Waller. The reference team comprises team leader Marie Barnard, senior policy and research officers Ann Jorgensen, Michelle McDonnell and Madeleine Ulbrick, and research assistant Bethia Burgess.

### Progress of the reference

The Commission received this reference on 17 February 2021. The Commission held 15 preliminary consultations with key stakeholders including Victoria Police, the Office of Public Prosecutions, the County Court, the Magistrates' Court, Forensicare, Djirra, Corrections Victoria, the Crime Statistics Agency and VSSR—Victims Services, Support and Reform.

The Commission published a consultation paper at the end of June 2021, calling for submissions. At the same time an online form inviting respondents to describe their experiences of being stalked and reporting stalking was published on the Engage Victoria website, and received 68 responses within a week. The launch of the consultation paper and survey was reported extensively in the media (see Communications report).

**The community law reform program aims to improve access to law reform by people and communities that are not generally involved in the law. The selection criteria for community law reform projects can be found on the Commission's website. They must be in relation to a contained problem, the resolution of which could deliver clear community benefits.**

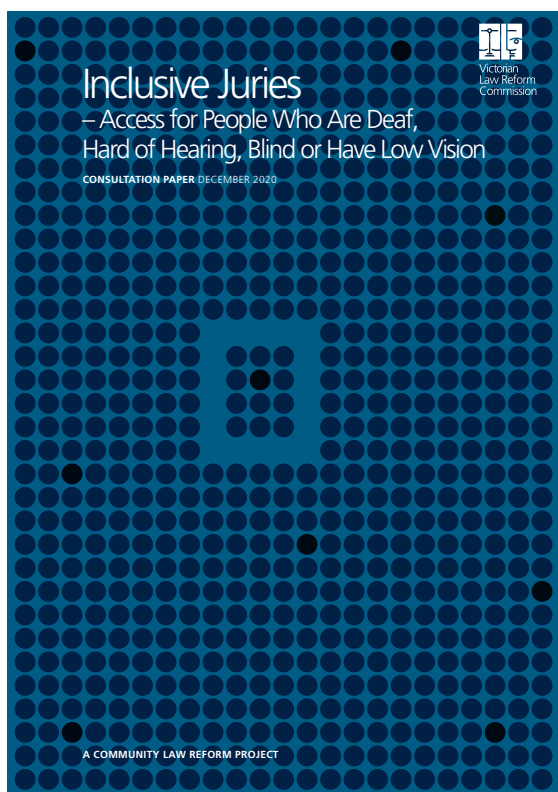
During the financial year 2020-2021 the Commission received 30 suggestions for law reform. They related to a broad range of legal areas, including:

- > political branch stacking
- > jury trials in sexual assault cases and implications of the *Pell v Queen* 2020 High Court case
- > recording private conversations or activities without the consent of all parties
- > concerns over structures built close to shared boundaries
- > Aboriginal self-determination policy
- > regulation of the ownership of compound bows
- > the use of personal safety intervention orders
- > difficulties conducting repairs to family gravesites
- > intervention orders
- > reporting requirements for unfit road users
- > penalties for not naming a driver involved in a motor accident
- > new rental provider obligations and related VCAT processes
- > IBAC and the manner in which it exercises its powers
- > the use of dismissed criminal allegations in child protection matters
- > the laws regulating the provision of audio evidence in a trial
- > the operation of the post-sentencing orders scheme
- > difficulties bringing small claims against road authorities for damages caused by roads
- > strengthening laws that protect Aboriginal cultural heritage
- > the use of the term 'victim' in the criminal trial process
- > legal recognition of 'scapegoating' as a form of abuse
- > making all legislation gender neutral
- > review of succession laws
- > the use of salvage motor vehicle stock by organised crime

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.

Not all of the suggestions received by the Commission met the criteria for a community law reform project. This is because they were recently considered by another agency, did not relate to Victorian state laws, would not affect the community generally or would require significant Commission resources to investigate.

Other suggestions that met the criteria may be reconsidered at a later date when existing or planned projects are completed. Generally, the Commission is only able to undertake one community law reform project at a time.



## Inclusive Juries—Access for People Who Are Deaf, Hard of Hearing, Blind or Have Low Vision

**The Victorian Law Reform Commission will consider what changes to legislation and practices should be made to enhance access for people who are deaf, hard of hearing, blind or have low vision who wish to serve as jurors in Victoria.**

**The *Juries Act 2000* (Vic) excludes from jury service persons with ‘a physical disability that renders [them] incapable of performing the duties of jury service’, and those who are ‘unable to communicate in or understand the English language adequately’.**

**Although people who are deaf, hard of hearing, blind or have low vision are not expressly precluded from jury service, prohibitions on allowing interpreters or communication assistants into the jury room mean that, for many, such service would not be possible.**

**The project will examine the current legal framework to consider whether legislative change is required to assist people who are deaf, hard of hearing, blind or have low vision to serve on juries; what practical supports would be necessary; and whether there are specific circumstances in which such jury service should be limited.**

**Commenced**  
12 March 2020

**Due Date**  
31 March 2022

### **Commissioners and staff**

The Hon. Anthony North QC formed a Division to work on this inquiry, which he also chairs. The Division comprises Liana Buchanan, the Hon. Jennifer Coate AO, Kathleen Foley, Bruce Gardner PSM, Gemma Varley PSM and Dr Vivian Waller. Professor Ron McCallum AO is the special advisor to this inquiry. The staff team working on the inquiry comprises team leader Emma Cashen and policy and research officer Phoebe Lindner.

### **Progress of the inquiry**

During the first half of the financial year the Commission prepared a consultation paper explaining the current law, putting forward options for reform and asking community members for their views. The paper was published in a range of accessible formats including Auslan and an audio version. Seventeen submissions were received.

The Commission also published a community survey asking about people’s experiences of not being able to serve on juries, and what they thought should be done to reform the law, which received 26 responses. The Commission held 26 formal consultations with stakeholders. By the conclusion of the reporting period the Commission had commenced drafting the recommendations and report for delivery to the Attorney-General.

## Media highlights

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

- > Extensive reporting on the stalking inquiry in *The Age*, *The Herald-Sun*, ABC TV news, ABC Melbourne radio, 3AW talkback radio, and multiple regional and interstate newspapers after the launch of the consultation paper on 24 June 2021.
- > A complete episode of *The Law Report* on ABC Radio National devoted to the Commission's sexual offences inquiry: 'Improving the justice system for sexual assault survivors', 18 May 2021.

- > 'Legal dinosaurs the problem, not consent laws says law reform chair' *The Age*, May 16 2021. Interview with Tony North QC on the sexual offences inquiry.
- > 'Law reform needed to allow deaf and blind people on juries' *The Age*, January 17 2021.
- > 'How can we provide justice for sexual assault victims beyond criminal trials?' by VLRC Commissioner Bernadette McSherry, *The Conversation*, 3 December 2020. Subsequently republished on the ABC website and a number of other sites.

- > 'Victorian Law Reform Commission calls for committal hearings to be scrapped' *The Herald-Sun*, 16 September 2020. Coverage of the committals inquiry report.

### New identity

The Commission developed a new logo and identity during the year, to replace the logo and identity that has been used since the Commission was established in 2001. The new logo features an asterisk, a punctuation mark used in text to indicate a correction or a further point of clarification; and to denote the presence of additional information. The new font is *Raleway*, a stylish contemporary typeface.

The new identity will appear on publications, the new website and other communications during the upcoming year.

### New website development

During the second half of the financial year the Commission commenced work on a new website developed by the communications agency Komosion.

The new VLRC site will:

- > Showcase the refreshed 2021 VLRC identity
- > Feature page template designs user-tested by core VLRC user groups, including those with accessibility needs
- > Simplify and update the sitemap to improve usability and shorten major user journeys
- > Allow easy changes to navigation
- > Improve the content management experience for VLRC staff
- > Feature an html converter plugin which enables VLRC publications to appear as searchable html pages, with footnotes, tables of contents and links.

The new site is built on WordPress Kanvas, a customised instance of the open source WordPress platform. This was chosen to replace Drupal (the previous content management system) because:

- > The back end of WordPress is easier and more intuitive to use
- > WordPress is the world's most popular open source CMS, meaning design, development and changes are easy and inexpensive to commission
- > The Kanvas instance of WordPress strengthens security
- > Hosted on AWS EC2 instance, which is Australian domiciled and highly secure.

The new site was launched in July 2021, just after the close of this reporting period.

### Website traffic

The Commission's work continues to be a significant source of public information and interest, as indicated by the steady growth in traffic.

- > Overall pageviews of the Commission's website were 575,903, an increase of 16.5 per cent on the previous year.
- > The number of users was 263,968, an increase of 17 per cent on the previous year.

### Accessibility

Several new publications by the Commission were made available in accessible formats.

- > The paper requesting responses from victim survivors of sexual offences was made available in an Easy English version, translated by Scope, for people who have difficulty with written English.

- > The Inclusive Juries consultation paper and associated communications were made available in a range of formats including Auslan (created for the Commission by Expressions Australia), audio versions, and Word and pdf versions accessible to screen readers.

