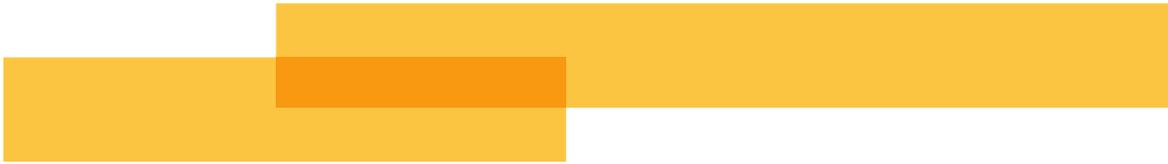
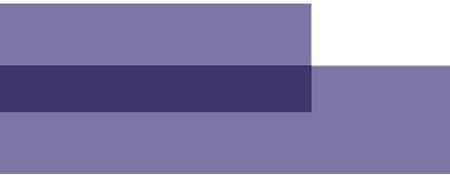


Victorian
Law Reform
Commission



Annual report 2011–12



INCLUSIVE ▶ INDEPENDENT ▶ INNOVATIVE



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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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Highlights of the year

- ▶ **July 2011** – The Commission held an open day to provide an opportunity for discussion and consultation on the sex offenders registration reference.
- ▶ **August 2011** – Staff from the Commission presented at the Victorian Law Foundation's Law Talks program for schools in Horsham and to the Monash Law Students' Society's Just Leadership Program.
- ▶ **September 2011** – The Commission's *Surveillance in Public Places Final Report* was in the news after Federal Minister for Privacy and Freedom of Information Brendan O'Connor released an issues paper *A Commonwealth Statutory Cause of Action for Serious Invasion of Privacy* drawing on recommendations from our report.
- ▶ **October 2011** – A new case study about supporting young people in police interviews was published on the Commission's website as an extra resource for legal studies students and for anyone interested in the law reform process.
- ▶ **November 2011** – Just over 12 months after launching the Commission's Twitter and Facebook pages we had nearly 600 followers on Twitter.
- ▶ **December 2011** – *Sex Offenders Registration Final Report* was delivered to the Attorney-General.
- ▶ **January 2012** – *Guardianship Final Report* was delivered to the Attorney-General. Staff from the Commission began a series of talks and presentations at schools and universities, presenting at 21 schools throughout the year.
- ▶ **February 2012** – Professor Neil Rees completed his appointment as Chair of the Commission after five years. The Commission launched a new website to provide information in a more accessible format.
- ▶ **March 2012** – His Honour David Jones, AM began as acting Chair of the Commission. A new reference for the Commission on succession law was announced.
- ▶ **April 2012** – The *Guardianship Final Report* and *Sex Offenders Registration Final Report* were tabled in Parliament. Two new part-time Commissioners, Saul Holt and Bruce Gardner, were appointed.
- ▶ **May 2012** – The recommendations from the sex offenders registration report were discussed in the media as the issue of 'sexting' received a lot of media attention.
- ▶ **June 2012** – The Commission began a community law reform project on birth registration. Dr Ian Hardingham QC was appointed as a Commissioner to lead the succession law reference.



It has been a year of change for the Victorian Law Reform Commission. The Commission completed two major projects, launched a new website, received a new reference, began a new community law reform project, welcomed four new Commissioners, and farewelled five Commissioners and a long-standing Chairperson.

In addition the *Victorian Law Reform Commission Act 2000* was amended to allow for the appointment of a Chairperson in either a part-time or full-time capacity.

Retiring Chairperson Professor Neil Rees is to be congratulated on the two final reports delivered to the Attorney-General in the past year, on guardianship and sex offenders registration. Both reports have been praised by members of the legal community and stakeholders for their quality and thoroughness, and there have been a number of very positive media stories, in particular in relation to the guardianship reference.

Reports

Sex offenders registration

The Commission's report on sex offenders registration was delivered to the Attorney-General in December 2011 and tabled in Parliament by the Attorney-General in April 2012.

The report focussed on the laws governing the registration of sex offenders and the use of information about registered sex offenders by law enforcement and child protection agencies. It contained 79 recommendations designed to make the scheme more effective in protecting children from sexual abuse.

The report's key recommendation is to better target those who are to be placed on the register. This would be done by offenders being individually assessed by the court at the time of sentencing. With the current arrangements which require automatic inclusion on the register in many circumstances, information about potentially dangerous re-offenders sits on the register alongside details of people who pose no risk of sexually abusing children. The Commission considered that introducing individual assessment would strengthen the registration scheme by allowing police and child protection resources to be directed to dealing with sex offenders who are more likely to re-offend against children.

Guardianship

The Commission completed its review of guardianship laws producing a comprehensive final report that represents the conclusion of a two-and-a-half-year review that has involved significant community consultation.

The final report was delivered to the Attorney-General in January 2012 and tabled in April 2012.

The Commission was asked to review Victoria's guardianship laws to ensure that they respond to the needs of people with impaired decision-making capacity while protecting and advancing their rights.

The Commission's final report contains recommendations for modernising Victoria's guardianship laws so that they better cater for the needs of the many Victorians who need assistance with decision making now, or might need assistance at some time in the future.

Guardianship laws were originally intended mainly for people with intellectual disabilities. While people with intellectual disabilities are still significant users of guardianship laws they are no longer the largest group. People with dementia, people with mental illness and people with acquired brain injury are now major users of the legislation.

A further significant change that has occurred since the current laws were enacted is the shift in public policy and attitudes, moving from a focus on vulnerability and protection of people with disabilities to a more modern approach of facilitating their participation to the greatest possible extent as active citizens of communities.

The Commission recommended the establishment of a new Guardianship Act which would introduce new concepts to respond to contemporary needs while retaining those aspects of current legislation that continue to work well.

References

Succession law

The Attorney-General announced on 2 March 2012 that the Commission would review succession laws to ensure these laws operate justly, fairly and in accordance with community expectations in the way property is dealt with after a person dies. The Attorney-General appointed barrister Dr Ian Hardingham QC as a specialist part-time commissioner to work on this project.

The Commission has begun research into the issues and has established an advisory committee of experts in succession laws to assist in exploring the matters set out in the terms of reference. The Commission expects to release a consultation paper towards the end of 2012, setting out options for reform and inviting submissions from the public.

Community references

One of the Commission's functions is to examine and make recommendations about matters that are of general community concern but involve relatively minor legal changes. In undertaking community law reform projects the Commission seeks to promote access for people and groups not traditionally involved in law reform. The Commission also aims to provide simple solutions to gaps, inadequacies or anomalies in the law.

In June 2012 the Commission began a new project to review the law and practice regarding birth registration and the acquisition of birth certificates. The Commission will look in particular at the experiences of people from disadvantaged, Indigenous and CALD backgrounds. This project is expected to be completed by mid 2013.

The Commission also completed a new case study in relation to one of our earlier community law reform projects on supporting young people in police interviews. The case study will be used as a resource for school and university students and is available on our website.

Commissioners and staff

During the year we welcomed three new part-time Commissioners. Saul Holt, Bruce Gardner and Dr Ian Hardingham QC. Dr Hardingham has been appointed to lead the succession laws reference.

Commissioners Justice Karin Emerton, Judge Felicity Hampel, Magistrate Mandy Chambers, Hugh de Kretser and Lynne Haultain all come to the end of their terms at 30 June 2012. They have each invested a great deal of time and energy in the Commission's work. My thanks to them for their wise advice and hard work in guiding our research and consultation processes, and in developing recommendations for reform.

The team at the Commission, led by CEO Merrin Mason, has continued to do an excellent job of researching and consulting with the community to produce reports of the highest quality.

Finally I would like to thank Professor Neil Rees for his outstanding work and dedication to the Commission over the past five years. Neil oversaw Commission references on the Bail Act, civil justice, abortion, jury directions, child protection, public surveillance, property laws and most recently Victoria's guardianship laws and sex offenders registration. This is a very significant body of work which has contributed greatly to law reform in Victoria.

In my short time at the Commission I have been very impressed with the quality of work produced and the dedication of the staff and Commissioners.



David Jones, AM
Acting Chairperson

Our Commissioners



Commissioners are responsible for the overall direction of the organisation and meet regularly to discuss the progress of references.

While all the Commission's final reports and recommendations are considered and approved by the full Commission, each Commission reference has a selected group of Commissioners, called a division, appointed to work more intensively on that project. The divisions which each Commissioner was involved in over the last year are listed below.

During 2011–12 there were significant changes to the Commission.

Chairperson Neil Rees completed his appointment in February 2012 after almost five years in the role. His Honour David Jones was appointed as a member of the Commission in February 2012 and as Acting Chairperson until 31 August 2012.

In April 2012 two new part-time Commissioners, Saul Holt and Bruce Gardner, were appointed.

Dr Ian Hardingham QC of the Victorian Bar was appointed in June 2012 as a Commissioner to lead the succession laws reference.

The terms of the remaining Commissioners, Justice Karin Emerton, Judge Felicity Hampel, Magistrate Mandy Chambers, Lynne Haultain and Hugh de Kretser expired on 30 June 2012.

Judge Felicity Hampel was our longest serving Commissioner, commencing as a part-time Commissioner in October 2001. She was appointed a judge of the County Court in 2005, prior to which she was a practising barrister and adjunct professor of law at Monash University. She joined the Victorian Bar in 1981, was appointed Queen's Counsel in 1996 and throughout her career has been active in human

rights and public interest advocacy and legal education. In 2005, she received the Women Lawyers' Achievement Award in Victoria.

Judge Hampel has been a member of the Commission's sex offenders registration and community law reform divisions over the last year and was involved in a large number of other Commission references over the more than 10 years of her involvement with the Commission.

Justice Karin Emerton was appointed as part-time Commissioner in July 2010. She started her career as a solicitor at Blake Dawson Waldron and was a barrister for 14 years before being appointed Crown Counsel for the Victorian Government. She obtained her doctorate from the Sorbonne. In October 2009, she was appointed to the Supreme Court of Victoria.

Justice Emerton has been a member of the guardianship, sex offenders registration and succession law divisions.

Magistrate Mandy Chambers joined the Commission in November 2008. She was appointed to the Magistrates' Court of Victoria in 2006. She is president of the Victorian Magistrates' Association and serves on the court's Sexual Assault Management Committee, Victims of Crime Tribunal Coordinating Committee and Family Violence and Family Law Portfolio Group. She has previously held a number of positions in the employment and industrial relations area.

Magistrate Chambers has been a member of the guardianship, sex offenders registration and succession law divisions.