### Animated video

The animated video 'The justice system and sexual offences—tell us how to make things better' was created specially for the sexual offences inquiry. It was designed to reach people who might respond better to information presented visually rather than text-based. Target audiences included people from culturally and linguistically diverse (CALD) backgrounds, younger people, and those with low literacy. The video was created by an animation company, Sketch, engaged by the Commission and using a script prepared by us. The call to action encouraged viewers to go to Engage Victoria and respond to our online form.

We uploaded the video to YouTube and the Engage Victoria project page as well as our own website. We sent out links to the YouTube video in our eDMs, and shared the link via our social media accounts. The video was viewed 283 times on YouTube during almost four months of the consultation and submission period, and 518 times overall.



One of the Commission's functions under section 5(1)(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 making presentations at community organisations, universities and schools (when possible), 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 and podcasts about law reform, and promoting our work through the media.

### Social media

The Commission continued to maintain an active social media presence. By the end of the reporting period, the Commission had achieved the following:

- > Facebook: 2639 followers (an increase of 277 on last year)
- > Twitter: 6539 followers (an increase of 436)
- > LinkedIn: 1920 followers (an increase of 1094).
- > YouTube: our videos were viewed a total of 12,074 times (last year's figure was 6,853—an increase of around 75 per cent.) The most popular videos were those explaining the work of the VLRC for legal studies students, which were viewed 3,108 times.

### Engage Victoria public consultation pages

For the first time the Commission made use of the Engage Victoria platform which enables members of the community to have their say on matters open for consultation. We published project pages and online forms related to two inquiries: Sexual Offences and Stalking.

The online forms addressed people who had experienced sexual offences and stalking, and encouraged them to tell us anonymously about their experiences of the justice system. Our project pages included background information, a link to relevant supporting materials such as consultation papers, and the survey questions. We also collected demographic information about the respondents. The sexual offences survey was online from October to December 2020, a period of almost three months.

It received 1286 views from 777 users and generated 77 responses. The overall quality of the responses was high, with many detailed, informative and thoughtful answers that will be of great value to the Commission in developing its recommendations.

The stalking survey was published online on 24 June, and generated 68 responses in its first week.

### E-newsletters and alerts

The Commission sent out 11 electronic direct messages (eDMs) to our database of subscribers during the year, to promote our inquiries, particularly at critical stages such as the launch of a consultation paper, the closing date of submissions, and the publication of reports. The eDMs were opened a total of 17,081 times.

### Podcasts

The Commission produced three episodes of its podcast, 'Old Law, New Law', on the topics: contempt of court report; the response of the justice system to sexual offences; and inclusive juries. These were published on our website and via the podcasting platform Podbean, along with transcripts. During the year, episodes were downloaded 850 times, an increase of 15 per cent on the previous year.

### Videos for legal studies students

The VLRC and its work is an essential part of the Victorian Certificate of Education (VCE) legal studies curriculum, included in all VCE legal studies text books. Due to the coronavirus (COVID-19) pandemic, in-person school talks were cancelled during the 2020–21 year. Instead, the Commission offered alternative options, particularly three new online videos

uploaded to YouTube explaining the work of the Commission and targeting an audience of legal studies students. One of these, on the Stalking inquiry, was specially produced for Law Week and featured on the Victoria Law Foundation's website. The videos achieved the following numbers of views during the year:

- > About the VLRC: 2,328 views
- > About the VLRC: community law reform case study: 780 views
- > About the VLRC and the Stalking inquiry (recorded for Law Week): 112 views

### Communications and information staff

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

## Audit committee membership and roles

The audit committee consists of the following members:

- > Matthew Zappulla, Chairperson (Independent Member)
- > Anthony Phillips (Independent Member)
- > Bruce Gardner PSM

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
- > maintain effective communication with external auditors
- > consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised: and
- > oversee the effective operation of the risk management framework.

### Human resource management and occupational health and safety

The Commission's occupational health and safety (OH&S) strategy is to ensure all staff remain safe and healthy at work. During the 2020-21 financial year, the Commission continued its initiatives to improve the health and safety of staff by offering ergonomic assessments, screen-based eye testing and annual influenza vaccinations for those who requested these services.

The Commission conducts an annual OH&S office walk around to check the physical safety of the environment for any potential hazards to staff. All small, frequently used electrical appliances used within the office were tested and tagged during the year. Any items deemed unsafe were replaced.

The Commission had no occupational health and safety incidents during 2020-21. There were no WorkCover claims lodged during the period.

Three staff continue as fire wardens and attend the appropriate training. Staff did not participate in the scheduled fire drill held by building management due to COVID working from home arrangements. Staff participated in a fire safety and security training session held in house.

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

Counselling and training were arranged for staff to support them with issues or vicarious trauma arising from subject matter being dealt with in relation to the Sexual Offences reference staff. These services are also in place to support the Stalking reference team as they navigate the various stages of their report.

### Coronavirus (COVID-19) Response

#### 2020-21

A state of emergency continued in Victoria through 2020-21 due to the coronavirus pandemic resulting in prolonged periods of lockdown to address and contain the spread of COVID-19. The Commission continued to support staff to work from home with appropriate equipment and weekly check-ins. The Commission engaged in frequent communication with staff conveying COVID-19 updates, work well tips and mental health awareness. New staff were onboarded remotely in a COVID-Safe manner and provided with everything required to facilitate them working while not in the office.

VLRC staff successfully transitioned back into the office environment in March 2021 after management reviewed working spaces and implemented COVID-Safe measures.

### Agile workforce

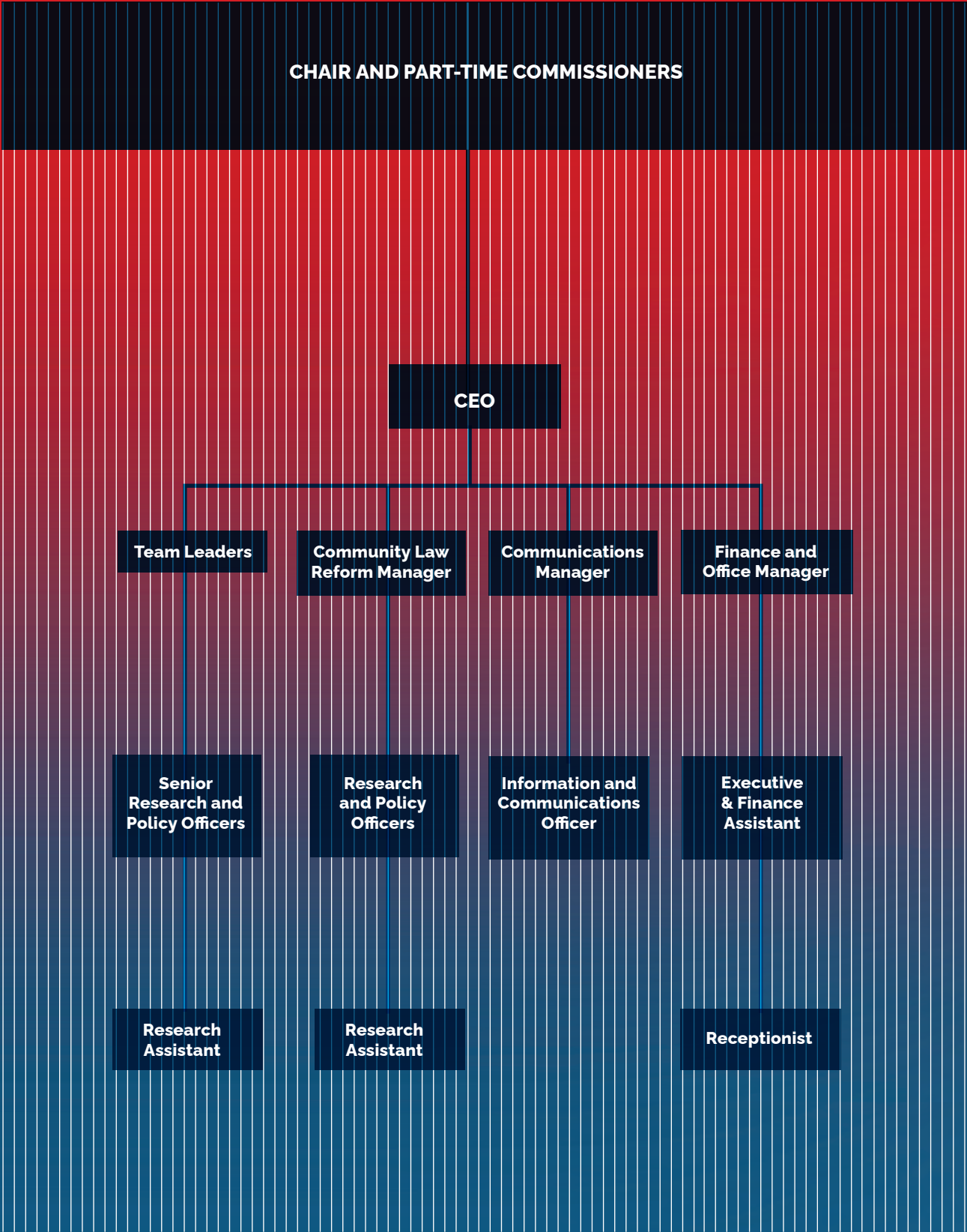
The Commission has for a long time embraced flexible work, including working from home, as part of our work model and has taken this a step further by facilitating a hybrid work model for all staff. The current VLRC model (subject to restrictions) is to ask all staff to make Wednesday one of their 'in office' days to allow the full team to interact on at least one day per week. Additionally, the office is closed to the public on a Friday to support part-time arrangements and working from home. Beyond that, staff are encouraged to discuss individual arrangements with their manager. This model has so far proven successful and has been advantageous in terms of dealing with snap lockdowns.

Management remains committed to creating and encouraging a modern and agile workforce with frequent review and improvement. This approach is endorsed by the Department of Justice and Community Safety.

### 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.





## Public sector 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 Community Safety, 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. The Commission values staff with non-binary gender identities at all levels from VPS officers through to executives. The Commission acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, staff may not disclose this information.

## Executive officer data

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. Note 8.3 in the financial statements states the remuneration range for the EO over the course of the reporting period. The Commission employs one full-time EO-3 grade female executive officer.

	June 2021							June 2020						
	All employees <sup>(a)</sup>		Ongoing <sup>(b)</sup>			Fixed term and casual		All employees		Ongoing <sup>(b)</sup>			Fixed term and casual	
	Number		Full-time	Part-time		Number		Number		Full-time	Part-time		Number	
	(head-count)	FTE <sup>(d)</sup>	(head-count)	(head-count)	FTE <sup>(d)</sup>	(head-count)	FTE <sup>(d)</sup>	(head-count)	FTE <sup>(d)</sup>	(head-count)	(head-count)	FTE <sup>(d)</sup>	(head-count)	FTE <sup>(d)</sup>
<b>Demographic data</b>														
<b>Gender</b>														
Women	19	15.56	2	5	5.26	12	10.3	13	10.56	1	4	3.66	7	5.9
Men	2	1.8	1	0	1	1	0.8	1	1	1	0	1	0	0
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>VPS Classification data</b>														
<b>VPS 1-6 grades</b>														
VPS 2	1	0.80	0	1	0.80	0	0	1	0.8	0	0	0	0	0
VPS 3	4	3.06	0	1	0.66	3	2.4	3	2.26	0	1	0.66	2	1.6
VPS 4	2	1.60	0	1	0.60	1	1.0	1	0.6	0	1	0.6	0	0
VPS 5	10	8.50	2	1	2.60	7	5.9	6	5.3	2	0	2	4	3.3
VPS 6	3	2.40	0	1	0.60	2	1.8	2	1.6	0	1	0.6	1	1
Executives <sup>(c)</sup>	1	1.00	1	0	1.00	0	0.0	1	1	1	0	1	0	0
<b>Total employees</b>	<b>21</b>	<b>17.36</b>	<b>3</b>	<b>5</b>	<b>6.26</b>	<b>13</b>	<b>11.1</b>	<b>14</b>	<b>11.56</b>	<b>3</b>	<b>4</b>	<b>5.66</b>	<b>7</b>	<b>5.9</b>

### Notes:

(a) Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies. Statutory appointees, as defined in the Public Administration Act 2004 are also excluded.

(b) 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.

(c) Executive is defined as a person employed as a public service body head or other executive under Par 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.

(d) Full-Time Equivalent.



## Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIIP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

The Commission did not enter into any contracts to which the VIIP or Local Jobs First applies for the 12 months ending 30 June 2021.

## 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 2021.

## Consultancy expenditure

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

In 2020–21, there were two consultancies where the total fees payable to the consultants were \$10,000 or greater.

The total expenditure incurred during 2020–21 in relation to these consultancies is \$34,107 (excluding GST). Details of individual consultancies are outlined below.

## Details of consultancies under \$10 000

In 2020–21, there was one consultancy where the total fees payable to the consultant was less than \$10,000.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2020–21 (excluding GST)	Future expenditure (excluding GST)
Strathmore Accounting & Audit Services	Accounting quality assurance and CFAO function	1 July 2020	30 June 2021	\$15,000	\$14,937	\$15,000
KPMG <sup>(1)</sup>	Undertake Internal Audit function	1 July 2020	30 June 2021	\$20,000	\$19,710	\$20,000

### Notes:

(1) The internal audit for this year relates to the VLRC compliance with and attestation to OH&S. The work will be performed in Q1 of the 2020–21 financial year.

**Information and Communication Technology expenditure**

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

For the 2020-21 reporting period, the Commission had a total ICT expenditure of \$85,677 with the details shown below.

ICT expenditure refers to the Commission's costs in providing business-enabling ICT services within the current reporting period. 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.

(\$) thousands

All operational ICT expenditure		ICT expenditure related to projects to create or enhance ICT capabilities	
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and Capital Expenditure)		
\$35,787	\$49,890	\$85,677	0

**Disclosure of major contracts**

The Commission did not enter into any major contracts (greater than \$10 million in value) in the 2020-21 reporting period.

**Freedom of information**

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Commission. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the Commission. This comprises documents both created by the Commission or supplied to the Commission by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

The Act allows the Commission to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to the Commission in-confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FoI) processing time for requests received from 45 to 30 days. In some cases, this time may be extended.

If an applicant is not satisfied by a decision made by the Commission, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

**Making a request**

FoI requests can be lodged online at [www.foi.vic.gov.au](http://www.foi.vic.gov.au). An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to the Department's Freedom of Information team, as detailed in s17 of the *Freedom of Information Act 1982*.

When making an FoI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

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

### **FoI statistics/timeliness**

During 2020-21, the Commission received no FoI applications.

### **Further Information**

Further information regarding the operation and scope of FoI can be obtained from the Act; regulations made under the Act; and [foi.vic.gov.au](http://foi.vic.gov.au).

### **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:

- > encouraging staff to reduce environmental impacts through behaviour change.

### **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.

### **Competitive Neutrality Policy**

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

### **Compliance with the Public Interest Disclosures Act 2012**

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

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

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

### **Reporting procedures**

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

Independent Broad-based Anti-Corruption Commission (IBAC):

Level 1, North Tower

459 Collins Street

MELBOURNE Vic 3000

Tel: 1300 735 135

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

## **Compliance with the Carers Recognition Act 2012**

The Commission staff are made aware of their entitlement to carers leave on commencement. Staff also have access to the Department of Justice and Community Safety induction, training and awareness activities including in relation to carer obligations. An information session on leave entitlements and flexible working arrangements is made to staff at one staff meeting each year.

## **Compliance with the Disability Act 2006**

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Commission seeks to facilitate participation by people with disabilities in its consultation processes by providing a range of ways to contribute including having an accessibility compliant website, and producing short videos, quizzes and surveys to provide information in summary formats, as well as more comprehensive consultation papers. Contributions to the Commission work can be provided in writing (by post, email or through web-based forms) or through face to face meetings. The Commission will also receive submissions over the telephone if requested.

The Commission offices are wheelchair accessible and have wheelchair accessible facilities.

## **Office-based environmental impacts**

The Commission endeavours to meet government requirements to reduce the impact on the environment by pursuing the following objectives:

- > reducing greenhouse gas emissions;
- > reducing the amount of waste and maximising the amount of reused and recycled resources;
- > making environmentally sound purchasing decisions for capital items and consumables;
- > encouraging staff to reduce environmental impacts through behaviour change.

## **Energy use**

The Commission solely consumes electrical energy for the purpose of running its core business. The data represented below 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 consumption of gas and other energy sources is included in the building's overhead costs and charges. Consumption by the Commission cannot be identified separately.

Indicator	2020–21		2019–20		2018–19	
	Electricity	Green Power	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	75,332	18,833	155,299	38,825	263,721	65,950
Total greenhouse gas emissions from energy consumption (tonnes CO <sub>2</sub> e)	18.31	...	39.6	...	50.37	...
Percentage of electricity purchased as Green Power	25%	...	25%	...	25%	...
Units of energy used per FTE (MJ/FTE)	2,638	...	6,180	...	9,693	...
Units of energy used per unit of office area (MJ/m <sup>2</sup> )	84	...	173	...	294	...

#### Actions undertaken

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;  
Lights in meeting rooms and offices are controlled with movement sensors;  
Dishwashers are only run when full and always on an energy-save cycle.

#### Explanatory notes

- Substantial reduction of energy use can be contributed to staff working from home during COVID-19 protocols being implemented.
- Units of energy per FTE is calculated using the average number of FTE staff over the financial year.

## Explanatory notes

- > The data represented above was collected through the retailer and represents only paper.
- > 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.

## Waste production

Indicator	2020–21	2019–20	2018–19
Total units of office waste disposed of (kg/year)	105	2345	1920
Units of office waste disposed of per FTE (kg/FTE)	6.05	153	133
Recycling rate (per cent of total waste)	100%	100%	100%
Greenhouse gas emissions (t CO2 e)	0.26	4.15	4.7
Actions undertaken – Fuji Xerox toner recycling program			
Recycling:	The total diverted from landfill is 2.97 kgs comprising: toner cartridges and bottles		

## Explanatory notes

- > The decrease in the total units of A4 equivalent paper used resulted from staff working from home during periods of COVID 19 restrictions.
- > In addition, fewer copies of publications were printed (no copies of consultation papers), as VLRC publications can be downloaded from the VLRC website.