Left to right: Judge Felicity Hampel, Justice Karin Emerton, Magistrate Mandy Chambers, Lynne Haultain, Hugh de Kretser, Saul Holt, Bruce Gardner, Professor Neil Rees, The Honourable David Jones, AM

Lynne Haultain has been a part-time Commissioner since July 2010. She has an Arts/Law degree and was a broadcaster for ABC Radio for over 15 years. She is currently the Chair of the Victorian Foundation for Survivors of Torture as well as media and corporate affairs manager for the City of Melbourne.

Ms Haultain has been a member of the guardianship and succession law divisions.

Hugh de Kretser joined the Commission in September 2008. He is executive director of the Federation of Community Legal Centres. He was previously principal community lawyer and legal program manager at Brimbank Melton Community Legal Centre and worked in employment and industrial relations law. He has also been a non-executive director of the Human Rights Law Resource Centre.

Mr de Kretser has been a member of the guardianship, succession law and community law reform divisions.

Saul Holt was appointed as a part-time Commissioner in April 2012. He has held the position of director of criminal law/senior public defender, Victoria Legal Aid since 2009. He has previously been a senior legal policy officer in the Department of Justice, working primarily on the development of the Criminal Procedure Act 2009, and a crown prosecutor and senior crown prosecutor in New Zealand.

Bruce Gardner was appointed as a part-time Commissioner in April 2012. He has had 30 years experience in the Crown Solicitor's Office and the Office of Public Prosecutions. Since 1994, Mr Gardner has held a range of policy-related positions, and since 2008 has been the directorate manager, policy and advice directorate.

Professor Neil Rees was the Chairperson of the Commission from 1 June 2007 to 28 February 2012. His legal career includes periods in academia, in legal practice and as a member of tribunals. Before joining the Commission, he was professor and foundation dean of the Faculty of Law at the University of Newcastle. His tribunal membership includes the New South Wales Administrative Decisions Tribunal, the Mental Health Review Board and the Psychosurgery Review Board. He has been involved in the establishment of three community legal centres and clinical legal education programs: Springvale (Monash University); Kingsford (University of New South Wales); and Newcastle (University of Newcastle). He has previously been a part-time Commissioner of the New South Wales Law Reform Commission.

Professor Rees chaired the guardianship, sex offenders registration and community law reform divisions.

The Honourable David Jones, AM was appointed a member of the Commission in February 2012 and as Acting Chairperson until 31 August 2012. Mr Jones has held a wide range of positions in the legal sector, including 25 years as a judge of the County Court. Mr Jones has recently led an independent inquiry into arrangements for CFA volunteers, and was special investigations monitor between 2004 and 2009. He is a member of the Adult Parole Board and Chairman of the AFL Tribunal.

Mr Jones chaired the succession law division.



As noted in the Chairperson's report, the Commission has undergone significant change over the last year.

As well as the new membership of our Commission, there have also been a large number of staff departures due mainly to the completion of two major projects.

References

The guardianship reference was completed in January 2012 and the final report tabled in April 2012. This very large report contained 440 recommendations.

Emma Cashen led the research team over the life of the reference which ran for some two and a half years, and the final report reflects the excellent work she has done managing this large and complex project. Researchers on the project, Ian Parsons, Martin Wimpole, Kirsten McKillop, Emily Minter and Michael Williams, and research assistant Tess McCarthy made up the dedicated team whose good work produced the high quality outcomes.

The sex offenders registration reference was completed in December 2011 and tabled on the same day as the guardianship reference in April. This was a remarkable achievement given that the reference was received by the Commission in April 2011. The team leader Lindy Smith did a wonderful job of guiding this report to its timely completion. The other team members were Mia Hollick, researcher, and Laura McDonough, who was seconded from Victoria Legal Aid where she was the manager of the sex offences team. This combination of research skills and practical legal experience was highly effective in producing an excellent final report. The team also benefitted from the expertise of two consultants—retired Supreme Court Justice, the Hon John Coldrey QC and forensic psychiatrist Dr Bill Glaser.

The Commission received a new reference on succession laws in March 2012. The team undertaking this reference will be Lindy Smith as team leader, and research officers Mia Hollick, Natalie Lilford and Joanna O'Donohue.

Community law reform

The Commission announced a new community law reform project in June 2012. The Commission will review the process for birth registration and obtaining a birth certificate, and ask the community about their experiences in using the system. The project will examine whether the current Victorian law meets community expectations, and will look in particular at the experiences of CALD and Indigenous communities, and the disadvantaged and vulnerable.

Myra White, the community law reform manager, will lead this project with assistance from Tess McCarthy our project officer.

In addition to her work on developing and scoping the community law reform project, Myra has represented the Commission at school and community talks during the year, and variously assisted with other tasks as they arose in the absence of a communications manager. I thank her for her adaptability and willingness to fill gaps so cheerfully and efficiently.

Communications

Nicola Edwards was the communications manager for part of the year and Ivor King stepped into the role for six months while Nicola was absent on secondment. The position became vacant in June 2012.

During the year the Commission launched a new website which is more user friendly and has increased capabilities. Much work was needed to get the site up and running and I thank Nicola and Ivor for their work in achieving this. The website will be an important tool to improve our capacity to engage with the community.

Carlie Jennings, the publications officer, left the Commission in January 2012 and her skills have been greatly missed. Her position will not be filled in the immediate future as the Commission considers its workforce in light of the state government initiatives to reduce public sector staffing levels.

Librarian Julie Bransden continues to provide timely assistance with locating and obtaining publications from other libraries.

Administration

The Commission has run smoothly and efficiently due to the good work of our administration team of operations manager Kathy Karlevski, assistant operations manager Vicki Christou and administrative assistant Failelei Siatua.

Jessica Saunders, Natalie Lilford and Tess McCarthy have provided research and executive assistance during the year. Each has also been involved in presenting to school and community groups about the work of the Commission. We have received excellent feedback about the presentations and I thank them for their great work.

Natalie has my special thanks for taking on the administration of the website after both of our communications staff left the Commission. Natalie was left to negotiate with the website developers, finding solutions to all the immediate post roll-out glitches and amendments. The website roll-out would not have been a success without Natalie's persistence and skill.

Commissioners

The term of our long-time Chairperson Neil Rees concluded at the end of February 2012. I thank Neil for his support during my two years with the Commission and for being available for the many administrative and staffing issues that needed his attention, even when his work on producing law reform reports was so demanding and unrelenting.

As detailed in the Chair's report, the terms of five of our part-time Commissioners concluded on 30 June 2012. My thanks to them for their work over many years. Our commissioners have always been accessible and approachable for me and for the reference team leaders. They have welcomed and encouraged contributions by our research officers, creating an environment in which all contributions were valued and considered. They have collectively created an inclusive and co-operative environment in which debate and discussion has enabled the development of ideas and the shaping of strong and credible recommendations for law reform.

I also thank the Hon. David Jones for taking on the role of acting Chairperson for the last four months of the year.

Accountable Officer's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Law Reform Commission's Annual Report for the year ending 30 June 2012.



Merrin Mason

CEO

Victorian Law Reform Commission

27 August 2012

Functions, visions and objectives

The Victorian Law Reform Commission was established as an independent government-funded organisation with a charter to facilitate community-wide consultation and advise the Attorney-General on how to improve and update Victorian law. The Commission is committed to transparent and public law reform which is independent of the political process.

Our functions

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.

The primary functions of the Commission are to:

- examine, report and make recommendations to the Attorney-General on any proposal or matter relating to law reform in Victoria that is referred to the Commission by the Attorney-General.
- 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.
- undertake educational programs on any area of the law relevant to a reference, whether past or current.

Our vision and values

Our vision is to establish the Victorian Law Reform Commission as the leading law reform agency in Australia. In all its activities, the Commission will contribute to the building of a fair, just, responsive, inclusive and accessible legal system for all Victorians.

The Commission will:

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

Operational objectives and performance against objectives

The following tables contains details of the outputs reported by the Commission to government, including performance measures and output cost, followed by the actual performance results against targets by output for the full year ending 30 June 2012.

Objectives	Results
To provide the Attorney-General and Parliament with high quality, timely, responsive and effective advice on law reform that is independent of government agencies and the political process.	<ul style="list-style-type: none"> Delivered <i>Guardianship: Final report</i> Delivered <i>Sex offenders registration: Final report</i>
Engage the community in law reform processes and foster community-wide debate on law reform proposals.	<ul style="list-style-type: none"> Staff participated in conferences and forums hosted by third parties Conducted consultations and held an open day for our sex offender registration reference
To promote the role of law reform and improve community understanding of law and legal processes relevant to the Commission's references.	<ul style="list-style-type: none"> Provided information about references and the law reform process to media, universities, schools, other organisations and community groups Engaged individuals, organisations and media through social media Developed and launched a new website to provide information about the Commission and its work in a more accessible format. Explained the law reform process at consultations
To identify community law reform opportunities in areas of emerging concern.	<ul style="list-style-type: none"> Began community law reform project on birth registration and birth certificates
To maintain efficient and effective administrative and financial systems and provide a safe and supportive working environment to support the Commission's law reform activities.	<ul style="list-style-type: none"> Updated contacts database. Modified publications template for easier use. Engaged consultant to advise on records management, in particular electronic recordkeeping and compliance with PROV archiving requirements. Commenced staff debriefing/feedback sessions at end of reference in order to improve processes and work smarter. Supported a staff lunchtime yoga class Evaluation and update of Research tools Supported staff requests to donate blood Developed a business continuity plan.

Performance measures	Unit of measure	2011–12 Actual	2011–12 Target
Quantity			
Community education and consultation sessions(a)	number	50	50
Law reform projects(b)	number	2	4
Quality			
Stakeholder satisfaction with consultation/education processes	per cent	85	85
Cost			
Annual appropriation		0.894	0.927
Legal Services Board		1.828	1.828
Total output cost	\$ million	2.722	2.755

Notes:

- (a) Community education and consultation sessions are provided on an as needed basis which makes it difficult to accurately predict how many briefings are required for the year.
- (b) Law reform projects are referred to the Commission by the Attorney-General making it difficult to predict how many will be undertaken in the reporting period.

The outputs relating to the Commission are included in the Budget Paper No. 3 (BP3) under the heading of the Department of Justice's *Legal Support to Government and Protecting the Rights of Victorians—Legal Policy, Advice and Law Reform*. The Commission's outputs contribute to this consolidated total output cost of \$64.6m.

The total output cost for the Commission is an amount derived from the *Appropriation (2011/2012) Act 2011*, less savings and other movements, plus the amount received from the Legal Services Board, as directed by the Attorney-General.

The difference between the target and actual output cost is due to governance, executive and corporate costs that constitute indirect output costs included in the BP3 estimates but not included in the direct appropriation allocations.

Budget portfolio outcome statements

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

Reference: Guardianship



Over the past year, the Commission completed its review of Victoria's guardianship laws. The report was the first major review of Victorian guardianship laws for 30 years.