## Paper use

Indicator	2020–21	2019–20	2018–19
Total units of A4 equivalent copy paper used (reams)	64	270	255
Units of A4 equivalent copy paper used per FTE (reams/FTE)	3.66	17.59	17.71
Percentage of 80-100% recycled content copy paper purchased (%)	100%	100%	100%
<b>Optional indicators</b>			
Percentage of publications publicly accessible electronically (%)	100%	100%	100%
Actions undertaken			
Default paper	Default copy paper purchased through stationery supplier is 100% recycled content.		

## Water consumption

The data represented below, collected through the supplier, is from two water meter readings for the building, which consists of seven floors, one of which is partially occupied by the Commission. Overall water consumption for the building varies depending on the occupancy rate for the building for the financial year.

The apportionment method used to calculate water consumption for the Commission is based on the total units of metered water consumed within the building. In 2019-20 additional data was used to calculate more accurate water consumption during the reporting period, as a result only two years of data is available for comparison. The relevant FTE calculations have been made using the Commission's and Sentencing Advisory Council's staff numbers combined. The effect of lockdowns due to COVID-19 during the period substantially reduced water consumption in the current year.

The Commission's water consumption is 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	2020-21	2019-20
Total units of metered water consumed by water source (kilolitres)	857	3215
Total water consumed for VLRC and SAC based on office area (kilolitres)	128.72	428.89
Units of office water used per FTE (kilolitres / FTE)	4.47	19.95
Units of office water used per office area (kilolitres / m <sup>2</sup> )	0.14	0.28

## Transport

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

	2020-21			2019-20			2018-19		
Total distance travelled by air (km)	0			24,229			15,082		
	CBD	Metro	Regional	CBD	Metro	Regional	CBD	Metro	Regional
Percentage (%) using sustainable transport to get to work	0	95	100	0	93	100	0	94	100
Percentage (%) of employees residing in CBD, metropolitan Melbourne or regional Victoria	0	90	10	0	87	13	0	87	13

## 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 (92%) and contractors (8%).

## 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
  - 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

## Victorian Law Reform Commission Financial Management Compliance Attestation Statement

I, Hon. Anthony North QC, on behalf of the responsible body, certify that the Victorian Law Reform Commission has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and instructions.



The Hon. Anthony North QC  
Chair  
Victorian Law Reform Commission  
13 October 2021

## Disclosure index

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



# Financial Report

## How this Report is Structured

The Victorian Law Reform Commission has presented its audited general purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about the Commission's stewardship of resources entrusted to it.

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

The attached financial statements for the Victorian Law Reform Commission have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer 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 2021 and financial position of the Commission at 30 June 2021.

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 13 October 2021.



**Merrin Mason**  
Chief Executive Officer  
Victorian Law Reform  
Commission, Melbourne



**Michael Almond**  
Chief Finance and  
Accounting Officer  
Victorian Law Reform  
Commission, Melbourne



**The Hon. Anthony North**  
Chair  
Victorian Law Reform  
Commission, Melbourne

## Independent Auditor's Report

### To the Commissioners of the Victorian Law Reform Commission

<b>Opinion</b>	<p>I have audited the financial report of Victorian Law Reform Commission (the Commission) which comprises the:</p> <ul style="list-style-type: none"> <li>• Balance Sheet as at 30 June 2021</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 significant accounting policies</li> <li>• Accountable Officer's, Chief finance and accounting 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 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the Financial Management Act 1994 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. I further describe my responsibilities under that Act and those standards 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 Victoria. 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>The Commissioners' responsibilities for the financial report</b>	<p>The Commissioners of the Commission is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Financial Management Act 1994, and for such internal control as the Commissioners determine is necessary to enable the preparation 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

## OFFICIAL

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable 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 my 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  
15 October 2021

Janaka Kumara  
As delegate for the Auditor-General of Victoria

OFFICIAL

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**COMPREHENSIVE OPERATING STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021	2020
		\$	\$
<b>Income from transactions</b>			
Output appropriations –			
Department of Justice and Community Safety	2.1	890,000	856,100
Grants - Victorian Legal Services Board		1,836,210	2,243,000
Interest		–	–
<b>Total income from transactions</b>		<b>2,726,210</b>	<b>3,099,100</b>
<b>Expenses from transactions</b>			
Employee expenses	3.11	(2,457,154)	(2,048,513)
Depreciation	4.11	(193,212)	(193,297)
Interest expense	6.1	(7,961)	(10,629)
Other operating expenses	3.2	(510,377)	(530,179)
<b>Total expenses from transactions</b>		<b>(3,168,704)</b>	<b>(2,782,618)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(442,494)</b>	<b>316,482</b>
<b>Other economic flows included in net result</b>			
Other gains/(losses) from other economic flows	8.1	5,741	(3,126)
<b>Total other economic flows included in net result</b>		<b>5,741</b>	<b>(3,126)</b>
<b>Net result</b>		<b>(436,752)</b>	<b>313,356</b>
<b>Comprehensive result</b>		<b>(436,752)</b>	<b>313,356</b>

The accompanying notes form part of these financial statements

**BALANCE SHEET**

AS AT 30 JUNE 2021

	Notes	2021	2020
		\$	\$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	260,367	656,437
Receivables	5.1	377,375	376,110
<b>Total financial assets</b>		<b>637,742</b>	<b>1,032,547</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	395,696	588,907
Other non-financial assets		72,687	76,090
<b>Total non-financial assets</b>		<b>468,382</b>	<b>664,997</b>
<b>Total assets</b>		<b>1,106,124</b>	<b>1,697,544</b>
<b>Liabilities</b>			
Payables	5.2	31,080	70,209
Borrowings	6.1	666,892	970,169
Employee related provisions	3.1.2	392,299	204,563
<b>Total liabilities</b>		<b>1,090,271</b>	<b>1,244,941</b>
<b>Net assets</b>		<b>15,852</b>	<b>452,604</b>
<b>Equity</b>			
Accumulated surplus		(457,925)	(21,173)
Contributed capital		473,777	473,777
<b>Net worth</b>		<b>15,852</b>	<b>452,604</b>

The accompanying notes form part of these financial statements

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021	2020
		\$	\$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		894,476	972,713
Receipts from other entities		1,836,210	2,243,000
Interest received		-	-
<b>Total receipts</b>		<b>2,730,686</b>	<b>3,215,713</b>
<b>Payments</b>			
Payments to suppliers and employees		(2,815,519)	(2,619,786)
Interest expense		(7,961)	(10,629)
<b>Total payments</b>		<b>(2,823,480)</b>	<b>(2,630,415)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>6.3.1</b>	<b>(92,795)</b>	<b>585,298</b>
<b>Cash flows from/(used in) investing activities</b>			
Payments for non-financial Assets		-	(36,227)
SAC Share of Lease Liability <sup>(a)</sup>		-	109,176
Proceeds from the Sale of Non-financial Assets		-	15,286
<b>Net cash flows from/(used in) investing activities</b>		<b>-</b>	<b>88,235</b>
<b>Cash flows from/(used in) financing activities</b>			
Proceeds from lease Borrowings		-	36,227
Repayment of vehicle lease Liability		(7,010)	(22,277)
Repayment of building lease Liability		(296,267)	(280,283)
<b>Net cash flows from/(used in) financing activities</b>		<b>(303,277)</b>	<b>(266,333)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(396,070)</b>	<b>407,200</b>
Cash and cash equivalents at the beginning of the financial year		656,437	249,237
<b>Cash and cash equivalents at end of financial year</b>	<b>6.3</b>	<b>260,367</b>	<b>656,437</b>

(a) Proceeds received from the Sentencing Advisory Council are now included in total receipts rather than financing activities as in previous years.

The accompanying notes form part of these financial statements



**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated Surplus	Contributions by owners	Total
	\$	\$	\$
<b>Balance at 1 July 2019</b>	(334,529)	473,777	139,248
Net result for the year	313,356	-	313,356
Contributed Capital		-	-
<b>Balance at 30 June 2019</b>	<b>(21,173)</b>	<b>473,777</b>	<b>452,604</b>
Net result for the year	(436,752)	-	(436,752)
Contributed Capital		-	-
<b>Balance at 30 June 2020</b>	<b>(457,925)</b>	<b>473,777</b>	<b>15,852</b>

The accompanying notes form part of these financial statements

## 1. ABOUT THIS REPORT

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

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.

### Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing 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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Commission. Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'. These financial statements cover the Victorian Law Reform Commission as an individual reporting entity and include all the controlled activities of the Commission.

All amounts in the financial statements have been rounded to the nearest dollar unless otherwise stated.

### Impact of COVID-19

A state of emergency continued in Victoria through 2020-21 due to the coronavirus pandemic resulting in prolonged periods of lockdown to address and contain the spread of COVID-19. The Commission continued its operations in a COVID-safe manner and supported staff to work from home with appropriate equipment and weekly check-ins. The Commission's approved work program continued throughout year with minimal impact on timelines and outputs. A new reference received from the Attorney-General required new staff to be recruited. In some cases new staff were onboarded remotely in a COVID-Safe manner and provided with systems access to facilitate them working from home.

VLRC staff successfully transitioned back into the office environment in March 2021 after management reviewed working spaces, implemented COVID-Safe measures and introduced a hybrid work model for all staff. Unfortunately, this was short lived and further lockdowns were required. The VLRC staff returned to working from home in April for the remainder of the year.

### Compliance information

These general purpose financial statements have been prepared in accordance with the 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 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 selected and applied in these financial statements ensure 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.

## 2. FUNDING DELIVERY OF OUR SERVICES

### Introduction

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.

To enable the Commission to fulfil its objectives and provide outputs as described on Page 12, it receives income (accrual based parliamentary appropriations). The Commission also receives a grant from the Victorian Legal Services Board.

### Structure

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2.4 Interest	42
2.5 Summary of compliance with annual Parliamentary and special appropriations	42

### Revenue Recognition

The Commission has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

The adoption of AASB 1058 did not have an impact on other comprehensive income and the Statement of Cash flows for the financial year.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Commission has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Commission recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004;
- a lease liability in accordance with AASB 16;
- a financial instrument, in accordance with AASB 9; or
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

### 2.1 Summary of income that funds the delivery of our services

	Notes	2021	2020
		\$	\$
Output appropriations –			
Department of Justice and Community Safety	2.2	890,000	856,100
Grants – Legal Services Board	2.3	1,836,210	2,243,000
<b>Total income from transactions</b>		<b>2,726,210</b>	<b>3,099,100</b>

Note: No monies were invested for 2020-21.

## 2.2. Appropriations

Once annual Parliamentary appropriations are applied by the Treasurer, they become controlled by the Commission and are recognised as income when applied for the purposes defined under the relevant Appropriations Act. The appropriation amount includes funding for discretionary items, such as amortisation and depreciation.

Output appropriations: Income from the outputs the Commission provides to the 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.

## 2.3. Grants

The Attorney-General may each financial year direct the Victorian Legal Services Board to pay an amount out of the Public Purpose Fund to the Victorian Law Reform Commission established under the Victorian Law Reform Commission Act 2000. These amounts are paid to it under Section 144 of the *Legal Profession Uniform Law Application Act 2014*. 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 Commission i.e. the appropriation funds are not to be exhausted in the first instance to allow the Commission to accumulate investment income from Trust Funds." The Department of Justice and Community Safety monitors the equal use of the trust funds and appropriation amounts for operating and capital expenditure of the Commission.

## 2.4. 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.

## 2.5. Summary of compliance with annual Parliamentary and special appropriations

The following table discloses the details of the annual Parliamentary appropriation received by the Commission for the year.

In accordance with accrual output-based management procedures, 'provision of outputs' is disclosed as 'controlled' activities of the Commission. The Commission is not subject to administered transactions.

<i>Appropriations Act section 17</i>					
	Annual appropriation	Advance from Treasurer	Total Parliamentary authority	Appropriations applied	Variance <sup>(a)</sup>
	\$	\$	\$	\$	\$
<b>2021</b>					
Provision of outputs	890,000	-	890,000	890,000	-
<b>2020 Total</b>	<b>890,000</b>	<b>-</b>	<b>890,000</b>	<b>890,000</b>	<b>-</b>
<b>2020</b>					
Provision for outputs	856,100	-	856,100	856,100	-
<b>2019 total</b>	<b>856,100</b>	<b>-</b>	<b>856,100</b>	<b>856,100</b>	<b>-</b>

(a) Any variance is related to applied savings or budget pressure payments in the relevant financial year which have been committed to projects being delivered in the next financial year.

### 3. THE COST OF DELIVERING SERVICES

#### Introduction

This section provides an account of the expenses incurred by the Victorian Law Reform Commission in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and, in this note, the cost associated with provision of services are recorded.

#### Structure

3.1 Expenses incurred in delivery of services	44
3.2 Other operating expenses	46

#### 3.1 Expenses incurred in delivery of services

	Notes	2021 \$	2020 \$
Employee benefit expenses	3.11	2,457,154	2,048,513
Other operating expenses	3.2	510,377	530,179
<b>Total expenses incurred in the delivery of services</b>		<b>2,967,531</b>	<b>2,578,692</b>

#### 3.1.1 Employee benefits in the comprehensive operating statement

	2021 \$	2020 \$
Defined contribution superannuation expense	188,586	163,611
Salaries and wages, annual leave and long service leave	2,268,569	1,884,902
<b>Total employee expenses</b>	<b>2,457,154</b>	<b>2,048,513</b>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

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

**3.1.2. Employee benefits in the balance sheet**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2021 \$	2020 \$
<b>Current provisions:</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	172,838	88,317
Unconditional and expected to settle after 12 months	30,902	9,221
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	16,598	10,631
Unconditional and expected to settle after 12 months	61,967	46,684
<b>Provisions for on costs</b>		
Unconditional and expected to settle within 12 months	41,167	18,398
Unconditional and expected to settle after 12 months	17,275	8,585
<b>Total current provisions for employee benefits</b>	<b>340,748</b>	<b>181,836</b>
<b>Non current provisions:</b>		
Employee benefits - Long service leave	44,464	19,606
On costs	7,088	3,122
<b>Total non current provisions for employee benefits</b>	<b>51,551</b>	<b>22,728</b>
<b>Total provisions for employee benefits</b>	<b>392,299</b>	<b>204,564</b>

**Reconciliation of movement in on-cost provision**

	2021 \$
<b>Opening balance</b>	<b>30,104</b>
Additional provisions recognised	78,445
Reductions arising from payments of future economic benefits	(43,020)
<b>Closing balance</b>	<b>65,530</b>
Current	58,442
Non current	7,088

**Wages and salaries, annual leave and sick leave:** Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Commission does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Commission expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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.

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.

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

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

### 3.1.3 Superannuation contributions

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

	Paid contribution for the year		Contribution outstanding at year end	
	2021 \$	2020 \$	2021 \$	2020 \$
<b>Defined contribution plans</b>				
VicSuper	60,907	33,181	–	708
Other	127,679	127,956	–	1,767
<b>Total</b>	<b>188,586</b>	<b>161,137</b>	<b>–</b>	<b>2,475</b>

### 3.2 Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed. Supplies and services are recognised as an expense in the reporting period in which they are incurred.

	2021 \$	2020 \$
<b>Supplies and services</b>		
Purchase of supplies and consumables	185,276	211,946
Purchase of services (including remuneration of auditors)	215,251	210,735
Maintenance	1,950	(512)
Rental outgoings and expenses	107,899	108,010
<b>Total other operating expenses</b>	<b>510,377</b>	<b>530,179</b>



## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

### Introduction

The Commission controls plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Commission to be utilised for delivery of those outputs.

### Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

### Structure

4.1 Total property, plant, equipment and vehicles 47

#### 4.1 Total property, plant and equipment and vehicles <sup>(a)</sup>

	Gross carrying amount		Accumulated Depreciation		Net carrying amount	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Right of use leased office space	744,720	744,720	(327,360)	(186,180)	372,359	558,540
Motor vehicle at fair value	36,227	36,227	(12,891)	(5,860)	23,336	30,367
<b>Net carrying amount</b>	<b>780,947</b>	<b>780,947</b>	<b>(385,251)</b>	<b>(192,040)</b>	<b>395,696</b>	<b>588,907</b>

(a) AASB 16 Leases has been applied for the first time from 1 July 2019. See table 4.1.3 for movements.

**Initial recognition:** Items of property, plant, equipment and vehicles, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The initial cost for non-financial physical assets under a finance lease 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.

#### Right-of-use asset acquired by lessees – Initial measurement

The Commission recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- > any lease payments made at or before the commencement date less any lease incentive received; plus
- > any initial direct costs incurred; and
- > an estimate of costs to dismantle and

remove the underlying asset or to restore the underlying asset or the site on which it is located.

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

**Subsequent measurement:** Property, plant, equipment and vehicles (PPEV) as well as right-of-use assets under leases and are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category. Refer to Note 7.3 for additional information on fair value determination of property, plant, equipment and vehicles.

#### Right-of-use asset

##### – Subsequent measurement

The Commission depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurements of the lease liability.

#### Impairment of property, plant, equipment and vehicles

The recoverable amount of primarily non-cash generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 Impairment of Assets, does not apply to such assets that are regularly revalued.

#### 4.1.1 Depreciation and amortisation

##### Charge for the period <sup>(a)</sup>

	2021	2020
	\$	\$
Right of use leased office space	186,180	186,180
Plant, equipment and vehicles	7,032	7,117
<b>Total depreciation and amortisation</b>	<b>193,212</b>	<b>193,297</b>

(a) The table incorporates depreciation of right-of-use assets under AASB 16 Leases applied for the first time from 1 July 2019.

Asset	(years) Useful Life
ROU leased asset	5
Motor vehicles	5

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. Typical estimated useful lives for the different asset classes for current and prior years are included in the table (left). The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Commission obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

#### 4.1.2 Carrying values by 'purpose' groups <sup>(a)</sup>

Total Public Safety and environment purpose group		
	2021	2020
	\$	\$
<b>Nature based classification</b>		
Right of use leased office space	372,360	558,539
Plant, equipment and vehicles at fair value	23,336	30,368
<b>Net carrying amount</b>	<b>395,696</b>	<b>588,907</b>

(a) Property, plant, equipment and vehicles are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub-categorised according to the asset's 'nature' (i.e. buildings, plant etc.), with each sub-category being classified as a separate class of asset for financial reporting purposes.