Terms of reference

The Commission was asked to review these laws to ensure that they respond to the needs of people with impaired decision-making capacity while protecting and advancing their rights.

The scope of the Commission's review was broad. In particular, the Commission was asked to consider:

- the role of guardians and administrators
- the need to balance the protection of a person with impaired capacity by a guardian or administrator with the person's exercise and enjoyment of their human rights
- the alignment of guardianship and administration law with other relevant laws
- the role of informal decision making for an adult with impaired capacity
- the functions, powers and duties of the Public Advocate
- the role and powers of the Victorian Civil and Administrative Tribunal and the appointment of guardians and administrators
- existing laws that deal with medical research, non-medical research, medical and other treatment of a represented person
- Australia's human rights obligations and the *Charter of Human Rights and Responsibilities Act 2006*.

Commissioners and staff

The Commission's division for the guardianship reference included Justice Karin Emerton, Magistrate Mandy Chambers, Hugh de Kretser, Lynne Haultain and Chairperson Professor Neil Rees.

The guardianship team comprised Emma Cashen (team leader) and research and policy officers Ian Parsons, Martin Wimpole, Kirsten McKillop, Michael Williams and Emily Minter. Research and administrative assistance was provided by Tess McCarthy.

Consultation

The final report represents the conclusion of a two-and-a-half-year review that has involved significant community consultation.

At the start of this review, the Commission established two consultative groups to provide ongoing assistance and input into the law reform process. Over the course of the review, these groups have helped the Commission draw upon the experience of people who:

- work in the field
- represent the interests of people who use guardianship laws
- have researched and written about the operation of guardianship laws.

The Commission also established several working groups to discuss particular reform ideas.

An information paper that explained existing law and practice as simply as possible was released in March 2010 and the Commission received 60 submissions from a wide variety of organisations and individuals in response to the paper.

In March 2011, the Commission released a consultation paper which explored some of the Commission's preliminary views about new laws and suggested a range of possible reform options. The Commission received 86 submissions in response to the consultation paper.

Following the release of each paper, the Commission conducted broad community consultations in both metropolitan Melbourne and regional Victoria.

Final report

The Commission reported to the Attorney-General on 31 January 2012.

The Commission's final report contains recommendations for modernising Victoria's guardianship laws so that they better cater for the contemporary needs of the many Victorians who need assistance with decision making now, or might need assistance at some time in the future.

The Commission recommended the establishment of a new Guardianship Act. The new Act should retain those aspects of current legislation that have worked well, and introduce new concepts to respond to contemporary needs.

Community attitudes—and public policy responses—to people with impaired decision-making ability due to disability have changed substantially since guardianship laws were first introduced. We have moved from an era where the primary emphasis in public policy was protection to one where facilitation of participation is the greater challenge.

The types of people who use guardianship laws have also changed. Guardianship laws were initially designed with the needs of people with intellectual disabilities primarily in mind. The laws now assist a much wider group of people including people with dementia, acquired brain injury and mental illness. These people have different experiences of decision-making incapacity and different needs.

In order to promote participation the Commission recommends a new Guardianship Act that:

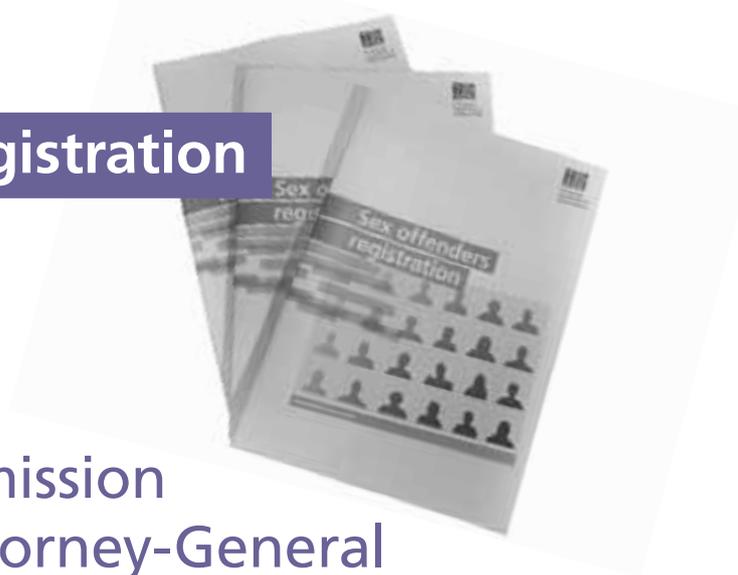
- recognises that there is no 'bright line' between capacity and incapacity
- provides for a continuum of assisted decision-making mechanisms—informal assistance, supporters, co-decision makers and substitute decision makers
- makes 'substitute judgment' the primary consideration for substitute decision makers when making decisions that promote the personal and social well-being of the represented person.

Current laws are complex because they permit a range of decision-making appointments under different legislative schemes. There are seven different types of substitute decision-making appointments in three different acts. The Commission recommends that the law is simplified and integrated so that it operates as a coherent whole and better assists 'users' of guardianship laws as well as people who interact with them.

In order to promote integration the Commission recommends that the new Guardianship Act:

- deals with all state and personal appointments in the *Guardianship and Administration Act 1986*, the *Instruments Act 1958* and the *Medical Treatment Act 1988* as a coherent and unified whole
- promotes and rationalises personal appointments
- describes functions, powers and responsibilities as consistently as possible
- uses consistent terminology
- provides overarching safeguards
- maintains those parts of the existing scheme that work well.

Reference: Sex offenders registration



In December 2011, the Commission delivered a report to the Attorney-General on the registration of sex offenders.

The registration scheme

In Victoria, all adults sentenced for committing sexual offences involving a child are automatically included in a register of sex offenders. Sex offenders under the age of 18 years, and adults sentenced for sexual offences against adult victims, may be registered if the sentencing court is satisfied that they pose a risk to the sexual safety of another person or the community. Approximately 50 people are added to the register every month.

Registration is not part of the offender's sentence. It is intended to be protective of children.

The Register of sex offenders is maintained by Victoria Police. Registered sex offenders living in the community must keep the police informed about their personal details and whereabouts for a period of time fixed by legislation. Adult offenders report for eight years, 15 years or life, depending on the offences. Young offenders report for four years or seven and a half years.

Over the seven years that the scheme has been operating, more than 4,000 people have been placed on the Sex Offenders Register. At the current rate, the number is expected to reach 10,000 by 2020.

The legislation under which the scheme operates is the *Sex Offenders Registration Act 2004*.

Terms of reference

The Attorney-General asked the Commission to review the registration of sex offenders in April 2011. The request followed a report by the Ombudsman to Parliament about the management of information that registered sex offenders give the police. Victoria Police were found to have not informed the Department of Human Services of more than 300 registered sex offenders who were living with children or had unsupervised contact with them.

The Ombudsman recommended that the Commission review the *Sex Offenders Registration Act 2004*, considering both broad structural issues and some identified matters of detail. The Attorney-General accepted the Ombudsman's recommendation and the terms of reference reflected the matters he raised.

The purpose of the review was to ensure that the legislative arrangements for the collection and use of information about registered sex offenders enable law enforcement and child protection agencies to assess the risk of re-offending, prevent further offences and protect children from harm.

The Commission was originally required to deliver a report by 4 November 2011 but the Attorney General subsequently agreed to a later reporting date of 22 December 2011 to allow more time for consultation.

Commissioners and staff

The Commission formed a Division to work on the project, comprising former Chairperson Professor Neil Rees, Justice Karin Emerton, Judge Felicity Hampel and Magistrate Mandy Chambers.

The Honourable John Coldrey QC, a retired Justice of the Supreme Court and former Director of Public Prosecutions, and Dr Bill Glaser, an eminent forensic psychiatrist, were engaged as consultants.

The research and policy team comprised Lindy Smith (team leader) and research and policy officers Mia Hollick, Laura McDonough and Sarah Krasnostein. Laura McDonough is an accredited criminal law specialist and was seconded from Victoria Legal Aid, where she manages the sexual offences team. Sarah Krasnostein was engaged to assist in organising consultations.

Conduct of the reference

On 22 June 2011, the Commission published an information paper describing the operation of the registration scheme and posing a number of questions about ways to improve it.

The Commission received 32 written submissions in response, of which 27 are available on the Commission's website. Although the deadline for submissions was 29 July 2011, the Commission continued to accept them until the report was finalised.

The Commission met a number of times with key government agencies and consulted widely with others who have studied sexual offending or been affected by the sex offender registration scheme. They included leading academics, forensic psychologists, forensic psychiatrists, lawyers, judges, researchers, public officials, registered offenders and members of their families, and victim advocacy organisations.

To broaden the reach of the consultations, on 28 July 2011 the Commission hosted an open day during which members of the public could make individual appointments with Commission staff to discuss the operation of the scheme. The Commission also spoke with registered sex offenders at HM Ararat Prison and living nearby at the supervised residential facility at Corella Place.

The report

The Commission's report, *Sex offenders registration*, contains 79 recommendations to make the scheme more effective in protecting children from sexual abuse.

The key recommendation is to replace automatic placement on the Register with individual assessment by the court when the offender is sentenced. Because of automatic placement, information about potentially dangerous re-offenders sits on the Register alongside details of people who pose no risk of sexually abusing children. The Commission considered that introducing individual assessment would strengthen the registration scheme by allowing police and child protection resources to be directed to dealing with sex offenders who are more likely to re-offend against children.

Other recommended reforms would:

- improve information sharing nationally and between Victoria Police, the Department of Human Services and Corrections Victoria.
- allow the courts to impose special conditions on registered offenders, in addition to their standard conditions.
- impose shorter registration periods initially, but make it possible for the Chief Commissioner of Police to apply for an offender's registration to be extended. There would be no limit to the number of extensions that could be made for a particular offender.
- enable authorised police and child protection workers to disclose to a child's parent or carer that a person having contact with a child is a registered sex offender.
- introduce child protection prohibition orders to stop a registered offender from engaging in certain types of behaviour or employment, going to certain places, or contacting certain people.

The report was delivered to the Attorney-General on 22 December 2011. Upon being tabled in Parliament on 18 April 2012, it was published on the Commission's website.

The Commission is reviewing aspects of the law concerning wills and the distribution and administration of assets after someone dies.

Victoria's succession laws

Victoria's succession laws can be traced back through hundreds of years of English case law and legislation. They are now largely codified in the *Wills Act 1997 (Vic)* and the *Administration and Probate Act 1958 (Vic)*.