#### 4.1.3 Reconciliation of movements in carrying amount of property, plant, equipment and vehicles

	Buildings at fair value		Plant, equipment and vehicles at fair value	
	2021	2020	2021	2020
	\$	\$	\$	\$
Opening balance 1 July 2020 <sup>(a)</sup>	558,540	-	30,367	16,543
Recognition of right-of-use assets on initial application of AASB 16 <sup>(a)</sup>	-	744,720	-	-
Additions	-	-	-	36,227
Disposals	-	-	-	(15,286)
Depreciation	(186,180)	(186,180)	(7,032)	(7,117)
<b>Closing balance</b>	<b>372,360</b>	<b>558,540</b>	<b>23,335</b>	<b>30,367</b>

Note: Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation.

(a) The 2019-20 balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to leases.

## 5. OTHER ASSETS AND LIABILITIES

<b>Introduction</b>	<b>Structure</b>	
This section sets out those assets and liabilities that arose from the Commission's operations.	5.1 Receivables	49
	5.2 Payables	49

### 5.1 Receivables

	2021	2020
	\$	\$
<b>Contractual</b>		
Sub-lease - Sentencing Advisory Council <sup>(a)</sup>	250,597	365,999
Other	-	9,286
<b>Statutory</b>		
Amount owing from Victorian Government	126,778	825
<b>Total receivables</b>	<b>377,375</b>	<b>376,110</b>
Represented by:		
Current receivables	248,682	125,513
Non-current receivables	128,693	250,597

(a) The Commission has a sub-lease agreement with the Sentencing Advisory Council for a portion of the office space leased. Refer to note 6.2.

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Commission holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Commission applies AASB 9 Financial Instruments for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable

transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about the Commission's impairment policies exposure to credit risk and the calculation of the allowance are in note 7.1.

### 5.2 Payables

	2021	2020
	\$	\$
<b>Contractual</b>		
Supplies and services	29,311	19,943
Other payables	-	47,569
<b>Statutory</b>		
FBT payable	1,769	2,696
<b>Total payables</b>	<b>31,080</b>	<b>70,208</b>
Represented by:		
Current payables	31,080	70,208

Payables consist of:

**contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Commission prior to the end of the financial year that are unpaid; and

**statutory payables**, that 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 contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the first 30 days from the date of the invoice.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

#### Maturity analysis of contractual payables <sup>(a)</sup>

	Carrying amount	Nominal amount	Less than 1 month	Maturity dates		
				1-3 months	3 months – 1 year	1-5 years
	\$	\$	\$			
<b>2021</b>						
Supplies and services	29,311	29,311	29,311	-	-	-
Other payables	-	-	-	-	-	-
<b>Total</b>	<b>29,311</b>	<b>29,311</b>	<b>29,311</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020</b>						
Supplies and services	19,943	19,943	19,943	-	-	-
Other payables	47,569	47,569	47,569	-	-	-
<b>Total</b>	<b>67,512</b>	<b>67,512</b>	<b>67,512</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

## 6. HOW WE FINANCED OUR OPERATIONS

### Introduction

This section provides information on the sources of finance utilised by the Commission during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Commission.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

### Structure

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6.3 Cash flow information and balances	54
6.4 Trust account balances	55
6.5 Commitments for Expenditure	55

### 6.1 Borrowings

	2021	2020
	\$	\$
<b>Current borrowings</b>		
Lease liabilities – buildings	312,958	296,267
Lease liabilities – motor vehicle	7,242	7,010
<b>Total current borrowings</b>	<b>320,200</b>	<b>303,277</b>
<b>Non current borrowings</b>		
Lease liabilities – buildings	330,388	643,346
Lease liabilities – motor vehicle	16,305	23,547
<b>Total non current borrowings</b>	<b>346,692</b>	<b>666,893</b>
<b>Total borrowings</b>	<b>666,892</b>	<b>970,170</b>

### Interest Expense

	2021	2020
	\$	\$
Lease liabilities – buildings	7,072	9,601
Lease liabilities – motor vehicle	889	1,029
<b>Total interest expense</b>	<b>7,961</b>	<b>10,630</b>

'Interest expense' includes the interest component of finance leases repayments. Interest expense is recognised in the period in which it is incurred.

'Borrowings' refer to interest bearing liabilities and lease liabilities.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost unless the Commission elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

The Commission has designated lease liabilities at fair value through net result to eliminate or significantly reduce the accounting mismatch that would otherwise arise. All other interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities designated at fair value through net result, all transaction costs are expensed as incurred. And they are subsequently measured at fair value with changes in fair value relating to the Commission's own credit risk recognised in other comprehensive income and the remaining amount of changes in fair value recognised in net result.

**Maturity analysis of borrowings**

	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
<b>2021</b>						
Lease liabilities – buildings	643,346	643,346	25,908	77,911	209,139	330,388
Lease liabilities – motor vehicle	23,547	23,547	603	1,236	5,403	16,305
<b>Total</b>	<b>666,892</b>	<b>666,892</b>	<b>26,511</b>	<b>79,147</b>	<b>214,542</b>	<b>346,693</b>
<b>2020</b>						
Lease liabilities – buildings	939,612	960,985	25,654	51,308	230,888	653,135
Lease liabilities – motor vehicle	30,557	30,557	578	1,159	5,274	23,546
<b>Total</b>	<b>970,169</b>	<b>991,542</b>	<b>26,232</b>	<b>52,467</b>	<b>236,162</b>	<b>676,681</b>

**6.2 Leases**

Information about leases for which the Commission is a lessee is presented below.

**The Commission's leasing activities**

The Commission leases its office space and a motor vehicle. The lease contract for the office space is for a five year period and for the motor vehicle it is a three year period. Lease payments for properties are renegotiated every five years to reflect market rentals. As at 30 June 2021 the lease term remaining was two years.

The Commission has a sublease arrangement with the Sentencing Advisory Council which is classified as

finance leases under AASB 16 as the present value of the lease payments amounts to substantially all of the fair value of the underlying asset and the lease terms are for the major part of the economic life of the underlying asset. As an intermediate lessor, the Commission has accounted for the head lease and the sublease as two separate contracts. The period of the agreement is for five years with the remaining term being two years as at 30 June 2021. Refer to receivables note 5.1.

**Right-of-use Assets**

Right-of-use assets are presented in note 4.1.

**Amounts recognised in the Comprehensive Operating Statement**

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2021	2020
Interest expense on lease liabilities	7,961	10,629
<b>Total amount recognised in the Comprehensive operating statement</b>	<b>7,961</b>	<b>10,629</b>

**Amounts recognised in the Statement of Cashflows**

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2021 relating to building leases.

	2021	2020
Interest expense on building lease liability	7,071	9,601
SAC share of lease liability	(115,402)	(109,176)
Repayment of building lease liability	296,267	280,283
<b>Net outflow for building lease</b>	<b>187,936</b>	<b>180,708</b>

For any new contracts entered into on or after 1 July 2019, the Commission considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Commission assesses whether the contract meets three key evaluations:

- > Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Commission and for which the supplier does not have substantive substitution rights;
- > Whether the Commission has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Commission has the right to direct the use of the identified asset throughout the period of use; and
- > Whether the Commission has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

#### **Separation of lease and non-lease components**

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

#### **Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)**

##### **Lease Liability – initial measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Commission's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- > fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- > variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- > amounts expected to be payable under a residual value guarantee; and
- > payments arising from purchase and termination options reasonably certain to be exercised.

##### **Lease Liability – subsequent measurement**

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

##### **Short-term leases and leases of low-value assets**

The Commission has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

##### **Presentation of right-of-use assets and lease liabilities**

The Commission presents right-of-use assets as 'property plant equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

### 6.3 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement purposes, cash and cash equivalents are indicated below.

	2021	2020
	\$	\$
Funds held in trust <sup>(a)</sup>	260,367	656,437
<b>Balance as per cash flow statement</b>	<b>260,367</b>	<b>656,437</b>

(a) Refer to note 2.3 for details of trust establishment

#### 6.3.1 Reconciliation of net result for the period to cash flow from operating activities

	2021	2020
	\$	\$
<b>Net result for the period</b>	<b>(436,752)</b>	<b>313,356</b>
<b>Non cash movements</b>		
Depreciation and amortisation of non current assets	193,212	193,297
<b>Movements in assets and liabilities</b>		
Decrease/(increase) in receivables	(1,265)	119,740
Decrease/(increase) in pre-payments	3,403	34,367
Increase/(decrease) in payables	(39,129)	(42,764)
Increase/(decrease) in provisions	187,736	(32,698)
<b>Net cash flows from/(used in) operating activities</b>	<b>(92,795)</b>	<b>585,298</b>



## 6.4 Trust account balances

Trust account balances relating to trust accounts controlled by the Commission

Cash and cash equivalents and investments	2021				2020			
	Opening balance as 1 July 2020	Total receipts	Total payments	Closing balance as 30 June 2021	Opening balance as 1 July 2019	Total receipts	Total payments	Closing balance as 30 June 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Controlled trusts								
VLRC Trust Fund <sup>(a)</sup>	656,437	1,836,210	2,232,280	260,367	249,237	2,243,000	1,835,800	656,437
<b>Total controlled trusts</b>	<b>656,437</b>	<b>1,836,210</b>	<b>2,232,280</b>	<b>260,367</b>	<b>249,237</b>	<b>2,243,000</b>	<b>1,835,800</b>	<b>656,437</b>

Note (a) The VLRC Trust fund was created to receive non-public monies, specifically to receive monies paid to VLRC under section 144 of the Legal Profession Uniform Law Application Act 2014 [Section 17(a) *Victorian Law Reform Commission Act 2000*]

## 6.5 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet. There were no outstanding commitments for expenditure as at 30 June 2021.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

The Victorian Law Reform Commission (the Commission) is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.