The *Wills Act* regulates how wills are made, what they cover, and how they are interpreted. The *Administration and Probate Act* sets out rules for dealing with the deceased person's assets, including what happens if they died without making a valid will or when their will does not cover all their assets. It also contains special procedures for administering small estates and allows a court to alter the distribution of assets to provide for the proper maintenance and support of someone for whom the deceased person had responsibility to provide.

Even though the succession laws of all Australian states and territories share a foundation in English law, they differ from one jurisdiction to the next. In 1991, the Standing Committee of Attorneys-General (now known as the Standing Council on Law and Justice) agreed to a project to develop uniform succession laws for the whole country. Guided by a national committee, the project generated a series of reports over the period 1994–2009 and made recommendations for model legislation. State and Territory Ministers have agreed to adopt the National Committee's recommendations as the basis for reforming succession laws in their respective jurisdictions with the aim of maximising national consistency.

While Victoria's *Wills Act* is consistent with most of the model legislation concerning wills, the *Administration and Probate Act* contains significant differences.

Terms of reference

On 1 March 2012, the Attorney-General asked the Commission to review and report on the desirability of legislative or other reform in relation to a number of succession law matters. The purpose of this reference is to:

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

The Commission is to report by 1 September 2013.

Commissioners and staff

The Commission formed a Division to work on the project, comprising the Acting Chairperson the Honourable David Jones AM, Magistrate Mandy Chambers, Justice Karin Emerton, Lynne Haultain and Hugh de Kretser.

Dr Ian Hardingham QC, of the Victorian Bar, was appointed Commissioner to lead the reference in June 2012.

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

Conduct of the reference

Initial research is underway, and the Division has established an advisory committee of experts in succession laws to assist in exploring the matters set out in the terms of reference. The Division expects to release a consultation paper towards the end of 2012, setting out options for reform and inviting submissions from the public.

The *Victorian Law Reform Commission Act 2000* allows the Commission to make recommendations to the Attorney-General on minor legal issues of general community concern.

The community law reform program

As well as making submissions to our larger projects that are referred to the Commission by the Attorney-General, the community can suggest ideas for smaller law reform projects. If the project involves a relatively minor change to the law, the Commission may be able to turn the suggestion into a community law reform project.

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

The community law reform manager co-ordinates the program with assistance from Commission staff. Community law reform suggestions are considered by the whole Commission.

Criteria for community suggestions

Generally, the Commission can only work on one community law reform project at any one time. In deciding whether to undertake a project the Commission considers:

- The jurisdiction of the law—the Commission can only make recommendations about state laws.
- The scope of the community law reform project—including the complexity of the legal issues raised, the amount of research required, and the extent of legal change that may be needed. The Commission can only undertake community law reform projects that deal with relatively small changes to the law.
- The extent of community consultation necessary to fully consider the issue—complex and controversial subjects or areas of law that do not have strong community consensus will generally not fit within community law reform projects. These types of issues require significant consultation and public debate to resolve. This is better suited to a government-initiated reference or inquiry.
- The law reform proposal's likely public benefit—the Commission is interested in projects that will fix problems with the law that affect a significant proportion of the population or address problems faced by significantly disadvantaged members of the community.
- The prospects of success for the reform proposal—community law reform projects must provide a simple, effective solution to an anomaly, inequity or gap in the law.

Community law reform projects in 2011–12

The Commission has commenced a project to review the process for birth registration and obtaining a birth certificate, and will ask the community about their experiences in using the current system.

The Commission will examine whether current Victorian law meets community expectations, and will look in particular at the experiences of people from disadvantaged, Indigenous and culturally and linguistically diverse backgrounds.

A birth certificate is often considered the first step in creating a child's identity. Once a birth is registered, parents can apply for a birth certificate, which is usually required when the time comes for signing up for school, Medicare, government benefits, a passport and eventually, a driver licence. Without a birth certificate, access to these may be impossible.

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

The Commission aims to deliver a final report by mid 2013.

Community law reform suggestions

This financial year, the Commission received 23 formal suggestions for community law reform, including suggestions for reforms relating to internet censorship, drug regulation and private powers of arrest. Many of these suggestions did not meet the Commission's criteria for community law reform projects because, for example, they raised concerns relating to individual legal advice, federal law, or were areas requiring significant changes to the law.

The Commission's online form for community law reform suggestions remained the primary method of submission, with 13 suggestions received online, and six suggestions received via email. The Commission also receives suggestions by mail, phone and in person.

The Commission has continued to engage the community in the law reform process.

Engagement with schools and universities

Commission staff spoke at metropolitan and regional schools and universities throughout the year.

Victorian Certificate of Education (VCE) legal studies students are required to study the Commission as part of their VCE curriculum. Students need to consider the role of the Commission in changing the law. The Commission has produced a poster and booklet on the law reform process to assist legal studies students. Secondary schools can request copies of these be sent to them or download copies from the Commission's website.

Towards the end of 2011 the Commission wrote to a number of schools which we had identified as being in lower socio-economic areas to inform them of our school engagement program. We had a good response to this initiative and the Commission subsequently participated in 21 speaking events at schools in the first half of 2012, including talks at a number of regional schools.

Most schools requested a speaker at around the time the issue arose in their VCE curriculum, which was at a similar time state-wide. With limited staff and resources we could not accommodate all of these requests during this short period but we endeavoured to meet as many requests as possible. In addition to our school visits we also provided presentations over the phone or via Skype when unable to attend in person. One school brought its students to the Commission's offices for a presentation.

The Commission's presentation for legal studies students includes a case study on our reference into surveillance in public places. A second presentation uses a case study from our supporting young people in police interviews community law reform project. An updated online version of this case study was produced during the year.

In August 2011, the Commission again participated in the Victorian Law Foundation's Law Talks program, this time in Horsham. The 2012 Law Talks program was held in June 2012, with the Commission presenting over two days in Mildura.

The Commission also presented to university students during the year. The Commission was invited to speak in August 2011 to the Monash Law Students' Society's Just Leadership Program where interested law students can take on an extracurricular project and have access to speakers in a wide range of areas. Jessica Saunders and Natalie Lilford spoke to a group of students who were keen to make a submission to a law reform body. The presentation described the Commission generally, and highlighted our then ongoing references on guardianship and sex offenders registration. The community law reform program and submission process was also discussed with a particular focus on the criteria used by the Commission to assess community law reform suggestions. The group subsequently wrote a very detailed submission to the Victorian Parliament Law Reform Committee's Inquiry into Sexting.

Jessica Saunders and Natalie Lilford also presented a 'Law, Justice and Social Change' lecture at Melbourne University in the same month.

Intern program

The Commission participated during the year in the Victoria Law Foundation's intern program. The program places law students with an interest in research, legal policy and community legal education in public sector and community organisations. This was the final year of the program.

In 2012 Elena Markushina provided research assistance with the succession laws project.

Speaking engagements

In addition to speaking to students at schools and universities, Commissioners and Commission staff have spoken at both Victorian and interstate public events throughout 2011–12.

Chairperson Neil Rees spoke about the work of the Commission and the guardianship reference at the Tasmanian Law Society in July 2011.

Also in July, Professor Rees presented at the Office of the Public Advocate Conference on the topic 'The Public Advocate in 2020'.

The Commission has a good relationship with the Victorian Commercial Teachers' Association and presents each year at their annual conference. Lindy Smith spoke about the sex offenders registration reference in November 2011.

In September, Professor Rees spoke at a LIV Young Lawyers event about surveillance and privacy. Professor Rees also presented during the year to the DPP Proceeds of Crime Conference and the Mental Health Review Board annual meeting.

In the news

The Commission continued to be a source of information for the media on the law reform process and on specific references.

In September 2011, the recommendations from the Commission's *Surveillance in Public Places Final Report* featured heavily in the news after the Federal Minister for Privacy and Freedom of Information, Brendan O'Connor, released an issues paper, *A Commonwealth Statutory Cause of Action for Serious Invasion of Privacy*, drawing on the recommendations in the Commission's report.

After the tabling of the Commission's final reports on guardianship and sex offenders registration in April 2012, there were numerous media stories about the reports and their recommendations.

Sexting continues to be a keen area of interest for the media with many reports mentioning the recommendation from the sex offenders registration reference that young people not be automatically placed on the register.

There were also media stories mentioning the Commission after the announcement of the succession laws reference.

The Commission continued to contribute to the *Law Institute Journal*, covering the Commission's work on a variety of issues throughout the year.

Social media

Both Twitter and Facebook continue to be a source of information for the media about the Commission's work. Our social media policy can be viewed on our website.

A mix of individuals, including lawyers, law students and journalists, as well as organisations are following us on Twitter. At 30 June, the Commission had posted nearly 550 tweets—a mix of updates on our work and re-tweets of others—and had over 900 followers.

The Commission's Facebook page provides links to our publications, launch photos and relevant media articles.

New website

The Commission launched a new website during the year to provide information to the public in a more accessible format. The website provides easier ways for people to get in touch with the Commission and integrates the Commission's social media pages. The new site will be easier and faster for staff to update and presents a newer, fresher look and feel for the Commission online.

Audit committee membership and roles

The audit committee consists of:

- Anthony Phillips (Chairperson)
- John Bafit
- David Jones AM, who replaced Neil Rees.

The main responsibilities of the audit committee are to:

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

Human resource management

During the 2011–12 financial year, the Commission developed its initiatives to improve the health and safety of staff by providing a venue for staff to undertake (self-funded) yoga classes, continuing ergonomic assessments and providing screen-based eye testing for those individuals that requested this service.

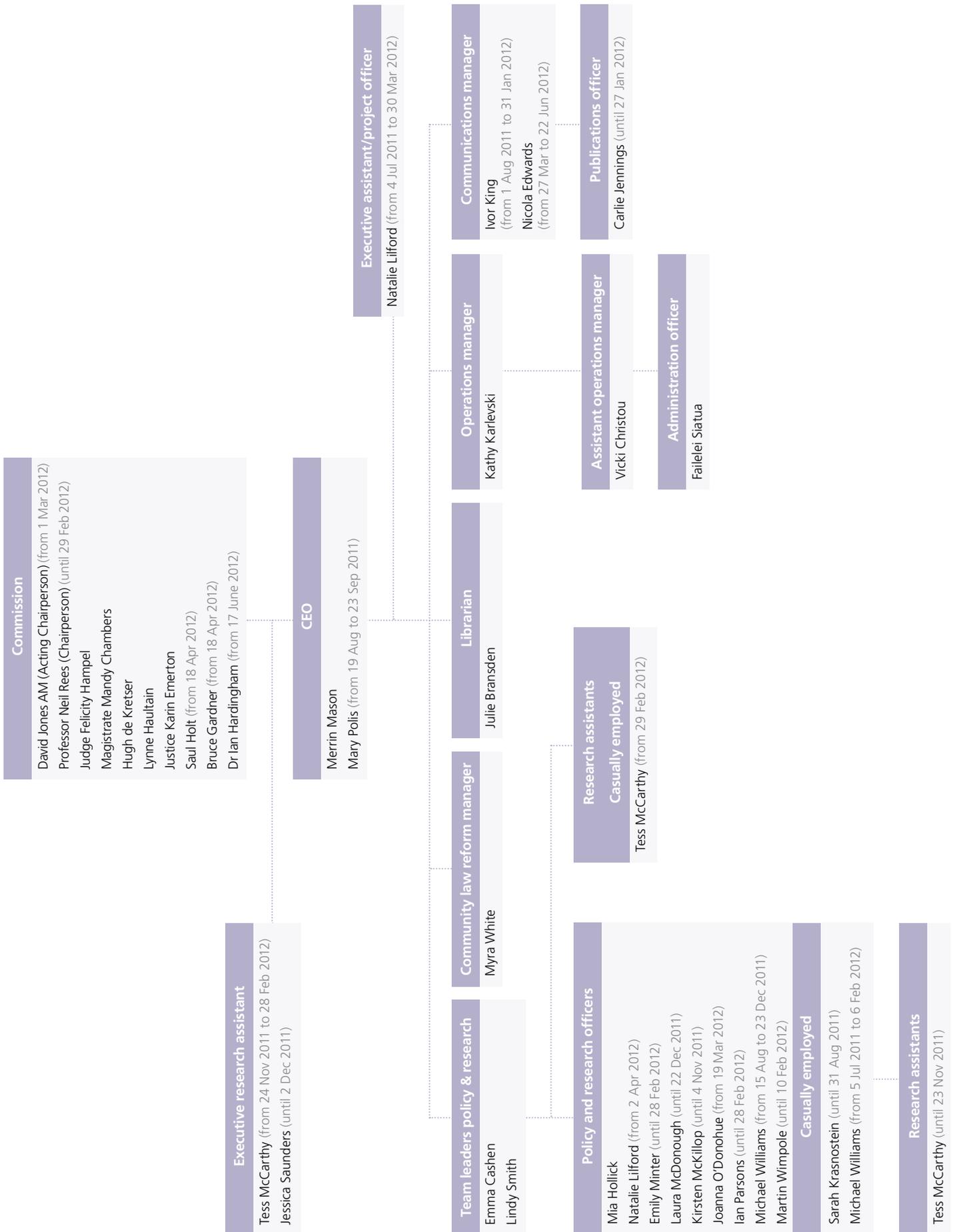
Staff continued to use the stairs to access our offices throughout the year. New and existing staff undertook fire warden and first aid officer training. All staff participated in the fire drills undertaken by the building management.

Unfortunately, the subscription to the Melbourne bike share scheme was discontinued as it was decided that the level of use did not justify the expense.

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.

Organisational chart



Workforce data

Comparative workforce data^(a)

Table 1: Total employees (headcount) staffing trends

Year	2012	2011	2010	2009	2008
Employees (Headcount)	12	18	22	16	20

Table 2: Summary of employment levels

	Ongoing Employees ^(b)				Fixed Term & Casual Employees
	Employees (Headcount)	Full time (Headcount)	Part time (Headcount)	FTE ^(c)	FTE ^(c)
June 2012	6	3	3	4.91	4.4
June 2011	9	7	2	8.5	9

Table 3: Details of employment levels

	2012			2011		
	Ongoing ^(b)		Fixed Term & Casual Employees	Ongoing ^(b)		Fixed term & Casual Employees
	Employees (Headcount)	FTE ^(c)	FTE ^(c)	Employees (Headcount)	FTE ^(c)	FTE ^(c)
Gender						
Male	0	0	0	1	1	2
Female	6	4.91	4.4	8	7.5	7
Total	6	4.91	4.4	9	8.5	9
Classification						
VPS 1				0	0	0
VPS 2	1	0.42		1	1	1
VPS 3	1	1	0.4	2	1.6	2
VPS 4	1	0.6		1	1	0
VPS 5	1	0.89	3	2	1.9	5
VPS 6	1	1	1	1	1	1
Executive ^(d)	1	1	0	1	1	0
Statutory appointee	0	0	0	1	1	0
Total	6	4.91	4.4	9	8.5	9

Notes:

- All figures reflect employment levels during the last full pay period of June of each year.
- 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.
- FTE means full time staff equivalent.
- Executive is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the Public Administration Act 2004. The definition of an executive officer does not include Governor in Council appointments as statutory office holders.
 - Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies, and a small number of people who are not employees but appointees to a statutory office, as defined in the Public Administration Act 2004.
 - The decrease in employment levels between June 2011 and June 2012 is due to fixed term and casual staff members' employment ceasing at the end of their contracts as the references they were working on ended, plus the resignation of ongoing staff.

Public administration values and employment principles

The *Public Administration Act 2004* abolished the Office of Commissioner for Public Employment and established the State Services Authority. Notwithstanding, the Commission continues to implement the previous directions of the Commissioner for Public Employment with respect to upholding public sector conduct, managing and valuing diversity, managing underperformance, reviewing personal grievances, and selecting on merit.

The Commission, through the Department of Justice has a suite of detailed employment policies, including policies with respect to grievance resolution, recruitment, redeployment, and managing diversity. Policies with respect to managing underperformance and discipline exist and are implemented across the Department.

Other disclosures

Implementation of the Victorian Industry Participation policy

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

The Commission did not enter into any contracts to which the VIPPP applies for the 12 months ending 30 June 2012.

Consultancies

Details of consultancies under \$10,000

In 2011–12, the Commission engaged in seven consultancies where the total fees payable to the consultants were less than \$10 000, with a total expenditure of \$20,193. All figures exclude GST.

Details of consultancies over \$10,000

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee	Expenditure 2011-12	Future expenditure
Oakton Services Pty Ltd	Internal Audit services	1 July 11	30 June 12	\$13,675	\$13,098	\$14,000
Victorian Auditor-General's Office	For the audit of the financial report 2011-12	1 July 11	30 June 12	\$17,500	\$17,500	\$18,000
Victoria Legal Aid	Accredited criminal law specialist for the Sex Offenders Registration Act reference	23 May 11	22 Dec 11	\$70,000	\$64,448	\$0.00
Dr William F. Glaser	Psychiatric consultancy for Sex Offenders Registration Act reference	4 July 11	21 Dec 11	\$10,000	\$10,000	\$0.00
The Hon John Coldrey QC	To consult on the conduct of reference and preparation of final report for Sex Offenders Registration Act reference	1 June 11	13 Dec 11	\$80,000	\$65,250	\$0.00

Freedom of information

The *Freedom of Information Act 1982* allows the public the right to access documents held by the Commission. The Commission did not receive any applications from members of the public for the 12 months ending 30 June 2012.

Making a request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in s17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

- it should be in writing.
- it should identify as clearly as possible which document is being requested.
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of the Commission should be addressed to:

Freedom of Information Manager
Victorian Law Reform Commission
GPO Box 4637
MELBOURNE VIC 3001

Access charges may also apply once documents have been processed and a decision on access is made; for example photocopying and search and retrieval charges.

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

Compliance with the *Building Act 1993*

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

National Competition Policy

In 1996, all Australian Governments (Commonwealth, State and Territory) agreed to review and, where appropriate, reform all existing legislative restrictions on competition. Under National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

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

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

Compliance with the *Whistleblowers Protection Act 2001*

The *Whistleblowers Protection Act 2001* 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 employees, or 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.

For the 12 months ending 30 June 2012, the Commission did not receive any disclosures.

Reporting procedures

Disclosures of improper conduct or detrimental action by the Commission or its employees may be made to the following officers:

Protected Disclosure Coordinator

Ms Clare Malone
Acting Senior Strategic Advisor
Office of Executive Director
Strategic Policy and Legislation (Department of Justice)
Phone: (03) 8684 0802

Protected Disclosure Officers

Ms Sue Coleman

Assistant Director, Civil Law Policy, Strategic Policy and Legislation (Department of Justice)

Phone: (03) 8684 0841

Ms Kathy Karlevski

Operations Manager (Victorian Law Reform Commission)

Phone: (03) 8608 7820

Alternatively, disclosures of improper conduct or detrimental action by the Commission or its employees may also be made directly to:

The Ombudsman Victoria

Level 9, 459 Collins Street (North Tower)

Melbourne VIC 3000

Telephone: (03) 9613 6222

Toll free: 1800 806 314

Internet: www.ombudsman.vic.gov.au

Email: ombudvic@ombudsman.vic.gov.au

Further information

Written guidelines outlining the system for reporting disclosures of improper conduct or detrimental action by the Commission or its employees are available on the Department of Justice's website.

Office-based environmental impacts

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

The EMS objectives include:

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

Current environmental management practices

- GreenEarth electricity
- 25 per cent Wind GreenPower (Accredited Renewable Energy)
- Motion sensors
- Lighting audits and de-lamping
- VISY paper, plastic, glass, aluminium and steel recycling
- Using 80 to 100 per cent recycled paper
- Double-sided printing
- Draft printing (half strength toner)
- Ink and toner cartridge recycling
- CD, DVD and battery recycling
- Replacing 37.5 per cent of printed reports provided to Parliament for tabling with CD-Roms
- Printing publications on Australian-made, 100 per cent recycled paper from post-consumer waste. Using local printers with strong environmental credentials and FSC accreditation
- A staff awareness program to encourage staff to turn off equipment and lights after use
- unplugging of office equipment that is not in use
- installation of energy saver down-lights and fluorescent tubes.

Energy use

The Commission solely consumes electrical energy for the purpose of running its core business.

The consumption of gas and other energy sources is included in the building's overhead costs and charges. Consumption by the Commission cannot be identified.

Indicator	2011–12		2010–11	
	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	148,775	49,415	149,803	53,500
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO2 e)	30.42	...	58	...
Percentage of electricity purchased as Green Power	25%		25%	
Units of energy used per FTE (MJ/FTE)	21,288		11,295	
Units of energy used per unit of office area (MJ/m2)	221		227	
Actions undertaken				
Energy audit	Printers, faxes and MFDs programmed for 'sleep mode' when left idle Screens, lights and other office equipment are switched off when not in use Lights and supplementary air-conditioning is turned off when conference room is vacant Dishwashers only used when full and always on energy-save cycle.			