### Structure

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### 7.1 Financial instruments specific disclosures

#### Introduction

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 a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

#### Categories of financial assets

##### Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- > the assets are held by the Commission to collect the contractual cash flows, and
- > the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value, plus any directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method less any impairment.

The Commission recognises the following assets in this category:

- > receivables (excluding statutory receivables)
- > term deposits.

#### Categories of financial liabilities

Financial liabilities at amortised cost 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. The Commission recognises the following liabilities in this category:

- > payables (excluding statutory payables); and
- > borrowings (including finance lease liabilities).

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Commission's business model for managing its financial assets has changes such that its previous model would no longer apply.

However, the Commission is generally unable to change its business model because it is determined by the Performance Management Framework (PMF) and all Victorian government departments are required to apply the PMF under the Standing Directions 2018 under the *Financial Management Act 1994*.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

## 7.1.1 Financial instruments: Categorisation

2021	Cash and deposits	Financial assets at amortised cost (AC)	Financial Liabilities at amortised cost (AC)	Total
	\$	\$	\$	\$
<b>Contractual financial assets</b>				
<b>Receivables<sup>(a)</sup></b>				
Accrued investment income	-	-	-	-
<b>Investments and other contractual financial assets</b>				
Term deposits	260,367	-	-	260,367
Other receivables <sup>(b)</sup>	-	250,597	-	250,597
<b>Total contractual financial assets</b>	<b>260,367</b>	<b>250,597</b>	<b>-</b>	<b>510,964</b>
<b>Contractual financial liabilities</b>				
<b>Payables<sup>(a)</sup></b>				
Supplies and services	-	-	29,311	29,311
Other payables	-	-	-	-
<b>Borrowings</b>				
Lease liabilities	-	-	666,892	666,892
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>696,203</b>	<b>696,203</b>

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

(b) Refer to note 6.2

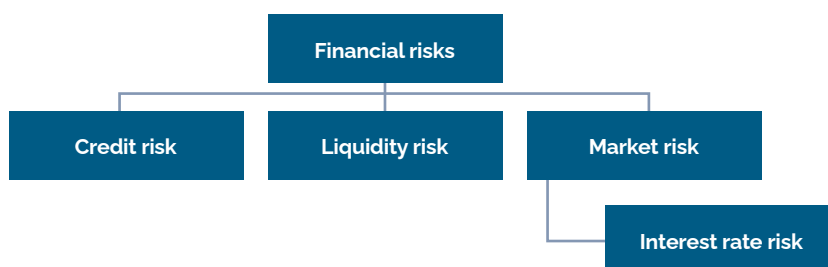
2020	Cash and deposits	Contractual financial assets—loans and receivables held to maturity	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$	\$
<b>Contractual financial assets</b>				
<b>Receivables<sup>(a)</sup></b>				
Accrued investment income	-	-	-	-
<b>Investments and other contractual financial assets</b>				
Term deposits and cash	656,437	-	-	656,437
Other receivables	-	365,999	-	365,999
<b>Total contractual financial assets</b>	<b>656,437</b>	<b>365,999</b>	<b>-</b>	<b>1,022,436</b>
<b>Contractual financial liabilities</b>				
<b>Payables<sup>(a)</sup></b>				
Supplies and services	-	-	19,943	19,943
Other payables	-	-	47,569	47,569
<b>Borrowings</b>				
Finance lease liabilities	-	-	970,169	970,169
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,037,681</b>	<b>1,037,681</b>

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

**7.1.2 Financial instruments – Net holding gain/(loss) on financial instruments by category**

There were no net holding gains (losses) on financial instruments during 2020–21.

**7.1.3 Financial risk management objectives and policies**



As a whole, the Commission's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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 7.3 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Commission's financial risks within the government policy parameters.

The Commission's main financial risks include credit risk, liquidity risk and interest rate risk. The Commission manages these financial risks in accordance with its financial risk management policy.

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

**7.1.4. Credit Risk**

Credit risk arises from the contractual financial assets of the Commission, which comprise term 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 Community Safety.

**7.1.5. Liquidity Risk**

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.

**7.1.6. 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 term deposits that are at floating rate.

**7.2. Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

The Commission had no contingent assets or liabilities as at 30 June 2021.

**7.3. Fair value determination**

This section sets out information on how the Commission determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- > financial assets and liabilities at fair value through operating result; and
- > property, plant, equipment and vehicles;

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes. The Commission determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

**Fair value hierarchy**

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair

value hierarchy. The levels are as follows:

- > 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.

The Commission determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of

**7.4 How this section is structured**

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- > carrying amount and the fair value (which would be the same for those assets measured at fair value);
- > which level of the fair value hierarchy was used to determine the fair value; and
- > in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end; and
  - details of significant unobservable inputs used in the fair value determination.

**Fair value determination of financial assets and liabilities**

The fair values and net fair values of financial assets and liabilities are determined as follows:

- > Level 1 – the fair value of financial instruments 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 currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2020-21 reporting period. The Commission applies Level 2 fair value determination to all assets and liabilities.

These financial instruments include:

Financial assets	Financial liabilities
<p><b>Cash and deposits</b></p> <p><b>Receivables:</b></p> <ul style="list-style-type: none"> <li>&gt; Accrued investment income</li> <li>&gt; Other receivables</li> </ul> <p><b>Investments and other contractual financial assets:</b></p> <ul style="list-style-type: none"> <li>&gt; Term deposits</li> </ul>	<p><b>Payables:</b></p> <ul style="list-style-type: none"> <li>&gt; For supplies and services</li> <li>&gt; Amounts payable to government and agencies</li> <li>&gt; Other payables</li> </ul> <p><b>Borrowings:</b></p> <ul style="list-style-type: none"> <li>&gt; Lease liabilities</li> </ul>

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

## 8. OTHER DISCLOSURES

### Introduction

This section includes additional material disclosures required by accounting standards or otherwise for the understanding of this financial report.

### Structure

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### 8.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

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

	2021	2020
	\$	€
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service liability <sup>(a)</sup>	5,741	(3,126)
<b>Total other gains/(losses) from other economic flows</b>	<b>5,741</b>	<b>(3,126)</b>

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

## 8.2. Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994 (FMA), the following disclosures are made regarding responsible persons for the reporting period.

### Names

The persons who held the positions of Ministers and Accountable Officers in the Department of Justice and Community Safety (from 1 July 2020 to 30 June 2021 unless otherwise stated) are as follows: -

#### The Department

Attorney-General	The Hon. Jill Hennessy, MP	1 July 2020	to	18 December 2020
	The Hon. Jaclyn Symes, MP	22 December 2020	to	30 June 2021
Acting Attorney-General	The Hon. Daniel Andrews, MP	17 December 2020	to	21 December 2020
	The Hon. Martin Pakula, MP	11 January 2021	to	26 January 2021
Secretary	Rebecca Falkingham	1 July 2020	to	30 June 2021
Acting Secretary	Corri McKenzie	12 January 2021	to	26 January 2021

#### 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:

Chair	The Hon. Anthony North QC	1 July 2020	to	30 June 2021
Commissioner	Bruce Gardner PSM	1 July 2020	to	30 June 2021
Commissioner	Alison O'Brien PSM	1 July 2020	to	30 June 2021
Commissioner	Liana Buchanan	1 July 2020	to	30 June 2021
Commissioner	Gemma Varley PSM	1 July 2020	to	30 June 2021
Commissioner	Emeritus Professor Bernadette McSherry	1 July 2020	to	30 June 2021
Commissioner	Dan Nicholson	1 July 2020	to	30 June 2021
Commissioner	The Hon. Jennifer Coate AO	1 July 2020	to	30 June 2021
Commissioner	Kathleen Foley	24 November 2020	to	30 June 2021
Commissioner	Dr Vivian Waller	24 November 2020	to	30 June 2021
Accountable Officer Chief Executive Officer	Ms Merrin Mason PSM	1 July 2020	to	30 June 2021

### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Commission during the reporting period was in the range: \$230,000 – \$240,000 (\$220,000 – \$230,000 in 2019-20).

#### 8.3. Remuneration of executives and key management personnel

The number of executive officers and key management personnel, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table on the following page. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 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. Accordingly, remuneration is determined on an accrual basis, 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.

Remuneration of executive officers (including key Management Personnel as disclosed in Note 8.4) <sup>(a)</sup>	Total Remuneration	
	2021 \$	2020 \$
Short-term employee benefits	604,730	596,940
Post-employment benefits	52,731	50,470
Other long-term benefits	17,493	12,622
<b>Total remuneration</b>	<b>674,954</b>	<b>660,031</b>
<b>Total number of executives<sup>(c)</sup></b>	<b>11</b>	<b>10</b>
<b>Total annualised employee equivalents<sup>(b)</sup></b>	<b>2.9</b>	<b>3.1</b>

(a) 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 8.4).