Explanatory notes

- *The data represented above was collected through energy retailer billing information and via the telephone. For the 2011-12 financial year, the retailer has advised that due to a billing system upgrade fault, invoices have not been issued since December 2011. Delayed invoices will be released as soon as possible.*
- *The energy retailer was not able to provide information via the telephone regarding greenhouse gas emissions. The only data they had access to was the energy usage.*
- *Corrections will be made to greenhouse gas emissions in the 2012-13 reporting period.*
- *The overall use of electricity has remained stable to the previous reporting period. This too can be said about the gas emissions as the data available is for half of the reporting period.*
- *The increase of energy used per FTE is due to there being six less staff in the reporting period. The more accurate measure that supports the reduction in energy use is demonstrated by the energy used per unit of office area as this remains fixed.*

Waste production

Indicator	2011-12	2010-11
Total units of office waste disposed of by destination (kg/year)	1240	1009
Units of office waste disposed of per FTE by destination (kg/FTE)	133	56
Recycling rate (per cent of total waste)	100%	100%
Greenhouse gas emissions associated with waste disposal (t CO ₂ e)	No available data	No available data

Explanatory notes

- The data represented above was collected through retailer and represents only paper, plastic, glass, aluminium and steel recycling.
- The retailer states all waste is recycled unless it is contaminated. They advised that contaminated waste is not collected. A sticker is placed on the bin advising when the waste is contaminated and the bin is not collected. All waste produced by the Commission has been collected.

Paper use

Indicator	2011-12	2010-11
Total units of A4 equivalent copy paper used (reams)	175	288
Units of A4 equivalent copy paper used per FTE (reams/FTE)	18.8	16
Percentage of 75 100% recycled content copy paper purchased (%)	100%	93.75%
Percentage of 50 75% recycled content copy paper purchased (%)	0	0
Percentage of 0 50% recycled content copy paper purchased (%)	0	6.25%

Optional indicators

Total units of A4 equivalent paper used in publications (reams)	3231.4	2020
Percentage of publications publicly accessible electronically (%)	100%	100%

Actions undertaken

Default paper	Default copy paper purchased through stationery supplier is 80% recycled content.
Colour paper	Colour copy paper purchased through stationery supplier is from the green range, which consists of: (i) Forest Stewardship Certified (FSC) paper from well-managed forests, TCF paper and 100% recycled paper; or (ii) paper manufactured under the stringent requirements of International Quality Management Systems AS/NZS ISO 9001: 2000 Quality Management AS/NZS ISO 14001: 1996 Environmental Management

Explanatory notes

- The overall use of paper has increased.
- The increase of units of A4 equivalent copy paper used per FTE is due to there being six less staff in the reporting period.
- The increase in the total units of A4 equivalent paper used in publications (reams) is attributed to the production of one final report that contained 650 pages per report.

Water consumption

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

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

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

Indicator	2011–12	2010–11
Total units of metered water consumed by water source (kilolitres)	3740	2674
Units of metered water consumed in offices per FTE (kilolitres/FTE)	59.80	22.75
Units of metered water consumed in offices per unit of office area (kilolitres/m ²)	556.75	398.06

Explanatory notes

- The overall increase of water consumption can be attributed to the building now only having one vacant floor and the overall increase in staff numbers within the building.
- The increase in water consumption per FTE is due to there being six less staff in the reporting period in addition to the overall increase of water consumption.
- The errors in the water consumption table for the 2010–11 reporting period were: Total units of metered water consumed by water source (kilolitres) was stated as 1516; units of metered water consumed in offices per FTE (kilolitres/FTE) was stated as 12.55; and units of metered water consumed in offices per unit of office area (kilolitres/m²) was stated as 226. These have been corrected.

Transport

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

Indicator	2011–12		2010–11	
Total distance travelled by air (km)	17,820		20,387	
	Metro	Regional	Metro	Regional
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car pooling to and from work	84%	8%	84%	11%
Percentage of employees residing in metropolitan Melbourne or regional Victoria	92%	8%	89%	11%

Procurement

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

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

Greenhouse gas emissions

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

Additional departmental information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the Commission and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- (a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers of the Commission
- (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 where they can be obtained
- (d) details of any other research and development activities undertaken by the Commission that are not otherwise covered either in a document which contains the financial report or report of operations
- (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, not otherwise detailed in the Report of Operations.

The information is available on request from:

Operations Manager
Phone: (03) 8608 7820
Email: law.reform@lawreform.vic.gov.au

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

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



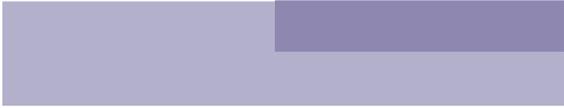
Merrin Mason
Accountable Officer
Victorian Law Reform Commission
27 August 2012



Anthony Phillips
Chairperson
Audit Committee
27 August 2012

Disclosure index

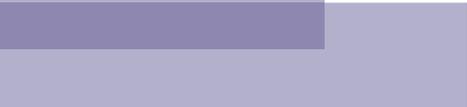
An index identifying the Department's compliance with statutory disclosure requirements is contained in Appendix 1.



Financial report 2011–12



For the financial year
ended 30 June 2012



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Accountable officer's, chief finance and accounting officer's and commissioner's declaration

The attached financial statements for the Victorian Law Reform Commission have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of the Commission at 30 June 2012.

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 27 August 2012.



Merrin Mason
Chief Executive Officer
Victorian Law Reform Commission
Melbourne
27 August 2012



Kathy Karlevski
Chief Finance and Accounting Officer
Victorian Law Reform Commission
Melbourne
27 August 2012



The Hon. P. D. Cummins
Commissioner
Victorian Law Reform Commission
Melbourne
27 August 2012

INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Victorian Law Reform Commission

The Financial Report

The accompanying financial report for the year ended 30 June 2012 of the Victorian Law Reform Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's, chief finance and accounting officer's and chairperson's declaration has been audited.

The Commissioners Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Law Reform Commission, as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Victorian Law Reform Commission for the year ended 30 June 2012 included both in the Victorian Law Reform Commission annual report and on the website. The Commissioners of the Victorian Law Reform Commission are responsible for the integrity of the Victorian Law Reform Commission's website. I have not been engaged to report on the integrity of the Victorian Law Reform Commission website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
27 August 2012


For D D R Pearson
Auditor-General

Comprehensive operating statement for the financial year ended 30 June 2012

	Notes	2012 \$	2011 \$
Income from transactions			
Output appropriations - Department of Justice		894,000	908,857
Other income - Legal Services Board		1,828,000	2,370,000
Interest	2a	26,692	14,718
Total income from transactions		2,748,692	3,293,576
Expenses from transactions			
Employee expenses	3a	(1,458,119)	(1,900,627)
Depreciation	3b	(220,492)	(224,946)
Interest expense	3c	(1,677)	(1,888)
Other operating expenses	3d	(944,774)	(955,132)
Total expenses from transactions		(2,625,062)	(3,082,591)
Net result from transactions (net operating balance)		123,630	210,985
Other economic flows included in net result			
Other gains/(losses) from other economic flows	4	(7,555)	(756)
Total other economic flows included in net result		(7,555)	(756)
Net result		116,075	210,228
Comprehensive result		116,075	210,228

The above comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 40 to 70.

Balance sheet as at 30 June 2012

	Notes	2012 \$	2011 \$
Assets			
Financial assets			
Cash and deposits	15	400	400
Receivables	5	839,428	642,729
Total financial assets		839,828	643,129
Non-financial assets			
Other receivables	5	518	8,328
Plant and equipment	6	251,410	471,902
Total non-financial assets		251,928	480,230
Total assets		1,091,756	1,123,359
Liabilities			
Payables	7	72,417	113,713
Borrowings	8	19,516	23,981
Provisions	9	148,768	250,685
Total liabilities		240,701	388,379
Net assets		851,055	734,980
Equity			
Accumulated surplus		377,678	261,603
Contributed capital		473,377	473,377
Net worth		851,055	734,980
Commitments for expenditure	12		
Contingent liabilities and contingent assets	13		

The above balance sheet should be read in conjunction with the accompanying notes included on pages 40 to 70.

Statement of changes in equity for the financial year ended 30 June 2012

	Accumulated Surplus	Contributions by owners	Total
Balance at 1 July 2010	51,377	473,377	524,754
Net result for the year	210,226	0	210,226
Balance at 30 June 2011	261,603	473,377	734,980
Net result for the year	116,075	0	116,075
Balance at 30 June 2012	377,678	473,377	851,055

The above statement of changes in equity should be read in conjunction with the accompanying notes included on pages 40 to 70.

Cash flow statement for the financial year ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash flows from operating activities			
Receipts			
Receipts from Government		697,300	553,174
Receipts from other entities		1,828,000	2,370,000
Interest received		26,692	14,718
Total receipts		2,551,992	2,937,893
Payments			
Payments to suppliers and employees		(2,545,851)	(2,927,882)
Interest expense		(1,677)	(1,888)
Total payments		(2,547,528)	(2,929,770)
Net cash flows from/(used in) operating activities	15b	4,464	8,123
Cash flows from investing activities			
Proceeds from sale of non-financial assets		0	0
Payments for non-financial assets		0	0
Net cash flows from/(used in) investing activities		0	0
Cash flows from financing activities			
Proceeds from/(repayment of) finance leases		(4,464)	(8,123)
Net cash flows from/(used in) financing activities		(4,464)	(8,123)
Net increase/ (decrease) in cash and cash equivalents		0	0
Cash and cash equivalents at the beginning of the financial year		400	400
Cash and cash equivalents at the end of the financial year	15a	400	400

The above cash flow statement should be read in conjunction with the accompanying notes included on pages 40 to 70.

Notes to the financial statements

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Notes to the financial statements

for the financial year ended 30 June 2012

Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for the Victorian Law Reform Commission (the Commission).

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

(A) Statement of compliance

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

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 20.

These annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 27 August 2012.

(B) Basis of accounting preparation and measurement

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1(J));
- superannuation expense (refer to Note 1(F); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(K)).

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

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

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

(C) Reporting entity

The financial statements cover the Victorian Law Reform Commission as an individual reporting entity. The Commission was proclaimed on 6 of April 2001. The entity was incorporated under the *Law Reform Commission Act 2000* Act No. 44/2000. The powers and function of the Commission are set out in section 4 of the Act. The Commission reports directly to the Attorney-General on matters related to references and reports to the Deputy Secretary on all operational and administrative matters.

Its principal address is:

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

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

A description of the nature of the Commission's operations and its principal activities is included in the report of operations on page 8, which does not form part of these financial statements.

Objectives and funding

The Commission's overall objectives are to provide the Attorney-General and Parliament with high quality, timely, responsive and effective advice on law reform which is independent of government agencies and of the political process.

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

Outputs of the Commission

The Commission undertakes legal and empirical research and provides policy advice to the Victorian Government on law reform issues referred to the Commission by the Attorney-General; undertakes research and makes recommendations on minor law reform issues raised in community consultations or suggested by the judiciary, the legal profession or community legal centres, and implements proposals through new or amending legislation and administrative reform.

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

(D) Scope and presentation of financial statements

Comprehensive operating statement

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

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

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

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

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

- gains and losses from disposals; and
- revaluations and impairments of non-financial physical and intangible assets.

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

Balance sheet

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

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

Cash flow statement

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

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

Statement of changes in equity

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

Rounding

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Please refer to Note 20 for a style convention explaining that minor discrepancies in totals of tables are due to rounding.

(E) Income from transactions

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

Appropriation income

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

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

Income is recognised for the Commission as follows:

Output appropriations

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

Other income

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

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

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

Note 1. Summary of significant accounting policies (continued)

Interest

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

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

Services provided by the Department of Justice

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

(F) Expenses from transactions

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

Employee expenses

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

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

Superannuation

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

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

Depreciation

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

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

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

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

Interest expense

Interest expense is recognised in the period in which it is incurred. Refer to *Glossary of terms and style conventions* in Note 20 for an explanation of interest expense items.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Supplies and services

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

(G) Other economic flows included in the net result

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

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

Other gains/(losses) from other economic flows

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

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

(H) Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

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

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method (Refer to Note 20).

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

(I) Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand.

Receivables

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services and accrued investment income; and
- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

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

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

Impairment of financial assets

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

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

(J) Non-financial assets

Property, plant and equipment

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

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

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Leasehold improvements

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

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

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

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

(K) Liabilities

Payables

Payables consist of:

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

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

Borrowings

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

Provisions

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to

settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

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

Employee benefits

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

(i) Wages and salaries, annual leave

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

(ii) Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Commission recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Employee benefits on-costs

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

(L) Leases

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

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

Finance leases

Commission as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

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

Operating leases

Commission as lessee

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

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

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

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

(M) Equity

Contributions by owners

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

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

(N) Commitments

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

(O) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

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

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

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

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

(Q) Foreign currency balances/transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Foreign currency translation differences are recognised in other economic flows.

(R) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Commission and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

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

(S) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2012 reporting period. DTF assesses the impact of all these new standards and advises the Commission of their applicability and early adoption where applicable.

As at 30 June 2012, the following AASs have been issued by the AASB but not yet effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as follows:

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1 Jan 2013	Detail of impact is still being assessed.
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i>	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</i>	This Standard amends AASB 124 <i>Related Party Disclosures</i> by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i>	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.

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

Standard /Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i> [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 <i>Employee Benefits</i> .	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 <i>Employee Benefits</i> (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
2011-13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i>	This Standard aims to improve the AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 July 2012	No significant impact is expected from these consequential amendments on entity reporting.
2012-1 <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 <i>Fair Value Measurement</i> .	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.

Note 2: Income from transactions

	2012 \$	2011 \$
(a) Interest		
Interest from financial assets not at fair value through Comprehensive Operating Statement		
Interest on bank deposits	26,692	14,718
Total interest	26,692	14,718

Note 3: Expenses from transactions

	2012 \$	2011 \$
(a) Employee expenses		
Post employment benefits:		
Defined contribution superannuation expense	(110,560)	(136,585)
Salaries, wages and long service leave	(1,347,559)	(1,764,041)
Total employee expenses	(1,458,119)	(1,900,627)
(b) Depreciation		
Depreciation of property, plant, equipment and vehicles	(220,492)	(224,946)
Total depreciation and amortisation	(220,492)	(224,946)
(c) Interest expense		
Interest on finance lease	(1,677)	(1,888)
Total interest expense	(1,677)	(1,888)
(d) Other operating expenses		
Supplies and services:		
Purchase of supplies and consumables	(241,285)	(282,490)
Purchase of services	(296,030)	(277,427)
Maintenance	(3,485)	(8,298)
Rent and associated costs	(403,974)	(386,917)
Total other operating expenses	(944,774)	(955,132)

Note 4: Other economic flows included in net result

	2012 \$	2011 \$
(a) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability ⁽ⁱ⁾	(7,555)	(756)
Total other gains/(losses) from other economic flows	(7,555)	(756)

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

Note 5: Receivables

	2012 \$	2011 \$
Current receivables		
Contractual		
Other receivables ⁽ⁱ⁾	518	8,328
	518	8,328
Statutory		
Amounts owing from Victorian Government	774,691	564,943
Total current receivables	775,209	573,271
Non-current receivables		
Statutory		
Amounts owing from Victorian Government	64,737	77,786
Total non-current receivables	64,737	77,786
Total receivables	839,946	651,057

Note (i): Consist of overpaid and prepaid salaries.

Note 6: Plant and equipment

	2012 \$	2011 \$
Gross carrying amounts and accumulated depreciation		
Leasehold improvements		
At fair value	1,069,403	1,069,403
Less: accumulated depreciation	(838,084)	(624,204)
	231,319	445,199
Plant and equipment		
At fair value	20,399	20,399
Less: accumulated depreciation	(19,405)	(17,333)
	994	3,066
Motor vehicle		
Under finance lease - at fair value	32,757	32,757
Less: accumulated depreciation	(13,660)	(9,120)
	19,097	23,637
Net carrying amount of plant and equipment	251,410	471,902

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

Table 6.1: Movements in carrying amounts

	Leasehold improvements at cost \$	Plant & equipment at cost \$	Motor vehicle under finance lease at cost \$	Total \$
2011				
Carrying amount				
Balance at 1 July 2010	659,079	5,713	32,056	696,848
Additions	0	0	0	0
Disposals	0	0	0	0
Depreciation expense	(213,880)	(2,647)	(8,419)	(224,946)
Balance as at 1 July 2011	445,199	3,066	23,637	471,902
Additions	0	0	0	0
Disposals	0	0	0	0
Depreciation expense	(213,880)	(2,072)	(4,540)	(220,492)
Balance as at 30 June 2012	231,319	994	19,097	251,410

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

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

Note 6: Plant and equipment (*continued*)

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

	2012 \$	2011 \$
Leasehold improvements	(213,880)	(213,880)
Plant and equipment	(2,072)	(2,647)
Motor vehicle	(4,540)	(8,419)
	(220,492)	(224,946)

Note 7: Payables

	2012 \$	2011 \$
Current payables		
Contractual		
Supplies and services ⁽ⁱ⁾	65,178	109,126
Other payables	2,740	0
	67,918	109,126
Statutory		
FBT payable	4,499	4,587
Total current payables	72,417	113,713

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

(a) Maturity analysis of payables

Refer to Table 14.2 in Note 14(c).

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

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

Note 8: Borrowings

	2012 \$	2011 \$
Current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	19,516	8,667
Total current borrowings	19,516	8,667
Non-current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	0	15,314
Total non-current borrowings	0	15,314
Total borrowings	19,516	23,981

Note (i): Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(a) Maturity analysis of borrowings

Refer to Table 14.2 in Note 14(c).

(b) Nature and extent of risk arising from borrowings

Please refer to Note 14 for the nature and extent of risks arising from borrowings.

Note 9: Provisions

	2012 \$	2011 \$
Current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)] — annual leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱⁱ⁾	32,157	82,391
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	5,730	8,90
Employee benefits ⁽ⁱ⁾ [Note 9(a)] — long service leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱⁱ⁾	21,905	36,100
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	7,628	8,310
	67,421	135,709
Provisions related to employee benefit on-costs [Note 9(a) and Note 9(b)]:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱⁱ⁾	12,077	31,328
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	4,533	4,926
Total current provisions	84,031	171,963
Non-current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)]	56,189	68,419
Employee benefit on-costs [Note 9(a) and Note 9(b)]:	8,548	10,303
Total non-current provisions	64,737	78,722
Total provisions	148,768	250,685

Note 9: Provisions (continued)

(a) Employee benefits and related on-costs⁽ⁱ⁾

	2012 \$	2011 \$
Current employee benefits		
Annual leave entitlements	37,888	91,298
Long service leave entitlements	29,533	44,410
	67,421	135,709
Non-current employee benefits		
Long service leave entitlements	56,189	68,419
Total employee benefits	123,610	204,129
Current on-costs	16,610	36,254
Non-current on-costs	8,548	10,303
Total on-costs	25,158	46,557
Total employee benefits and related on-costs	148,768	250,685

Notes:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present values.

(b) Movement in provisions

	On-costs Annual Leave \$	On-costs LSL \$	Total \$
2012 Opening balance	30,433	16,124	46,557
Additional provisions recognised	0	0	0
Reductions arising from payments/other sacrifices of future economic benefits	(18,035)	(3,365)	(21,399)
Closing balance	12,399	12,759	25,158
Current	12,399	4,211	16,610
Non-current	0	8,548	8,548
	12,399	12,759	25,158

Note 10: Superannuation

Employees of the Commission are entitled to receive superannuation benefits and the Commission contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Commission does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Commission.

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

Fund	Paid Contribution for the Year		Contributions outstanding at Year End	
	2012 \$	2011 \$	2012 \$	2011 \$
Defined contribution plans:				
VicSuper	60,860	82,933	0	2,549
Various other funds	49,700	53,652	0	1,554
Total	110,560	136,585	0	4,103

Note 11: Leases

(a) Disclosures for lessees - finance leases

Leasing arrangements

The Commission had entered into a 36 month lease relating to a motor vehicle with the Department of Treasury and Finance - Vic Fleet. Under the arrangement, the portions of the payments that relate to the right to use the asset are accounted for as a finance lease as disclosed in the following table.

	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
	2012 \$	2011 \$	2012 \$	2011 \$
Finance lease liabilities payable				
Not longer than 1 year	20,525	9,970	19,516	8,667
Longer than 1 year but not longer than 5 years	0	15,476	0	15,314
Longer than 5 years	0	0	0	0
Minimum lease payments	20,525	25,446	19,516	23,981
Less future finance charges	(1,009)	(1,465)	0	0
Present value of minimum lease payments	19,516	23,981	19,516	23,981
Included in the financial statement as:				
Current borrowings (Note 8)			19,516	8,667
Non-current borrowings (Note 8)			0	15,314
			19,516	23,981

Note: (i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

(b) Disclosures for lessees - operating leases

Leasing arrangements

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

	2012 \$	2011 \$
Non-cancellable operating leases payable		
Not longer than one year	386,403	367,022
Longer than one year and not longer than five years	0	386,403
Longer than five years	0	0
	386,403	753,425

Note 12: Commitments for expenditure

Capital expenditure commitments

There are no capital expenditure commitments as at 30 June 2012 (\$Nil – 2011).

Note 13: Contingent assets and contingent liabilities

There are neither contingent assets nor contingent liabilities as at 30 June 2012 (\$Nil – 2011).

Note 14: Financial instruments

(a) Financial risk management objectives and policies

The Commission's principal financial instruments comprise:

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- finance lease payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

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

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

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

The carrying amounts of the Commission's contractual financial assets and financial liabilities by category are disclosed in the following table.