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

(c) Total number of executives includes paid and unpaid Commissioners.

### 8.4. 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 \$2.726 million (2020: \$2.994 million) and made payments of \$0.254 million (2020: \$0.205 million) to government-related entities.

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

- > \$105,238 in payroll tax to the State Revenue Office (2020: \$95,055).
- > \$148,418 in other transactions that are collectively, but not individually significant (2020: \$109,055).

**Key management personnel** of the Commission includes the Attorneys-General, The Hon. Jill Hennessy, MP and The Hon. Jaclyn Symes, MP; the Acting Attorneys-General, The Hon. Daniel Andrews MP and The Hon. Martin Pakula, 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. Anthony North QC	Chair
Bruce Gardner PSM	Commissioner
Alison O'Brien PSM	Commissioner
Liana Buchanan	Commissioner
Gemma Varley PSM	Commissioner
Professor Bernadette McSherry	Commissioner
Dan Nicholson	Commissioner
The Hon. Jennifer Coate AO	Commissioner
Kathleen Foley	Commissioner
Dr Vivian Waller	Commissioner
Ms Merrin Mason PSM	Chief Executive Officer

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.

### 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 Purchasing 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.

## 8.5 Remuneration of auditors

	2021	2020
	\$	\$
<b>Victorian Auditor General's Office<sup>(a)</sup></b>		
Audit or review of the financial statements <sup>(b)</sup>	27,400	21,600
<b>Other non-audit services<sup>(c)</sup></b>		
Internal audit	19,710	-
<b>Total remuneration of auditors</b>	<b>47,110</b>	<b>21,600</b>

(a) The Victorian Auditor-General's Office is prohibited from providing non-audit services.

(b) Additional costs were incurred for the 2019-20 financial year for work required to implement the AASB16 leases standard this, coupled with conducting the audit remotely, resulted in a substantial increase in cost.

(c) Planned expenses relating Internal Audit services for 2019-20 were not incurred in the current period due to delays in the provision of these services associated with the focus of the audit, and will instead be incurred in the 2020-21 reporting period.

## 8.6. Subsequent events

The policy in connection with recognising subsequent events that are for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- > adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/or
- > disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

The Commission acknowledges that the COVID-19 pandemic created unprecedented economic uncertainty which continued through 2020-21. Actual economic events and conditions in the future may be materially different from those estimated by the Commission at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Commission, its operations, its future results and financial position.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Commission, the results of its financial operations or the state of affairs of the Commission in the future financial years.

## 8.7. Other accounting policies

### Contributions by owners

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Commission.

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

## 8.8. Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the Model Financial Statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- > AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or NonCurrent*
- > This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application

permitted however the AASB has recently issued AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. The Department will not early adopt the Standard.

The Department is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods that are considered to have limited impact on the Department's reporting.

- > AASB 17 Insurance Contracts.
- > AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- > AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.
- > AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.
- > AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Rent Related Concessions: Tier 2 Disclosures.
- > AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2.
- > AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.

### 8.9. Glossary of technical terms

The following is a summary of the major technical terms used in this report.

**Borrowings** refers to lease liabilities and other interest bearing arrangements.

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

**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** generally refers to the capacity of the Commission 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.

**Current grants** are amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

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

**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.

**Ex gratia expenses** mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

**Finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

**Financial asset** is any asset that is:

- (a) cash;
- (b) a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

**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 liability** is any liability that is:

(a) a contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

**Financial statements** in this Report comprises:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information; and
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements.

**Interest expense** represents costs incurred in connection with borrowings. It includes interest components of lease repayments, and amortisation of discounts or premiums in relation to borrowings.

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

**Leases** are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

**Net result** is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

**Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

**Non-financial assets** are all assets that are not financial assets. It includes inventories and plant and equipment.

**Operating result** is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also '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-current physical and intangible assets and fair value changes of financial instruments.

**Payables** includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

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

**Supplies and services** 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** 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 into 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.

### 8.10. 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 2020-21 *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.

## DISCLOSURE INDEX

The annual report of the Commission is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
<b>Standing Directions &amp; Financial Reporting Directions</b>		
<i>Report of operations</i>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	Page 6
FRD 22H	Purpose, functions, powers and duties	Page 6
FRD 8D	Departmental objectives, indicators and outputs	Page 12–13
FRD 22H	Key initiatives and projects	Page 12–19
FRD 22H	Nature and range of services provided	Page 12–19
<b>Management and structure</b>		
FRD 22H	Organisational structure	Page 21
<b>Financial and other information</b>		
FRD 8D	Performance against output performance measures	Page 13
FRD 8D	Budget portfolio outcomes	Page 13
FRD 10A	Disclosure index	Page 68
FRD 12B	Disclosure of major contracts	Page 23
FRD 15D	Executive officer disclosures	Page 62
FRD 22H	Employment and conduct principles	Page 22
FRD 22H	Occupational health and safety policy	Page 20
FRD 22H	Summary of the financial results for the year	Page 12
FRD 22H	Significant changes in financial position during the year	Page 12
FRD 22H	Major changes or factors affecting performance	Page 12
FRD 22H	Subsequent events	Page 64
FRD 22H	Application and operation of Freedom of Information Act 1982	Page 24
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	Page 25
FRD 22H	Statement on Competitive Neutrality Policy	Page 25
FRD 22H	Application and operation of the Public Intent Disclosures Act 2012	Page 25
FRD 22H	Application and operation of the Carers Recognition Act 2012	Page 26
FRD 22H	Details of consultancies over \$10 000	Page 23
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FRD 22H	Disclosure of ICT expenditure	Page 24
FRD 22H	Statement of availability of other information	Page 30
FRD 24D	Reporting of office based environmental impacts	Page 26
FRD 25D	Local Jobs First	Page 23
FRD 29C	Workforce Data disclosures	Page 22
SD 5.2	Specific requirements under Standing Direction 5.2	Page 33
<b>Compliance attestation and declaration</b>		
SD 5.4.1	Attestation for compliance with Ministerial Standing Direction	Page 30
SD 5.2.3	Declaration in report of operations	Page 5
<i>Financial statements</i>		
<b>Declaration</b>		
SD 5.2.2	Declaration in financial statements	Page 33

Legislation	Requirement	Page Reference
<b>Standing Directions &amp; Financial Reporting Directions</b>		
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 40
SD 5.2.1(a)	Compliance with Standing Directions	Page 30
SD 5.2.1(b)	Compliance with Model Financial Report	Page 67
<b>Management and structure</b>		
FRD 13	Disclosure of Parliamentary Appropriations	Page 42
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 61
FRD 103H	NonFinancial Physical Assets	Page 47
FRD 110A	Cash Flow Statements	Page 38
FRD 114C	Financial Instruments - General Government Entities	Page 57

Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

Legislation	Page Reference
<i>Freedom of Information Act 1982</i>	Page 24
<i>Building Act 1993</i>	Page 25
<i>Public Interest Disclosures Act 2012</i>	Page 25
<i>Carers Recognition Act 2012</i>	Page 26
<i>Disability Act 2006</i>	Page 26
<i>Local Jobs First Act 2003</i>	Page 23
<i>Financial Management Act 1994</i>	Page 33

## BUDGET PORTFOLIO OUTCOMES

The Budget Portfolio Outcomes provide comparisons between the actual financial statements of the agency and 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

Five year financial summary	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
<b>Annual Appropriation</b>	890,000	856,100	662,300	665,300	694,000
<b>Actual</b>					
Output appropriations					
– Department of Justice and Community Safety	890,000	856,100	662,300	665,300	694,000
Grants - Specific Purpose – Department of Justice and Community Safety	-	-	-	-	-
Grants - Legal Services Board	1,836,210	2,243,000	1,893,106	2,045,567	1,788,525
Interest	-	-	9,235	6,214	12,581
<b>Total revenue</b>	<b>2,726,210</b>	<b>3,099,100</b>	<b>2,564,641</b>	<b>3,382,381</b>	<b>2,495,106</b>
<b>Total expenses</b>	<b>(3,168,704)</b>	<b>2,782,619</b>	<b>(2,577,906)</b>	<b>(2,771,724)</b>	<b>(2,700,032)</b>
<b>Net result from continuing operations</b>	<b>436,752</b>	<b>313,356</b>	<b>(29,674)</b>	<b>(50,235)</b>	<b>(205,176)</b>
<b>Net cash flow from operating activities</b>	<b>92,795</b>	<b>585,298</b>	<b>(83,364)</b>	<b>(39,901)</b>	<b>(208,512)</b>
<b>Total assets</b>	<b>1,106,124</b>	<b>1,697,544</b>	<b>506,024</b>	<b>661,603</b>	<b>643,869</b>
<b>Total liabilities</b>	<b>1,090,271</b>	<b>1,244,941</b>	<b>366,777</b>	<b>492,861</b>	<b>424,893</b>

Any difference between the annual appropriation and the actual grant from The Department of Justice and Community Safety is a direct result of the annual Government Efficiency Dividend, plus an adjustment for depreciation funded capital expenditure.





This block contains a large grid of vertical lines, likely representing a table structure. The grid is composed of many thin, closely spaced vertical lines that span most of the page's width and height. The content within these lines is not legible, suggesting the table is either empty or its text is too small to read.



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