Note 14: Financial instruments (continued)

Table 14.1: Categorisation of financial instruments

	Contractual financial assets - cash, loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
2012			
Contractual financial assets			
Cash and deposits	400	0	400
Total contractual financial assets⁽ⁱ⁾	400	0	400
Contractual financial liabilities			
Payables:			
Supplies and services	0	65,178	65,178
Other payables	0	2,740	2,740
Finance lease liability	0	19,516	19,516
Total contractual financial liabilities⁽ⁱ⁾	0	87,434	87,434
2011			
Contractual financial assets			
Cash and deposits	400	0	400
Total contractual financial assets⁽ⁱ⁾	400	0	400
Contractual financial liabilities			
Payables:			
Supplies and services	0	109,126	109,126
Finance lease liability	0	23,981	23,981
Total contractual financial liabilities⁽ⁱ⁾	0	133,108	133,108

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

The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents and loans or receivables, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

(b) Credit risk

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

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

The Commission holds \$400 Petty cash, which is not subject to any credit rating as at 30 June 2012. (\$400 – 2011).

Note 14: Financial instruments (continued)

(c) Liquidity risks

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

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

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

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

Table 14.2: Maturity analysis of contractual financial liabilities

	Maturity Dates ⁽ⁱ⁾					
	Carrying amount \$	Nominal amount \$	Less than 1 month \$	1-3 months \$	3 months - 1 year \$	1-5 years \$
2012						
Payables: ⁽ⁱⁱ⁾						
Supplies and services	65,178	65,178	65,178	0	0	0
Other payables	2,740	2,740	2,740	0	0	0
Borrowings:						
Finance lease liabilities	19,516	19,516	568	1,146	17,801	0
Total	87,434	87,434	68,486	1,146	17,801	0
2011						
Payables: ⁽ⁱⁱ⁾						
Supplies and services	109,126	109,126	109,126	0	0	0
Other Payables	0	0	0	0	0	0
Borrowings:						
Finance lease liabilities	23,981	23,981	701	1,413	6,552	15,316
Total	133,107	133,107	109,827	1,413	6,552	15,316

Note: (i) Maturity analysis is presented using the contractual undiscounted cash flows.

(ii) The carrying amounts disclosed exclude statutory amounts (eg. GST payables).

(d) Market risk

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

Foreign currency risk

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

Note 14: Financial instruments (continued)

Interest rate risk

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

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

The Commission has minimal exposure to cash flow interest rate risks through its cash and deposits and term deposits that are at floating rate.

(e) Fair value

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

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Commission considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short term nature of the financial instruments and the expectation that they will be paid in full.

Note 15: Cash flow information

	2012 \$	2011 \$
(a) Reconciliation of cash and cash equivalents		
Total cash and deposits disclosed in the balance sheet	400	400
Balance as per cash flow statement	400	400
(b) Reconciliation of net result for the period		
Net result for the period	116,075	210,228
Non-cash movements:		
Depreciation and amortisation of non-current assets	220,492	224,946
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(196,700)	(355,683)
(Increase)/decrease in prepayments	7,810	0
(Decrease)/Increase in payables	(41,296)	(78,995)
(Decrease)/Increase in provisions	(101,917)	7,629
Net cash flows from/(used in) operating activities	4,464	8,125

Note 16: Remuneration of auditors

	2012 \$	2011 \$
Victorian Auditor-General's Office		
Audit or review of the financial report	17,500	17,000
	17,500	17,000

Note 17: Subsequent events

Victorian Public Service Workplace Determination 2012

The *Victorian Public Service Workplace Determination 2012* was made by Fair Work Australia on 23 July 2012, which replaces the *2009 Extended and Varied Version of the Victorian Public Service Agreement 2006*. The Workplace Determination takes effect from 29 July 2012 and will remain in force until 31 December 2015. The Workplace Determination provides for wage increases of 3.25 per cent and 1.25 per cent on 1 July 2012 and 1 January 2013 respectively over 2012-13, with six monthly wage increases thereafter. A lump sum payment of \$1,500 (or equivalent pro-rata amount for part time employees) will also be payable to eligible Victorian Public Service employees who received a salary on 1 July 2012 and were employed on 29 July 2012.

As the Workplace Determination takes effect from 29 July 2012, no adjustments have been made to these financial statements other than for the impact on the estimated accrued employee benefits as at 30 June 2012.

Note 18: Responsible persons

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

Names

Ministers and the Department

The persons who held the positions of Minister and Secretary of the Department of Justice are as follows:

Attorney-General	Robert Clark	1 July 2011 to 30 June 2012
Acting Attorney-General	Andrew McIntosh	23 December 2011 to 15 January 2012
	Andrew McIntosh	5 April 2012 to 10 April 2012
Secretary to the Department of Justice	Ms Penny Armytage	1 July 2011 to 30 June 2012
Acting Secretary to the Department of Justice	Dr Claire Noone	3 September 2011 to 3 October 2011
	Dr Claire Noone	6 February 2012 to 10 February 2012

Note 18: Responsible persons (continued)

The Commission

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

Statutory Office Holder

Chairperson	Prof. Neil Rees	1 July 2011 to 29 February 2012
Acting Chairperson	David Jones AM	1 March 2012 to 30 June 2012
Commissioner	Magistrate Mandy Chambers	1 July 2011 to 30 June 2012
Commissioner	The Honourable Justice Karin Emerton	1 July 2011 to 30 June 2012
Commissioner	Bruce Gardner	18 April 2012 to 30 June 2012
Commissioner	Lynne Haultain	1 July 2011 to 30 June 2012
Commissioner	Saul Holt	18 April 2012 to 30 June 2012
Commissioner	Hugh de Kretser	1 July 2011 to 30 June 2012
Commissioner	Her Honour Judge Felicity Hampel	1 July 2011 to 30 June 2012
Accountable Officer		
Chief Executive Officer	Ms Merrin Mason	1 July 2011 to 30 June 2012
Acting CEO	Ms Mary Polis	19 August 2011 to 23 September 2011

Remuneration

Ministers and the Department

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

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

The Commission

Remuneration received or receivable by the statutory office holders and executive officers in connection with the management of the Commission during the reporting period is shown in the table below in their relevant income bands. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full-time equivalent statutory office holders and executives over the reporting period.

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

An employment contract was completed during the financial year. The inclusion of annual leave and other entitlements made a slight impact on the total remuneration figure.

Note 18: Responsible persons (continued)

Income Band	Total Remuneration		Base Remuneration	
	2012 No.	2011 No.	2012 No.	2011 No.
\$0 - \$9,999	7	4	7	4
\$10,000 - \$19,999	2	2	2	2
\$130,000 - \$139,999	0	0	1	0
\$140,000 - \$149,999	1	1	1	1
\$200,000 - \$209,999	1	0	0	0
\$210,000 - \$219,999	0	1	0	1
Total numbers	11	8	11	8
Total amount	\$392,208	\$399,244	\$319,661	\$399,244

Related parties

The Accountable Officer is employed by the Department.

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

Other transactions

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

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

(a) Summary of compliance with annual parliamentary appropriations

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

	Appropriation Act ⁽ⁱ⁾				Financial Management Act 1994		Total Parliamentary Authority		Appropriations Applied		Variance ⁽ⁱⁱ⁾	
	Annual Appropriation		Section 3(2)		Section 30		2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$						
Controlled												
Provision for outputs	927,000	912,000	0	0	0	0	927,000	912,000	894,000	908,857	33,000	3,143
Total	927,000	912,000	0	0	0	0	927,000	912,000	894,000	908,857	33,000	3,143

Note:

(i) Appropriation (2011/2012) Act 2011, p 10.

(ii) The variance of a revenue reduction is the result of the adjustment necessary due to DTF funding rules for capital expenditure.

Note 20. Glossary of terms and style conventions

Amortisation

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

Borrowings

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

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Commitments

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

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Financial asset

A financial asset is any asset that is:

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

(d) a contract that will or may be settled in the entity's own equity instruments and is:

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

Financial instrument

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

Financial liability

A financial liability is any liability that is:

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

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

Financial statements

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

General government sector

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

Interest expense

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

Interest income

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

Net acquisition of non financial assets (from transactions)

Purchases (and other acquisitions) of non financial assets less sales (or disposals) of non financial assets less depreciation plus changes

in inventories and other movements in non financial assets. It includes only those increases or decreases in non financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

Net result

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

Net result from transactions/ net operating balance

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

Net worth

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

Non financial assets

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

Non-profit institution

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

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

Other economic flows

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

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

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

Payables

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

Produced assets

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

Receivables

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

Supplies and services

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

Transactions

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

Style conventions

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

The notation used in the tables is as follows:

.. zero, or rounded to zero

(xxx.x) negative numbers

200x year period

200x-0x year period

The financial statements and notes are presented based on the illustration for a government department in the 2011-12 *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 Victorian Law Reform Commission is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Commission's compliance with statutory disclosure requirements.

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Budget portfolio outcomes

The budget portfolio outcomes provides a comparison between the actual financial statements of the agency and the forecast financial information published in the budget papers.

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

The following budget portfolio outcomes statements are not subject to audit by the Victorian Auditor-General's Office.

Financial review of operations and financial condition

	2012 \$	2011 \$	2010 \$	2009 \$	2008 \$
Five year financial summary					
Target budget	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Expected outcome	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Annual appropriation¹	927,000	912,000	932,000	982,000	1,010,000
Actual					
Grant from Department of Justice	894,000	908,857	1,310,500	940,641	948,525
Other revenue	1,828,000	2,370,000	1,700,000	1,300,000	1,640,000
Interest received on trust account funds	26,692	14,718	16,985	0	31,466
Total revenue	2,748,692	3,293,576	3,027,485	2,240,641	2,619,992
Net result from continuing operations	116,075	210,226	(178,134)	(492,169)	150,475
Net cash flow from operating activities	4,464	8,123	10,703	1,073,392	7,638
Total assets	1,091,756	1,123,359	992,622	1,085,781	1,540,591
Total liabilities	240,701	388,379	467,868	382,892	345,534

For the financial year ending June 2012, as for the previous financial year ending June 2011, the difference between the annual appropriation and the actual grant from the Department of Justice is due to annual adjustment for depreciation funded capital expenditure. The process compares appropriation funded capital expenditure with appropriation funded depreciation/amortisation expense. If capital expenditure is greater than depreciation/amortisation expense, additional appropriation is provided by way of a capital injection. However, if depreciation/amortisation expense is greater than capital expenditure, appropriation revenue is reduced. This adjustment is necessary due to the DTF funding rules for capital expenditure.

1. Appropriation (2011/2012) Act 2011 10.



Victorian
Law Reform
Commission

Annual report

2011–12

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